TRAFIGURA

2022 INTERIM REPORT

FOR THE SIX-MONTH PERIOD ENDED 31 MARCH 2022

TRAFIGURA GROUP PTE. LTD.

Financial and business highlights[1]

Group revenue

$98.4bn in 2021[2]
$83.0bn in 2020[3]

Underlying EBITDA

$3.7bn in 2021[2]
$2.4bn in 2020[3]

Underlying EBITDA margin

3.8% in 2021[2]
2.9% in 2020[3]

Net profit

$2.1bn in 2021[2]
$0.5bn in 2020[3]

Energy segment revenue as a percentage of Group revenue[6]

59% in 2021[2]
63% in 2020[3]

Total assets

$90.1bn in 2021[4]
$57.0bn in 2020[5]

Total non-current assets

$15.0bn in 2021[4]
$11.1bn in 2020[5]

Metals and Minerals revenue as a percentage of Group revenue

41% in 2021[2]
37% in 2020[3]

Total Group equity

$10.6bn in 2021[4]
$7.8bn in 2020[5]

Trafigura Group Pte. Ltd. and the companies which it directly or indirectly owns investments in are separate and distinct entities.
In this publication, the collective expressions 'Trafigura', 'Trