PJSC “KOKS”

International Financial Reporting Standards
Interim Condensed Consolidated Financial Information (unaudited)

For the six months ended 30 June 2023

Contents

Technologies of Trust

Joint-Stock Company
"Technologies of Trust – Audit"
("Technologies of Trust – Audit" JSC)

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Report on Review of Interim Condensed Consolidated Financial Information

To the Shareholders and Board of Directors of PUBLIC JOINT STOCK COMPANY «KOKS»:

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of PUBLIC JOINT STOCK COMPANY «KOKS» and its subsidiaries (together – the "Group") as at 30 June 2023 and the related interim condensed consolidated statements of profit or loss and other comprehensive income, cash flows and changes in equity for the six-month period then ended, and the related explanatory notes. Management is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with International Accounting Standard 34, "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim condensed consolidated financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34, "Interim Financial Reporting".

29 August 2023

Moscow, Russian Federation

M.I. Buchnev is authorised to sign on behalf of the general director of Joint-Stock Company "Technologies of Trust – Audit" (Principal Registration Number of the Record in the Register of Auditors and Audit Organizations (PRNR) – 12006020338), certified auditor (PRNR – 21906099044)

(in million RR unless stated otherwise)

	Note	At 30 June 2023	At 31 December 2022
ASSETS			
Non-current assets:			
Property, plant and equipment	6	68,419	85,134
Goodwill		4,451	4,451
Other intangible assets		2,234	4,064
Deferred income tax asset		2,101	1,165
Non-current loans issued	7	28,355	27,114
Other non-current assets		130	128
Total non-current assets		**105,690**	**122,056**
Current assets:			
Inventories		10,812	10,144
Trade and other receivables	8	25,794	20,888
VAT recoverable		556	601
Advances issued	8	1,312	771
Current loans issued		17	4
Cash, cash equivalents and restricted cash		10,995	11,088
		49,486	**43,496**
Assets classified as held for sale	11, 22	22,541	-
Total current assets		**72,027**	**43,496**
Total assets		**177,717**	**165,552**
EQUITY			
Share capital		213	213
Treasury shares	9	(6,121)	(6,121)
Retained earnings		48,352	51,032
Revaluation reserve		237	257
Currency translation reserve		20	(23)
Reserve of a disposal group classified as held for sale	11	24	-
Equity attributable to the Company's equity holders		**42,725**	**45,358**
Non-controlling interest		**169**	**170**
Total equity		**42,894**	**45,528**
LIABILITIES			
Non-current liabilities:			
Provision for restoration liability		313	342
Deferred income tax liability		1,995	3,531
Long-term borrowings	10	37,100	20,290
Long-term bonds	10	30,210	24,415
Trade long-term payables		124	203
Total non-current liabilities		**69,742**	**48,781**
Current liabilities:			
Trade and other short-term payables		25,378	19,704
Current income tax payable		100	469
Other taxes payable		2,501	1,840
Provision for restoration liability		685	706
Short-term borrowings and current portion of long-term borrowings	10	28,265	42,746
Short-term bonds	10	5,785	5,772
Provisions and other current non-financial liabilities		144	6
		62,858	**71,243**
Liabilities associated with assets classified as held for sale	11, 22	2,223	-
Total current liabilities		**65,081**	**71,243**
Total liabilities		**134,823**	**120,024**
Total liabilities and equity		**177,717**	**165,552**

A.G. Parshukov
Senior Vice President
MC "IMH"

L.V. Arincheva
Chief Accountant
MC "IMH"

29 August 2023

The accompanying notes are an integral part of the interim condensed consolidated financial information.

(in million RR unless stated otherwise)

	Note	Six months ended 30 June 2023	Six months ended 30 June 2022
Revenue	12	54,246	76,854
Cost of sales	13	(41,242)	(55,248)
Gross profit		**13,004**	**21,606**
General and administrative expenses		(4,585)	(4,598)
Distribution costs		(794)	(1,539)
Taxes other than income tax		(1,387)	(1,460)
Impairment of property, plant and equipment	6	(986)	(387)
Goodwill impairment		-	(46)
Accrual of mine technical liquidation reserve		-	(148)
(Net impairment losses)/Reversals of net impairment losses on financial and contract assets		(101)	49
Other operating (expenses)/income, net	14	(595)	1,355
Operating profit		**4,556**	**14,832**
Finance income	15	1,091	9,312
Finance expenses	16	(9,313)	(4,155)
Gain/(Loss) on remeasurement of financial instruments	18	263	(229)
(Loss)/Profit before income tax		**(3,403)**	**19,760**
Income tax benefit/(expense)		702	(3,973)
(Loss)/Profit for the period		**(2,701)**	**15,787**
(Loss)/Profit is attributable to:			
Equity holders of the Company		(2,700)	15,801
Non-controlling interest		(1)	(14)
(Loss)/Profit for the period		**(2,701)**	**15,787**
Other comprehensive income/(loss):			
Items that may be reclassified subsequently to profit or loss:			
Translation of financial information of foreign operations to presentation currency		61	(71)
Income tax relating to components of other comprehensive income/(loss)		6	(5)
Total other comprehensive income/(loss) for the period		**67**	**(76)**
Total comprehensive (loss)/income for the period		**(2,634)**	**15,711**
Total comprehensive (loss)/income attributable to:			
Equity holders of the Company		(2,633)	15,725
Non-controlling interest		(1)	(14)
Total comprehensive (loss)/income for the period		**(2,634)**	**15,711**
Basic and diluted (loss)/profit per ordinary share (in RR per share)	21	**(9.25)**	**54.12**

The accompanying notes are an integral part of the interim condensed consolidated financial information.

(in million RR unless stated otherwise)

	Note	Six months ended 30 June 2023	Six months ended 30 June 2022
Cash flows from operating activities			
(Loss)/Profit before income tax		**(3,403)**	**19,760**
Adjustments for:			
Depreciation of property, plant and equipment	6	2,095	2,365
Amortisation of other intangible assets	13	90	90
Impairment of property, plant and equipment	6	986	387
Goodwill impairment		-	46
Interest income	15	(1,091)	(1,379)
Interest expenses	16	3,370	3,590
(Gain)/Loss on remeasurement of financial instruments	18	(263)	229
Accrual of mine technical liquidation reserve		-	148
Accrual of vacation reserve		164	25
Reversal of write-down of inventories to net realisable value	14	(9)	(18)
Net impairment losses/(Reversals of net impairment losses) on financial and contract assets		101	(49)
Exchange loss/(gain), net	14,15,16	6,370	(9,187)
Dividend income	14	(37)	(22)
Other effects		(74)	(257)
Operating cash flows before working capital changes		**8,299**	**15,728**
Changes in working capital			
Increase in trade and other receivables, advances issued and VAT recoverable		(5,486)	(13,379)
(Increase)/Decrease in inventories		(818)	2,659
Increase/(Decrease) in trade and other payables		4,944	(2,475)
Increase in taxes other than income tax payable		916	1,221
Decrease in restricted cash		19	-
Cash from operating activities		**7,874**	**3,754**
Income tax paid		(1,144)	(1,758)
Net cash from operating activities		**6,730**	**1,996**
Cash flows from investing activities			
Purchase of property, plant and equipment		(7,296)	(7,314)
Payment of capitalized interest	6	(815)	(746)
Proceeds from sale of property, plant and equipment		48	279
Payment received within agreement on main transaction terms relating to sale of a subsidiary	11	2,250	-
Loans issued		(9)	(367)
Repayment of loans issued		-	98
Interest received on loans issued and bank deposits		108	278
Dividend received		37	22
Acquisition of other intangible and other non-current assets		(3)	(7)
Net cash used in investing activities		**(5,680)**	**(7,757)**
Cash flows from financing activities			
Proceeds from borrowings	10	33,572	33,359
Repayment of borrowings	10	(31,247)	(20,352)
Return of dividends paid		6	-
Interest paid on borrowings and bonds		(3,438)	(3,719)
Net cash (used in)/from financing activities		**(1,107)**	**9,288**
Net (decrease)/increase in cash and cash equivalents		**(57)**	**3,527**
Effects of exchange rate changes on cash and cash equivalents		24	170
Cash and cash equivalents, included in assets classified as held for sale	11	(41)	-
Cash and cash equivalents at the beginning of the period		**11,069**	**8,061**
Cash and cash equivalents at the end of the period		**10,995**	**11,758**

(in million RR unless stated otherwise)

	Share capital	Treasury shares	Currency translation reserve	Revaluation reserve	Retained earnings	Reserve of a disposal group classified as held for sale	Total attributable to equity holders of the Company	Non-controlling interest	Total equity
Balance at 31 December 2021	**213**	**(11)**	**(20)**	**312**	**44,365**	**-**	**44,859**	**262**	**45,121**
Profit/(Loss) for the period	-	-	-	-	15,801	-	**15,801**	(14)	**15,787**
Other comprehensive loss for the period	-	-	(76)	-	-	-	**(76)**	-	**(76)**
Total comprehensive (loss)/income for the period	**-**	**-**	**(76)**	**-**	**15,801**	**-**	**15,725**	**(14)**	**15,711**
Revaluation reserve written-off to retained earning	-	-	-	(18)	18	-	**-**	-	**-**
Purchase of treasury shares	-	(6,110)	-	-	-	-	**(6,110)**	-	**(6,110)**
	-	**(6,110)**	**-**	**(18)**	**18**	**-**	**(6,110)**	**-**	**(6,110)**
Balance at 30 June 2022	**213**	**(6,121)**	**(96)**	**294**	**60,184**	**-**	**54,474**	**248**	**54,722**
Balance at 31 December 2022	**213**	**(6,121)**	**(23)**	**257**	**51,032**	**-**	**45,358**	**170**	**45,528**
Loss for the period	-	-	-	-	(2,700)	-	**(2,700)**	(1)	**(2,701)**
Other comprehensive income for the period	-	-	67	-	-	-	**67**	-	**67**
Total comprehensive income/(loss) for the period	**-**	**-**	**67**	**-**	**(2,700)**	**-**	**(2,633)**	**(1)**	**(2,634)**
Revaluation reserve written-off to retained earning	-	-	-	(20)	20	-	**-**	-	**-**
Reserve of a disposal group classified as held for sale (Note 11)	-	-	(24)	-	-	24	**-**	-	**-**
	-	**-**	**(24)**	**(20)**	**20**	**24**	**-**	**-**	**-**
Balance at 30 June 2023	**213**	**(6,121)**	**20**	**237**	**48,352**	**24**	**42,725**	**169**	**42,894**

The accompanying notes are an integral part of the interim condensed consolidated financial information.

(in RR, tabular amounts in million RR unless stated otherwise)

1 General information about PJSC "KOKS", its subsidiaries and structured entities

PUBLIC JOINT STOCK COMPANY "KOKS" (PJSC "KOKS" or the "Company") was initially established in 1924 as Kemerovski Koksokhimicheski Kombinat, a state-owned enterprise. It was incorporated as an open joint stock company on 30 July 1993 as part of Russia's privatisation programme. The legal form was changed from open joint-stock company to public joint-stock company on 23 June 2016 in accordance with the current legislation of the Russian Federation. The Company's registered office is located at 1st Stakhanovskaya street, 6, Kemerovo, Russian Federation, 650021.

The principal activities of PJSC "KOKS" and its subsidiaries' (jointly referred to as the "Group") include coal mining, production of coke and coal concentrate, iron-ore concentrate and pig iron, metal powder (high-purity chrome products), as well as the procurement, storage, recycling and sale of ferrous and non-ferrous scrap metal. The Group's manufacturing facilities are primarily based in the city of Kemerovo, Kemerovo Region, and in the city of Tula, Tula Region, in the Russian Federation. Its products are sold in Russia as well as in other countries.

As at 30 June 2023 and at 31 December 2022 the Company's beneficial controlling owner is Evgeny B. Zubitskiy.

The Group's main subsidiaries are:

Name	Country of incorporation	Type of activity	Note	Percentage of voting shares held by the Group as at 30 June 2023	31 December 2022
JSC "CPP "Berezovskaya"	Russia	Production of coal concentrate		98.7 %	98.7%
LLC "Uchastok "Koksoviy"	Russia	Coal mining		100.0%	100.0%
LLC "Tikhova mine"	Russia	Coal mining	(1.1)	100.0%	100.0%
JSC "TULACHERMET"	Russia	Pig-iron production		97.9%	97.9%
JSC "Kombinat KMAruda"	Russia	Mining and concentration of iron-ore		100.0%	100.0%
JSC "POLEMA"	Russia	Production of chrome		100.0%	100.0%
PTW Ltd.	China	Sales activities	(1.1)	100.0%	100.0%
LLC "Butovskaya mine"	Russia	Lease of property		100.0%	100.0%
LLC "Consultinvest 2000"	Russia	Lease of property		100.0%	100.0%
MC "IMH"	Russia	Management services		100.0%	100.0%
LLC "BKF "Gorizont"	Russia	Transactions with securities		100.0%	100.0%
PKR Ltd	Korea	Sales activities		100.0%	100.0%
IMH Finance DAC	Ireland	Issue of euro-commercial papers		100.0%	100.0%
Polema (Qingdao) Import&Export Co., LTD	China	Sales activities		100.0%	100.0%
LLC "PMH-VTORMET"	Russia	Procurement, storage, recycling and sale of ferrous and non-ferrous scrap metal		97.9%	97.9%

The structured entities are:

Name	Country of incorporation	Type of activity	Note	Percentage of voting shares held by the Group as at 30 June 2023	31 December 2022
Koks Finance DAC	Ireland	Structured entity	(1.2)	-	-
IMH Capital DAC	Ireland	Structured entity	(1.3)	-	-

1.1 As at 30 June 2023 assets and liabilities of LLC "Tikhova mine" and PTW Ltd. are classified as assets held for sale (Note 11).

1.2 In April 2011, Koks Finance Limited was incorporated in Dublin, Ireland. The main activity of Koks Finance Limited is an issue of loan participation notes for the sole purpose of financing a loan to the Company. The legal form was changed from Limited Liability Company to Designated Activity Company on 15 September 2016 in accordance with the current legislation of Ireland. Koks Finance DAC is consolidated in the Group's interim condensed consolidated financial information.

As at 30 June 2023 and at 31 December 2022 Koks Finance DAC is placed into liquidation, loan participation notes, issued by this entity, are repaid in full.

1. General information about PJSC "KOKS", its subsidiaries and structured entities (continued)

1.3 In August 2020, IMH Capital DAC was incorporated in Dublin, Ireland. The main activity of IMH Capital DAC is an issue of loan participation notes for the sole purpose of financing a loan to the Company (Note 10). IMH Capital DAC is consolidated in the Group's interim condensed consolidated financial information.

As at 30 June 2023 and 31 December 2022, the percentage of the Group's effective ownership interest in its subsidiaries was equal to the percentage of its voting interest.

2 Basis of preparation

This interim condensed consolidated financial information for the six months ended 30 June 2023 has been prepared in accordance with IAS 34 "Interim financial reporting". The interim condensed consolidated financial information should be read in conjunction with the consolidated financial statements for the year ended 31 December 2022, which have been prepared in accordance with International Financial Reporting Standards (IFRS).

Each company of the Group registered in Russia maintains its own accounting records and prepares financial statements in accordance with the Russian accounting standards ("RAS"). The attached interim condensed consolidated financial information have been prepared using RAS records and reports that have been adjusted and re-classified in compliance with IFRS.

Each company of the Group registered outside Russia maintains its own accounting records and prepares financial statements in accordance with the local GAAP. The financial statements of companies outside Russia have been adjusted and reclassified in compliance with IFRS.

As at 30 June 2023, the official exchange rate set by the Central Bank of the Russian Federation for transactions denominated in foreign currencies was RR 87.0341 per 1 US dollar ("USD") (as at 31 December 2022: RR 70.3375 per 1 US dollar) and RR 95.1052 per 1 euro ("EUR") (as at 31 December 2022: RR 75.6553 per 1 euro).

2.1 Significant changes in the current reporting period

During the first half of the year 2023, in the context of the adaptation of the Russian economy to sanctions pressure, metallurgical products market demonstrated recovery growth after significant fall in the second half of the year 2022. The growth was supported by domestic demand with significant reduction of export sales. At the same time, due to the global geopolitical crisis, the overall economic situation remained unstable, high volatility of commodity and financial markets continued.

These factors led to a material change in some Group's financial indicators as of 30 June 2023 and for the six months ended 30 June 2023:

- a decrease in revenue due to a reduction of export sales volumes of pig iron and coke and domestic sales volumes of coal, as well as decline of domestic market prices for these products (Note 12)
- an increase in finance expenses and decrease in finance income due to a financial foreign exchange loss on bonds issued and on interest accrued on bonds issued for the six months ended 30 June 2023 in comparison with financial foreign exchange gain on bonds issued and interest accrued on bonds issued for the six months ended 30 June 2022 (Notes 15 and 16);
- an increase in eurobonds balance due to the weakening of the rouble against the dollar (Note 10).

3 Summary of significant accounting policies

The principal accounting policies and methods of computation followed by the Group and the critical accounting judgments in applying accounting policies are consistent with those disclosed in the consolidated financial statements for the year ended 31 December 2022 with the exception of income tax expense, which is recognised based on management's best estimate of the annual effective income tax rate expected for the full financial year (which excludes the impact of deferred tax asset impairment which was recorded for the six months ended 30 June 2023 and 30 June 2022).

3 Summary of significant accounting policies (continued)

3.1 New types of transactions and accounting policies applied to them

Non-current assets or disposal groups classified as held for sale

The Group classifies non-current assets and disposal groups as held for sale if their carrying amount will be recovered principally through a sale transaction (including loss of control of a subsidiary holding the assets) within twelve months after the reporting period. Assets are reclassified when all of the following conditions are met: (a) the assets are available for immediate sale in their present condition; (b) the Group's management approved and initiated an active programme to locate a buyer; (c) the assets are actively marketed for sale at a reasonable price; (d) the sale is expected within one year; and (e) it is unlikely that significant changes to the plan to sell will be made or that the plan will be withdrawn.

A disposal group is a group of assets (current and non-current) to be disposed of, by sale or otherwise, together as a group in a single transaction, and liabilities directly associated with those assets that will be transferred in the transaction. Goodwill is included if the disposal group includes an operation within a cash-generating unit to which goodwill has been allocated on acquisition.

Non-current assets held for sale and held for sale disposal groups as a whole are measured at the lower of their carrying amount and fair value less costs of disposal. Reclassified non-current financial assets and deferred income tax assets are not subject to write down to the lower of their carrying amount and fair value less costs of disposal. Held for sale property, plant and equipment and other intangible assets are not depreciated or amortised.

Assets and liabilities classified as held for sale are presented separately from other assets and liabilities in the consolidated statement of financial position. Additionally, cumulative other comprehensive income or loss relating to a non-current assets or disposal groups classified as held for sale is presented separately within equity. Non-current assets or disposal groups classified as held for sale in the current period's consolidated statement of financial position are not reclassified or re-presented in the comparative consolidated statement of financial position to reflect the classification at the end of the current period.

3.2 Adoption of new or revised standards and interpretations

The following new standards and amendments to standards became effective from 1 January 2023, but did not have any material impact on the Group:

- IFRS 17 "Insurance Contracts" (issued on 18 May 2017 and effective for annual periods beginning on or after 1 January 2021, deferred to 1 January 2023 by the Amendments to IFRS 17).
- Amendments to IFRS 17 and an amendment to IFRS 4 (issued on 25 June 2020 and effective for annual periods beginning on or after 1 January 2023).
- Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting policies (issued on 12 February 2021 and effective for annual periods beginning on or after 1 January 2023).
- Amendments to IAS 8: Definition of Accounting Estimates (issued on 12 February 2021 and effective for annual periods beginning on or after 1 January 2023).
- Deferred tax related to assets and liabilities arising from a single transaction – Amendments to IAS 12 (issued on 7 May 2021 and effective for annual periods beginning on or after 1 January 2023).
- Transition option to insurers applying IFRS 17 – Amendments to IFRS 17 (issued on 9 December 2021 and effective for annual periods beginning on or after 1 January 2023).
- International Tax Reform – Pillar Two Model Rules – Narrow-scope amendments to IAS 12 (issued on 23 May 2023 and effective for annual periods beginning on or after 1 January 2023).

The amendments to standards which were not effective as at 30 June 2023 and were not adopted early by the Group:

- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28 (issued on 11 September 2014 and effective for annual periods beginning on or after a date to be determined by the IASB).

3 Summary of significant accounting policies (continued)

- Classification of liabilities as current or non-current – Amendments to IAS 1 (issued on 23 January 2020 and effective for annual periods beginning on or after 1 January 2022, the effective date subsequently modified to 1 January 2024 by the Amendments to IFRS 1).
- Classification of liabilities as current or non-current, deferral of effective date – Amendments to IAS 1 (issued on 15 July 2020 and effective for annual periods beginning on or after 1 January 2023, the effective date subsequently modified to 1 January 2024 by the Amendments to IFRS 1).
- Lease Liability in a Sale and Leaseback – Amendments to IFRS 16 (issued on 22 September 2022 and effective for annual periods beginning on or after 1 January 2024).
- Non-current Liabilities with Covenants – Amendments to IAS 1 (issued on 31 October 2022 and effective for annual periods beginning on or after 1 January 2024).
- Supplier finance arrangements – Amendments to IAS 7 and IFRS 7 (issued on 25 May 2023 and effective for annual periods beginning on or after 1 January 2024).

The amendments to standards are not expected to affect significantly the Group's interim condensed consolidated financial information.

4 Critical accounting estimates and judgements in applying accounting policies

The Group makes estimates and assumptions that affect the carrying amount of assets and liabilities within the next financial period. Estimates and judgements are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Management also makes certain judgements, apart from those involving estimations, in the process of applying accounting policies. Judgements that have the most significant effect on the amounts recognised in the interim condensed consolidated financial information and estimates that could cause a significant adjustment to the carrying amount of assets and liabilities within the next financial period include the following:

4.1 Determining of control over entities

The Group includes subsidiaries and other special purpose entities controlled by the Group in this interim condensed consolidated financial information. When determining whether there is control over entities, the Group management makes professional judgements regarding risks and benefits, as well as about the possibility of making operational decisions in relation to the entity in question. In many instances, elements are present that, considered in isolation, indicate control or lack of control over an entity, but when considered together make it difficult to reach a clear conclusion. In cases where more arguments are in place towards the existence of control, the entity is consolidated.

LLC "TULACHERMET-STAL" is a related party of the Group and is controlled by the Group's beneficial controlling owner. As at 30 June 2023 and 31 December 2022 the Group is not a participant of LLC "TULACHERMET-STAL" and it does not have power to direct relevant activities of this entity.

The Group performs the following operations with LLC "TULACHERMET-STAL":

- As of 30 June 2023, the interim condensed consolidated financial information of the Group includes loans issued to LLC "TULACHERMET-STAL" carrying amount RR 27,982 million (31 December 2022: RR 26,765 million) (Note 17).
- During six months ended 30 June 2023 the Group sold to LLC "TULACHERMET-STAL" pig iron and crushed pig iron for RR 18,978 million (six months ended 30 June 2022: pig iron, crushed pig iron and cast-iron ware for RR 23,763 million), scrap metal for RR 3,158 million (six months ended 30 June 2022: RR 3,386 million), other products, materials, services and goods for RR 676 million (six months ended 30 June 2022: other products, materials and services for RR 522 million). As at 30 June 2023, the Group had an outstanding balance of trade and other receivables from LLC "TULACHERMET-STAL" in the amount of RR 18,117 million, net of expected credit loss amounting to RR 115 million (31 December 2022: trade and other receivables in the amount of RR 16,734 million, net of expected credit loss amounting to RR 104 million).

(in RR, tabular amounts in million RR unless stated otherwise)

4 Critical accounting estimates and judgements in applying accounting policies (continued)

Management applied its professional judgement to determine whether the Group exercises control over LLC "TULACHERMET-STAL" in accordance with IFRS 10 "Consolidated Financial Statements".

In accordance with the professional judgement of the Group management, the Group does not have control over LLC "TULACHERMET-STAL", because, despite the existing relationships, the Group does not have the power to direct relevant activities of LLC "TULACHERMET-STAL", the Group is not a participant of LLC "TULACHERMET-STAL" and there are no contractual or other relations between the Group and LLC "TULACHERMET-STAL" that would provide the Group with the power to direct the relevant activities of LLC "TULACHERMET-STAL".

4.2 Estimated impairment of non-financial non-current assets

At 30 June 2023 the are no reasons for the update of impairment calculations performed at 31 December 2022, since as a result of macroeconomic and cash generating units (CGU) performance analysis the Group's management has not identified any impairment indicators, except for the property, plant and equipment impairment due to the suspension of financing and planned conservation of the construction in progress object for the indefinite term (Note 6).

5 Segment information

The Group operates as a vertically integrated business. The chief executive officer of MC "IMH" is considered to be the chief operating decision-maker ("CODM"). The CODM is responsible for decision-making, estimating results and distributing resources, relying on internal financial information prepared in accordance with the Group's IFRS accounting policies.

The Group's management has determined the following operating segments based on nature of production:

- Coal – coal mining;
- Coke – coke production;
- Ore & Pig iron – mining of iron ore, production of iron ore products, pig iron, crushed pig iron, cast iron ware and procurement, storage, recycling and sale of ferrous and non-ferrous scrap metal;
- Polema – production and sales of powder metallurgy articles (chrome articles);
- Unallocated – include subsidiaries: MC "IMH", LLC "Consultinvest 2000", LLC "BKF "Gorizont" and acquisition of asset LLC "Gorny otdykh".

Inter-segment sales are generally composed of:

- Sales of coal to the Coke segment;
- Sales of coke to the Ore & Pig iron segment and;
- Management services rendered to the segments Coal, Coke, Ore & Pig iron and Polema segments.

Segment revenue and segment results include transfers between operating segments. Analysis of revenue generated from external sales by the products and services are included in Note 12.

The Group's management assess the performance of operating segments based on revenue, adjusted EBITDA, assets and liabilities.

	Coal	Coke	Ore & Pig iron	Polema	Unallocated	Total
Six months ended 30 June 2023						
Inter-segment revenue	5,824	11,592	65	2	1,511	**18,994**
External revenue	1,679	12,309	37,520	2,450	288	**54,246**
Segment revenue, total	**7,503**	**23,901**	**37,585**	**2,452**	**1,799**	**73,240**
Adjusted EBITDA	**1,499**	**2,690**	**3,066**	**878**	**21**	**8,154**
Six months ended 30 June 2022						
Inter-segment revenue	5,646	19,951	75	1	1,589	**27,262**
External revenue	9,007	17,180	48,649	1,727	291	**76,854**
Segment revenue, total	**14,653**	**37,131**	**48,724**	**1,728**	**1,880**	**104,116**
Adjusted EBITDA	**10,114**	**3,053**	**2,807**	**365**	**(290)**	**16,049**

(in RR, tabular amounts in million RR unless stated otherwise)

5 Segment information (continued)

There are no reconciling items between external revenue of operating segments and total revenue in the interim condensed consolidated statement of profit or loss and other comprehensive income.

The reconciliation between profit/(loss) before income tax and adjusted EBITDA by segments is as follows:

	Coal	Coke	Ore & Pig iron	Polema	Unallocated	Total
Six months ended 30 June 2023						
Profit/(Loss) before income tax	438	(6,182)	1,475	897	(31)	**(3,403)**
Depreciation of property, plant and equipment and amortisation of other intangible assets	891	168	1,031	41	54	**2,185**
Interest income	(8)	(43)	(1,034)	(3)	(3)	**(1,091)**
Inter-segment interest income	-	(54)	-	-	-	**(54)**
Interest expense	15	2,009	1,346	-	-	**3,370**
Inter-segment interest expense	10	-	44	-	-	**54**
Exchange loss/(gain), net	152	5,807	467	(57)	1	**6,370**
Impairment of property, plant and equipment	1	985	-	-	-	**986**
Gain on remeasurement of financial instruments	-	-	(263)	-	-	**(263)**
Total adjusted EBITDA	**1,499**	**2,690**	**3,066**	**878**	**21**	**8,154**
Six months ended 30 June 2022						
Profit/(Loss) before income tax	9,111	8,986	1,707	294	(338)	**19,760**
Depreciation of property, plant and equipment and amortisation of other intangible assets	1,252	156	949	43	55	**2,455**
Interest income	(42)	(129)	(1,191)	(7)	(10)	**(1,379)**
Inter-segment interest income	-	(278)	-	-	-	**(278)**
Interest expense	11	2,019	1,560	-	-	**3,590**
Inter-segment interest expense	111	-	167	-	-	**278**
Exchange (gain)/loss, net	(470)	(7,701)	(1,054)	35	3	**(9,187)**
(Reversals of impairment)/Impairment of property, plant and equipment	(7)	-	394	-	-	**387**
Goodwill impairment	-	-	46	-	-	**46**
Accrual of mine technical liquidation reserve	148	-	-	-	-	**148**
Loss on remeasurement of financial instruments	-	-	229	-	-	**229**
Total adjusted EBITDA	**10,114**	**3,053**	**2,807**	**365**	**(290)**	**16,049**

Adjusted EBITDA analysed by the CODM is defined as profit/(loss) before income tax adjusted for interest income, interest expense, depreciation, amortisation and impairment, any extraordinary gains and losses, and foreign exchange gains and losses.

Segment assets and liabilities

Segment assets consist primarily of property, plant and equipment, other intangible assets, inventories, trade and other receivables, advances issued, loans issued, VAT recoverable and cash and cash equivalents.

Segment liabilities include accounts payable arising during operating activities, borrowings and interest payable.

Capital expenditures comprise additions to property, plant and equipment and other intangible assets.

(in RR, tabular amounts in million RR unless stated otherwise)

5 Segment information (continued)

Segment assets and liabilities as at 30 June 2023 and 31 December 2022, and capital expenditures for the six months ended 30 June 2023 and 30 June 2022 are presented below:

	Coal	Coke	Ore & Pig iron	Polema	Unallocated	Total
At 30 June 2023						
Segment assets, including	38,528	76,252	124,689	4,555	8,871	**252,895**
Assets classified as held for sale	22,445	-	-	96	-	**22,541**
Segment liabilities, including	35,539	72,138	92,720	1,212	8,146	**209,755**
Liabilities associated with assets classified as held for sale	962	-	-	7	-	**969**
Capital expenditures for the six months ended 30 June 2023	2,296	232	3,881	84	469	**6,962**
At 31 December 2022						
Segment assets	38,281	77,097	116,332	3,504	8,450	**243,664**
Segment liabilities	35,611	66,565	86,069	949	7,720	**196,914**
Capital expenditures for the six months ended 30 June 2022	2,340	482	4,808	41	781	**8,452**

The Group’s corporate assets are included in the Unallocated.

The reconciliation between the assets of operating segments and total assets in the interim condensed consolidated statement of financial position is presented below:

	At 30 June 2023	At 31 December 2022
Segment assets	**252,895**	**243,664**
Items not included in segment assets:		
Goodwill	4,451	4,451
Deferred income tax asset	2,101	1,165
Other non-current assets	50	50
Elimination of inter-segment balances	(81,780)	(83,778)
Total assets	**177,717**	**165,552**

The reconciliation between the liabilities of operating segments and total liabilities in the interim condensed consolidated statement of financial position is presented below:

	At 30 June 2023	At 31 December 2022
Segment liabilities	**209,755**	**196,914**
Items not included in segment liabilities:		
Provision for restoration liability	998	1,048
Deferred income tax liability	1,995	3,531
Taxes payable	2,601	2,309
Liabilities associated with assets classified as held for sale	1,254	-
Elimination of inter-segment balances	(81,780)	(83,778)
Total liabilities	**134,823**	**120,024**

Information about geographical areas

The following table presents revenues from external customers by countries:

	Six months ended 30 June 2023	Six months ended 30 June 2022
Total revenues:	**54,246**	**76,854**
Russia	52,915	65,129
Kazakhstan	492	324
Belarus	328	978
Switzerland	-	7,470
Kyrgyz Republic	-	1,714
Other	511	1,239

(in RR, tabular amounts in million RR unless stated otherwise)

5 Segment information (continued)

For the six months ended 30 June 2023 all segments revenue from customers of the Group, which are companies under common control of the Group's beneficial controlling owner, amounted to RR 23,989 million, and Ore & Pig Iron segment revenue from the largest customer, which is third party, amounted to RR 8,219 million (for the six months ended 30 June 2022: all segments revenue from customers of the Group, which are companies under common control of the Group's beneficial controlling owner, amounted to RR 41,281 million, and Ore & Pig Iron segment revenue from the largest customer, which is third party, amounted to RR 7,754 million).

The Group's non-current assets (different from financial instruments and deferred income tax asset) located in the Russian Federation.

6 Property, plant and equipment

	Six months ended 30 June 2023	Six months ended 30 June 2022
Cost at the beginning of the period	**123,968**	**118,519**
Additions	6,958	8,406
Disposals	(865)	(973)
Cost reclassification to assets classified as held for sale	(32,052)	-
Cost at the end of the period	**98,009**	**125,952**
Accumulated depreciation and impairment at the beginning of the period	**(38,834)**	**(46,162)**
Depreciation charges	(2,369)	(2,620)
Accumulated depreciation and impairment related to disposals	825	643
Accumulated depreciation and impairment reclassification to assets classified as held for sale	11,774	-
Impairment	(986)	(387)
Accumulated depreciation and impairment at the end of the period	**(29,590)**	**(48,526)**
Net book value at the beginning of the period	**85,134**	**72,357**
Net book value at the end of the period	**68,419**	**77,426**

During the six months ended 30 June 2023 depreciation expense of RR 1,913 million (six months ended 30 June 2022: RR 2,209 million) was included in cost of sales, a depreciation expense of RR 182 million (six months ended 30 June 2022: RR 156 million) was included in general and administrative expenses and depreciation expense of RR 274 million (six months ended 30 June 2022: RR 255 million) was capitalised.

If management's estimates of useful lives were to decrease by 10%, loss before income tax for the six months ended 30 June 2023 would increase by RR 174 million (six months ended 30 June 2022: profit before income tax would decrease by RR 263 million). An increase in useful lives by 10% would result in an decrease of loss before income tax for the six months ended 30 June 2023 by RR 142 million (six months ended 30 June 2022: increase of profit before income tax by RR 215 million).

During the six months ended 30 June 2023 the Group recognised an impairment loss in the amount of RR 986 million, including RR 985 million in relation to the construction in progress object planned to be conservated and RR 1 million on property, plant and equipment, which, in accordance with recent management plans, will not be used in the Group's production activities (six months ended 30 June 2022: the Group recognised an impairment loss in the amount of RR 394 million on property, plant and equipment of the subsequently sold subsidiary due to the planned sale transaction of the subsidiary at the price below its net assets and related goodwill, also the Group reversed an impairment loss in the amount of RR 7 million).

Additions to property, plant and equipment during the six months ended 30 June 2023 include capitalised interest of RR 797 million (six months ended 30 June 2022: RR 722 million) and capitalised foreign exchange loss from financing activities in the amount of RR 18 million (six months ended 30 June 2022: RR 24 million). The capitalisation rate used to determine the amount of capitalised interest for the six months ended 30 June 2023 was 8.72% (six months ended 30 June 2022: 10.5%).

7 Non-current loans issued

	At 30 June 2023	Interest rate	At 31 December 2022	Interest rate
Loans issued to related parties and denominated in Russian roubles (Note 17)	28,355	9.00%	27,114	9.00%
Total non-current loans issued	**28,355**		**27,114**	

(in RR, tabular amounts in million RR unless stated otherwise)

7 Non-current loans issued (continued)

As of 30 June 2023 non-current loans issued to related party in the amount of RR 27,982 million are measured at fair value through profit or loss (31 December 2022: non-current loans issued to related party in the amount of RR 26,765 million are measured at fair value through profit or loss).

As at 30 June 2023 non-current loans issued to third parties expected credit loss allowance amounted to RR 171 million (31 December 2022: RR 179 million).

8 Trade and other receivables and advances issued

	At 30 June 2023	At 31 December 2022
Trade receivables from related parties (net of expected credit loss amounting to RR 124 million as at 30 June 2023; RR 113 million as at 31 December 2022)	18,298	17,128
Trade receivables (net of expected credit loss amounting to RR 251 million as at 30 June 2023; RR 195 million as at 31 December 2022)	7,108	3,363
Taxes receivable	100	163
Other accounts receivable (net of expected credit loss amounting to RR 164 million as at 30 June 2023; RR 150 million as at 31 December 2022)	227	195
Other accounts receivable from related parties (net of expected credit loss amounting to RR 8 million as at 30 June 2023; RR 8 million as at 31 December 2022)	61	39
Total trade and other receivables	**25,794**	**20,888**
Advances issued	1,411	870
less provision for impairment of advances issued	(99)	(99)
Total advances issued	**1,312**	**771**

9 Treasury shares

In February 2017 the Company acquired 135,400 of its shares for RR 11 million. In February 2018 these shares were sold to a subsidiary of the Group.

In January 2022 a subsidiary of the Group acquired 37,958,929 Company's shares, for a total amount of RR 6,110 million.

All these shares are classified as treasury shares and are deducted from equity at cost.

10 Borrowings and bonds

Short-term borrowings and current portion of long-term borrowings

	At 30 June 2023	At 31 December 2022
RR denominated bank loans, variable	25,865	19,977
RR denominated bank loans, fixed	2,400	22,769
Total short-term borrowings and current portion of long-term borrowings	**28,265**	**42,746**

Long-term borrowings

	At 30 June 2023	At 31 December 2022
RR-denominated bank loans, variable	28,200	12,590
RR denominated bank loans, fixed	8,900	7,700
Total long-term borrowings	**37,100**	**20,290**

As at 30 June 2023 and 31 December 2022 all loans were unsecured.

Borrowings of the Group are due for repayment as follows:

	At 30 June 2023	At 31 December 2022
Borrowings to be repaid – within one year	28,265	42,746
– between one and five years	37,100	20,290
Total borrowings	**65,365**	**63,036**

(in RR, tabular amounts in million RR unless stated otherwise)

10 Borrowings and bonds (continued)

As at 30 June 2023 the Group has the undrawn borrowing facilities in the amount of RR 29,540 million, including long-term facilities in the amount of RR 29,540 million (as at 31 December 2022: RR 34,897 million, including long-term RR 33,666 million).

Movements in borrowings are analysed as follows:

	Six months ended 30 June 2023	Six months ended 30 June 2022
Short-term borrowings and current portion of long-term borrowings:		
Balance at the beginning of the period	**42,746**	**20,236**
Borrowings received	9,472	33,359
Borrowings repaid	(30,047)	(17,911)
Reclassification of borrowings	6,090	1,856
Other non-cash effects	4	2
Effect of changes in exchange rates	-	865
Balance at the end of the period	**28,265**	**38,407**
Long-term borrowings:		
Balance at the beginning of the period	**20,290**	**24,928**
Borrowings received	24,100	-
Borrowings repaid	(1,200)	(2,441)
Reclassification of borrowings	(6,090)	(1,856)
Other non-cash effects	-	1
Effect of changes in exchange rates	-	(385)
Balance at the end of the period	**37,100**	**20,247**

BO-05 series bonds

In August 2018 the Group issued five-year maturity bonds in the principal amount of RR 5 billion at a coupon rate of 9.2% payable semi-annually (series BO-05 bonds).

Movements in series BO-05 bonds are analysed as follows:

	Six months ended 30 June 2023	Six months ended 30 June 2022
Short-term bonds:		
Balance at the beginning of the period	**5,168**	**178**
Interest expense	230	229
Interest paid	(229)	(229)
Balance at the end of the period	**5,169**	**178**
Long-term bonds:		
Balance at the beginning of the period	**-**	**4,986**
Balance at the end of the period	**-**	**4,986**

Eurobonds

Movements in eurobonds are analysed as follows:

	Six months ended 30 June 2023	Six months ended 30 June 2022
Short-term bonds:		
Balance at the beginning of the period	**604**	**464**
Interest expense	818	808
Interest paid	(946)	(1,081)
Effect of changes in exchange rates	140	142
Balance at the end of the period	**616**	**333**
Long-term bonds:		
Balance at the beginning of the period	**24,415**	**25,787**
Effect of changes in exchange rates	5,795	(8,030)
Balance at the end of the period	**30,210**	**17,757**

As at 30 June 2023, the carrying value of 5.90% loan participation notes due 2025 amounted to RR 30,826 million (including the current portion of the bonds, which is equal to RR 616 million), net of transaction costs (as at 31 December 2022: RR 25,019 million (including the current portion, which is equal to RR 604 million), net of transaction costs).

(in RR, tabular amounts in million RR unless stated otherwise)

11 Disposal groups classified as held for sale

As at 30 June 2023 due to the Group management's plans to sell 100% equity shares in LLC "Tikhova mine" and PTW Ltd. assets and liabilities of these subsidiaries are presented as held for sale in the interim condensed consolidated statement of financial position.

As at 30 June 2023 there is intention to complete both transactions within next twelve months. In relation to LLC "Tikhova mine" agreement on main transaction terms has been signed and payment from purchaser has been received in the amount of RR 2,250 million, which is included in trade and other short-term payables of the interim condensed consolidated statement of financial position. In relation to PTW Ltd. shares sales and purchase agreement has been signed. The Group's management does not qualify LLC "Tikhova mine" and PTW Ltd. as discontinued operations since these subsidiaries do not represent separate major Group's lines of business.

Assets, liabilities and accumulative other comprehensive income of a disposal groups classified as held for sale are as follows:

	At 30 June 2023
Property, plant and equipment	20,278
Other intangible assets	1,742
Inventories	302
Trade and other receivables	147
VAT recoverable	16
Advances issued	15
Cash and cash equivalents	41
Total assets classified as held for sale	**22,541**
Provision for restoration liability	35
Deferred income tax liability	964
Trade and other short-term payables	969
Current income tax payable	1
Other taxes payable	254
Total liabilities associated with assets classified as held for sale	**2,223**
Currency translation reserve	24
Reserve of a disposal group classified as held for sale	**24**

12 Revenue

	Six months ended	
	30 June 2023	**30 June 2022**
Sales in Russia:		
Sales of pig iron	32,574	36,269
Sales of coke and coking products	11,924	12,950
Sales of scrap metal	3,162	3,386
Sales of powder metallurgy products	1,867	1,057
Sales of coal and coal concentrate	1,423	8,185
Sales of services	1,068	1,542
Sales of chrome	268	172
Sales of crushed pig iron	23	43
Sales of cast-iron ware	-	780
Other sales	606	745
Total sales in Russia	**52,915**	**65,129**
Sales to other countries:		
Sales of coke and coking products	702	5,004
Sales of pig iron	316	6,071
Sales of powder metallurgy products	172	254
Sales of chrome	126	242
Sales of cast-iron ware	-	154
Other sales	15	-
Total sales to other countries	**1,331**	**11,725**
Total revenue	**54,246**	**76,854**

Timing of revenue recognition (for each revenue stream) is as follows:

	Six months ended	
	30 June 2023	**30 June 2022**
At a point in time	53,029	75,582
Over time	1,217	1,272
Total revenue	**54,246**	**76,854**

(in RR, tabular amounts in million RR unless stated otherwise)

13 Cost of sales

	Six months ended	
	30 June 2023	**30 June 2022**
Raw materials and supplies	30,828	43,319
Wages and salaries including associated taxes	5,453	5,149
Depreciation of property, plant and equipment	1,913	2,209
Transportation services	1,217	1,272
Energy	819	795
Other services	333	252
Amortisation of other intangible assets	90	90
Changes in finished goods and work in progress	(797)	1,144
Other expenses	1,386	1,018
Total cost of sales	**41,242**	**55,248**

For the six months ended 30 June 2023 employee benefits expenses, included in cost of sales, general and administrative expenses amounted to RR 8,495 million (for the six months ended 30 June 2022: RR 8,327 million).

14 Other operating (expenses)/income, net

	Six months ended	
	30 June 2023	**30 June 2022**
Gain on disposal of property, plant and equipment	41	19
Dividend income	37	22
Reversal of write-down of inventories to net realisable value	9	18
Provision for legal claim	(138)	-
Charity payments	(163)	(166)
Exchange (loss)/gain, net	(427)	1,819
Return of the receipt from beneficial controlling owner, which is not a share capital contribution	-	(339)
Other income/(expenses)	46	(18)
Other operating (expenses)/income, net	**(595)**	**1,355**

15 Finance income

	Six months ended	
	30 June 2023	**30 June 2022**
Interest income on loans issued measured at FVTPL	954	1,083
Interest income on bank deposits	119	262
Interest income on loans issued measured at AC	18	34
Financial foreign exchange gain on bonds issued and interest accrued on bonds issued, net	-	7,933
Total finance income	**1,091**	**9,312**

16 Finance expenses

	Six months ended	
	30 June 2023	**30 June 2022**
Financial foreign exchange loss on bonds issued and on interest accrued on bonds issued, net	5,943	-
Interest expense on borrowings and bonds	3,360	3,584
Unwinding of trade accounts payable to present value discounting effect	10	6
Financial foreign exchange loss on borrowings and interest accrued on borrowings, net	-	456
Financial foreign exchange loss on loans issued and on interest accrued on loans issued, net	-	55
Financial foreign exchange loss on bank deposits, net	-	54
Total finance expenses	**9,313**	**4,155**

(in RR, tabular amounts in million RR unless stated otherwise)

17 Balances and transactions with related parties

Parties are generally considered to be related if one party has the ability to control or jointly control the other party, is under common control, or can exercise significant influence over the other party in making financial and operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form. Information about the parties who ultimately own and control the Company is disclosed in Note 1.

Balances outstanding with related parties as of 30 June 2023, excluding remuneration of key management personnel:

	Companies under common control	Associates	Ultimate shareholders	Total
Non-current loans issued	28,355	-	-	**28,355**
Trade receivables	18,298	-	-	**18,298**
Other accounts receivable	51	10	-	**61**
Advances issued	2	12	-	**14**
Assets classified as held for sale	44	-	-	**44**
Trade accounts payable	(21)	(37)	-	**(58)**
Other accounts payable	(1,686)	-	-	**(1,686)**
Advances received	(337)	-	-	**(337)**

Balances outstanding with related parties as of 31 December 2022, excluding remuneration of key management personnel:

	Companies under common control	Associates	Ultimate shareholders	Total
Non-current loans issued	27,114	-	-	**27,114**
Trade receivables	17,128	-	-	**17,128**
Other accounts receivable	32	5	2	**39**
Advances issued	-	55	-	**55**
Trade accounts payable	(58)	(11)	-	**(69)**
Other accounts payable	(1,548)	-	-	**(1,548)**
Advances received	(160)	-	-	**(160)**

Balances outstanding with related parties as at 30 June 2023 and 31 December 2022 are not secured and have to be extinguished with cash, excluding advances which have to be extinguished by goods and services.

Related party transactions for the six months ended 30 June 2023, excluding remuneration of key management personnel:

	Companies under common control	Associates	Ultimate shareholders	Total
Sales in Russia:				
Sales of pig iron	18,955	-	-	**18,955**
Sales of scrap metal	3,158	-	-	**3,158**
Sales of coal and coal concentrate	1,423	-	-	**1,423**
Sales of services	400	-	-	**400**
Sales of crushed pig iron	23	-	-	**23**
Sales of coke and coking products	15	-	-	**15**
Sales of powder metallurgy products	6	-	-	**6**
Other sales	9	-	-	**9**
Other income/(expenses):				
Interest income	969	-	-	**969**
Gain on remeasurement of financial instruments	263	-	-	**263**
Dividend income	-	37	-	**37**
Net impairment losses on financial and contract assets	(11)	-	-	**(11)**
Other operating income/(expenses), net	482	(17)	12	**477**
Purchase of goods and services:				
Purchase of raw materials, supplies and goods for resale	(491)	(3,495)	-	**(3,986)**
Distribution costs	-	(878)	-	**(878)**
Other purchased services	(14)	-	-	**(14)**

(in RR, tabular amounts in million RR unless stated otherwise)

17 Balances and transactions with related parties (continued)

Related party transactions for the six months ended 30 June 2022, excluding remuneration of key management personnel:

	Companies under common control	Associates	Ultimate shareholders	Total
Sales in Russia:				
Sales of pig iron	23,704	-	-	**23,704**
Sales of coal and coal concentrate	8,185	-	-	**8,185**
Sales of scrap metal	3,386	-	-	**3,386**
Sales of services	916	-	-	**916**
Sales of crushed pig iron	43	-	-	**43**
Sales of coke and coking products	27	-	-	**27**
Sales of cast-iron ware	16	-	-	**16**
Sales of powder metallurgy products	5	-	-	**5**
Other sales	150	-	-	**150**
Sales to other countries:				
Sales of pig iron	4,836	-	-	**4,836**
Sales of chrome	13	-	-	**13**
Other income/(expenses):				
Interest income	1,087	-	-	**1,087**
Reversals of net impairment losses on financial and contract assets	251	1	-	**252**
Loss on remeasurement of financial instruments	(229)	-	-	**(229)**
Dividend income	-	22	-	**22**
Gain on disposal of property, plant and equipment	26	-	-	**26**
Other operating income/(expenses), net	212	(1)	(334)	**(123)**
Purchase of property, plant and equipment, goods and services:				
Purchase of raw materials, supplies and goods for resale	(654)	(3,265)	-	**(3,919)**
Distribution costs	-	(1,417)	-	**(1,417)**
Purchase of property, plant and equipment	(15)	-	-	**(15)**
Other purchased services	(9)	(15)	-	**(24)**

During the six months ended 30 June 2023, revenue from transactions of the Group with related party steel producer and related party coal trader, both companies under common control, amounted to RR 23,989 million and mainly consists of revenue from pig iron, scrap metal, coal and services sales (six months ended 30 June 2022: revenue from transactions of the Group with related party steel producer, related party metallurgical products trader and related party coal trader, all companies under common control, amounted to RR 41,133 million and mainly consists of revenue from pig iron, scrap metal, coal and services sales). As at 30 June 2023, the Group had an outstanding balance of advances received from related party steel producer in the amount of RR 312 million (31 December 2022: the Group had an outstanding balance of advances received from related party steel producer and related party coal trader in the amount RR 160 million).

During the six months ended 30 June 2023 and 30 June 2022 related party transactions commercial terms were the following:

- price for pig iron sold in Russia is determined based on the range of pig iron market prices and based on the range of pig iron sale prices for third parties;
- price for exported pig iron during the six months ended 30 June 2022 is determined based on the range of market prices in the month of the transaction, including correction for transportation costs;
- sale and purchase price for scrap metal is determined based on purchase prices from independent suppliers based on the range of market prices;
- coal price, depending on the grade, is determined based on the price offers from independent suppliers or based on the range of coal concentrate market prices, including correction for processing, transportation costs and coal concentrate yield factor;
- price for coal processing services rendered is not lower that purchase price for similar services from third parties;
- purchase price for transportation services is in the range of price offers from third parties.

(in RR, tabular amounts in million RR unless stated otherwise)

17 Balances and transactions with related parties (continued)

LLC "TULACHERMET-STAL"

As at 30 June 2023, non-current loans issued by the Group to LLC "TULACHERMET-STAL" maturing in the years 2030 totalled RR 27,982 million (31 December 2022: RR 26,765 million) (see Note 7 and 18).

Other companies under common control

As at 30 June 2023, non-current loans issued by the Group to other companies under common control of the beneficial controlling owner totalled RR 373 million (31 December 2022: RR 349 million) (see Note 7).

Remuneration of key management personnel

Remuneration of key management personnel, including beneficial controlling owner acting as chief executive officer of MC "IMH", is presented in the table below:

	Six months ended	
	30 June 2023	**30 June 2022**
Wages and salaries	447	652
Contributions to state pension and social insurance funds	78	105
Total remuneration of key management personnel	**525**	**757**

All these payments are short-term employee benefits and are included in general and administrative expenses in the interim condensed consolidated statement of profit or loss and other comprehensive income. The compensation was paid to 36 people for the six months ended 30 June 2023 (for the six months ended 30 June 2022: 38 people).

As at 30 June 2023 the remuneration of key management personnel outstanding balance amounted to RR 40 million (31 December 2022: RR 34 million).

The amount of accrued and paid remuneration of key management personnel differs by the amount of accrual/(reverse) of vacation reserve. For the six months ended 30 June 2023 the key management personnel vacation reserve accrual amounted to RR 19 million (for the six months ended 30 June 2022: the key management personnel vacation reserve accrual amounted to RR 53 million). As at 30 June 2023 the key management personnel vacation reserve balance amounted to RR 115 million (31 December 2022: RR 96 million).

18 Fair value disclosures

Fair value measurements of Group's financial instruments are analysed by their level in the fair value hierarchy as follows:

(i) Level 1 covers measurements made at quoted prices (unadjusted) in active markets for identical assets or liabilities;

(ii) Level 2 measurements are valuation techniques with all material inputs observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices); and

(iii) Level 3 measurements are valuations not based on observable market data.

Management applies judgement in categorising financial instruments using the fair value hierarchy. If a fair value measurement uses observable inputs that require significant adjustment, that measurement is a Level 3 measurement. The significance of a valuation input is assessed against the fair value measurement in its entirety.

Financial assets and liabilities carried at fair value

The following table analyses Group's financial instruments carried at fair value by the level of fair value hierarchy:

	30 June 2023			31 December 2022		
	Level 1	**Level 2**	**Level 3**	**Level 1**	**Level 2**	**Level 3**
Assets						
Loans issued	-	-	27,982	-	-	26,765
Other financial assets	-	-	50	-	-	50

(in RR, tabular amounts in million RR unless stated otherwise)

18 Fair value disclosures (continued)

At 30 June 2023 and 31 December 2022 the carrying amount of loans issued measured at FVTPL represents loans issued to LLC "TULACHERMET-STAL".

The following table analyses Group's financial instruments carried at fair value movement for the six months ended 30 June 2023:

	Loans issued	Other financial assets
Fair value at 31 December 2022	**26,765**	**50**
Interest income	954	-
Remeasurement at FVTPL	263	-
Fair value at 30 June 2023	**27,982**	**50**

The following table analyses Group's financial instruments carried at fair value movement for the six months ended 30 June 2022:

	Loans issued	Other financial assets	Financial guarantee
Fair value at 31 December 2021	**26,563**	**50**	**(111)**
Interest income	1,083	-	-
Remeasurement at FVTPL	(340)	-	-
Reversal of remeasurement at FVTPL	-	-	111
Fair value at 30 June 2022	**27,306**	**50**	**-**

As at 30 June 2023 and 31 December 2022 fair value measurement of loans issued to LLC "TULACHERMET-STAL" is determined using forecasted key rates, average interest rates for Group's long-term RR-denominated bank loans and forecasted cash flows of LLC "TULACHERMET-STAL". Due to assumptions underlying fair value estimation, loans issued to LLC "TULACHERMET-STAL" are categorized as Level 3 in the fair value hierarchy, described above.

As at 30 June 2023 and 31 December 2022 the fair value of the loans issued to LLC "TULACHERMET-STAL" is sensitive to forecasted cash flows changes, key rate and discount rate changes. As at 30 June 2023 and 31 December 2022 forecasted cash flow of LLC "TULACHERMET-STAL" is mostly sensitive to production volume changes, raw materials and finished goods prices forecasts.

The table below represents the effect on fair value of the loans issued that would occur from changes of the initial inputs at 30 June 2023:

	Inputs used	Range of inputs	Reasonable changes	Sensitivity of fair value measurement
Loans issued	Key rate	4.25-7.50%	+1% -1%	(656) 623
	Discount rate	6.66-9.91%	+1% -1%	(1,242) 1,316
	Production volume per year for the period 2023-2030	1,627 th.tn	+10% -10%	978 (1,454)
	Finished goods prices average annual change for the period 2023-2030	-16.07%-+10.36%	+8% -8%	1,310 (2,568)
	Raw materials prices average annual change for the period 2023-2030	-13.77%-+4.19%	+10% -10%	(1,817) 1,070

The table below represents the effect on fair value of the loans issued that would occur from changes of the initial inputs at 31 December 2022:

	Inputs used	Range of inputs	Reasonable changes	Sensitivity of fair value measurement
Loans issued	Key rate	4.25-7.50%	+1% -1%	(579) 530
	Discount rate	6.94-10.19%	+1% -1%	(1,232) 1,265
	Production volume per year for the period 2022-2030	1,388-1,510 th.tn	+10% -10%	917 (764)
	Finished goods prices average annual change for the period 2023-2030	-23.04%-+9.95%	+3% -3%	1,053 (1,095)
	Raw materials prices average annual change for the period 2023-2030	-22.08%-+4.65%	+3% -3%	(334) 651

(in RR, tabular amounts in million RR unless stated otherwise)

18 Fair value disclosures (continued)

Financial assets and liabilities carried at amortised cost

Group's financial instruments except those carried at fair value are measured at amortised cost. Management believes that the carrying amount of cash, cash equivalents and restricted cash, accounts receivable and payable in the interim condensed consolidated statement of financial position approximates their fair value based on level 1 (cash), level 2 (cash equivalents, loans issued and bank deposits) and level 3 (accounts receivable and payable) measurements.

The table below presents financial instruments measured at amortised cost for which carrying amount differs from fair value:

	30 June 2023				31 December 2022			
	Carrying amount	Level 1	Level 2	Level 3	Carrying amount	Level 1	Level 2	Level 3
Assets								
Loans issued and bank deposits	390	-	352	-	353	-	376	-
Liabilities								
Borrowings	65,365	-	65,435	-	63,036	-	63,195	-
Bonds	35,995	3,003	-	25,745	30,187	3,003	-	20,035

The fair value of loans issued and bank deposits carried at amortised cost was determined using valuation techniques based on Level 2 measurements as expected cash flows discounted at current interest rates for new instruments with similar credit risk and remaining maturity.

The fair values of long-term and short-term borrowings carried at amortised cost were determined using valuation techniques. The fair value of floating rate borrowings was estimated to be equal to their carrying amount. The fair value of fixed interest rate borrowings with stated maturity was estimated based on Level 2 measurements as expected cash flows discounted at current interest rates for new instruments with similar credit risk and remaining maturity.

The fair value of the Group's bonds was based on quoted active market prices, which are Level 1 measurements, except of the fair value of eurobonds as at 30 June 2023 and 31 December 2022, which was determined based on expected cash flows discounted at interest rate for instruments with similar credit risk, which relates to the Level 3 of the hierarchy.

19 Financial risks

The Group's risk management is based on determining risks to which the Group is exposed in the course of ordinary operations. The Group is exposed to the following major risks: (a) credit risk, (b) market risk (including foreign currency risk, interest rate risk), and (c) liquidity risk. Management works proactively to analyse, control and manage all opportunities, threats and risks arising in connection with the Group's operational objectives.

The Group has international operations and, therefore, is exposed to foreign currency risk. Foreign currency risk is managed by making operating decisions depending on the current market situation.

The interim condensed consolidated financial information do not include all the financial risk management information and disclosures required in the annual consolidated financial statements and should be read in conjunction with the consolidated financial statements for the year ended 31 December 2022. There have been no significant changes in the risk management policies since 2022 year end.

20 Contingencies, commitments and operating risks

Operating environment of the Group

The Russian Federation displays certain characteristics of an emerging market. Its economy is particularly sensitive to oil and gas prices. The legal, tax and regulatory frameworks continue to develop and are subject to frequent changes and varying interpretations. The Russian economy continues to be negatively impacted by ongoing geopolitical tension and sanctions imposed by a number of countries against certain sectors of the Russian economy, Russian companies and individuals.

The sanctions have had some negative consequences, in particular, restricting access to foreign financial and legal infrastructure for Russian issuers, which not only reduces the opportunities for attracting new funds, but substantially complicates the fulfillment of current obligations to foreign investors. At the same time, a number of regulations adopted by the Government of the Russian Federation, establishing the procedure for the fulfillment of obligations by Russian debtors to investors, required issuers to take additional measures to form an infrastructure that ensures the fulfillment of obligations to investors from friendly jurisdictions in the first place.

20 Contingencies, commitments and operating risks (continued)

To stabilize the situation on the financial market, the Central Bank of the Russian Federation (CBR) is carring out some actions to maintain financial stability and continuity of the operational activities of financial organizations, including the introduction of temporary regulatory relief for banks, conducting operations to provide additional liquidity to the banking sector.

The Government of the Russian Federation has carried out some actions to provide subsidies from the federal budget to Russian credit organizations to reimburse their lost income on loans issued to system-forming organizations of industry, construction and trade. The support program for construction industry was largely continued for 2023.

As part of anti-sanctions measures supporting the Russian Federation economic stability, on 28 February 2022 the President of the Russian Federation signed a decree obliging exporters to sell 80% of revenue in foreign currency, and the Central Bank of the Russian Federation (CBR) raised the key rate to 20% per annum. On 11 March 2022, Russian Rouble reached record low rates of RR 120.3785 / USD 1 and RR 132.9581 / EUR 1. However, soon after the record-high decline, the rouble exchange rate significantly strengthened. On 9 June 2022, a decree of the President of the Russian Federation was issued, which changed the procedure for determining the volume of mandatory sales of revenue by exporters and established that the volume of foreign exchange revenue for mandatory sale will be determined by the government commission on investments, and the terms of sale will be determined by the Board of directors of the CBR. The CBR gradually lowered the key rate and as of 30 June 2023 it is equal to 7.5% per annum.

During the first half of the year 2023, there was a continious tendency for the weakening of the rouble against the dollar. On 31 December 2022, the exchange rate was RR 70.3375 per 1 US dollar, while on 30 June 2023, the rouble exchange rate dropped to RR 87.0341 per 1 US dollar. At the same time, the inflation expectations of the CBR increased. According to the CBR, the period of post-crisis recovery of the Russian economy as a whole has been completed and a stage of balanced growth can be expected in further.

In April 2022, the European Union, the United Kingdom and Switzerland, within next packages of restrictive measures for a number of Russian legal entities and individuals, imposed personal sanctions against the chief executive officer of MC "IMH", which are binding on the territory of the European Union, the United Kingdom and Switzerland, on their citizens and legal entities registered in these territories.

One of the significant results of the impact of the sanctions was the blocking of traditional export destinations, which required a reorientation of sales and logistics practices. In particular, the companies of the metallurgical industry have reoriented sales flows to the eastern directions, as well as to the domestic market, where government measures supporting the construction industry have helped to ensure demand for metallurgical products. The Group, as well as many market participants, has reoriented a significant share of commodity flows to the domestic market.

The situation with restrictive measures has affected relations with partners to a greater extent due to the lack of order and experience in such conditions in contracts. As a result, there is a risk of termination of contracts, litigation and other confrontation with counterparties.

Another significant risk for the industry as a whole and for the Group in particular is associated with a scarce labor market.

As of 30 June 2023, the overall level of uncertainty remains high. The possibility of imposing additional sanctions and restrictions on the business activity of various organizations operating in the region has remained. The full range of impacts and consequences of such decisions for the Group and the economy of the region as a whole is not possible to assess. Although above-mentioned risk factors may adversely affect the economic and financial performance of the Group in future periods, they do not affect the Group's ability to continue as a going concern.

The Group's management continues to implement the full range of measures aimed at monitoring risks and preventing their consequences.

Capital commitments

As at 30 June 2023 the amount of the Group's capital commitments was RR 4,181 million (at 31 December 2022: RR 2,682 million).

21 (Loss)/Profit per share

The amount of basic (loss)/profit per share is calculated by dividing the (loss)/profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period, excluding treasury shares.

The Company has no dilutive potential ordinary shares; therefore, the diluted (loss)/profit per share equals to the basic (loss)/profit per share.

(Loss)/Profit per share is calculated as follows:

	Six months ended	
	30 June 2023	**30 June 2022**
(Loss)/Profit for the period	(2,700)	15,801
Weighted average number of ordinary shares in issue (millions of shares)	291.95	291.95
Basic and diluted (loss)/profit per ordinary share (expressed in RR per share)	**(9.25)**	**54.12**

22 Subsequent events

Sale of the subsidiary

On 20 July 2023 LLC "Tikhova mine" sale transaction has been completed (see Note 11). As of 30 June 2023 this subsidiary has been classified as a disposal group, and its assets and liabilities in the consolidated statement of financial position have been reclassified accordingly. At the date of approval of this interim condensed consolidated financial information the Group's management is estimating financial effect from disposal of subsidiary.

Windfall profit tax

On 4 August 2023 the President of the Russian Federation signed the Federal law №414-FZ "About windfall profit tax" (published on 4 August 2023, "the law"). The law sets windfall profit tax rate of 10%, at the same time tax expense could be halved to the effective rate of 5% provided that a security payment is transferred to the federal budget in the period from 1 October to 30 November 2023. At the date of approval of this interim condensed consolidated financial information the Group's management is estimating expexted amount of tax payable to the federal budget by companies of the Group according to the above-mentioned law.

Borrowings

Subsequent to a reporting date, within existing as of 30 June 2023 borrowing facilities the Group raised RR 6,000 million bank loans, including short-term bank loans in the amount of RR 1,000 million. These resources have been used for financing of operating activities.

Bonds

In August 2023, the Group duly and fully redeemed five-year maturity BO-05 series bonds nominal value RR 5,000 million issued in the year 2018 (see Note 10).

LLC "Butovskaya mine"

As of 23 August 2023, in connection with the approval of the settlement agreement by the arbitration court, the bankruptcy case against LLC "Butovskaya mine" was terminated.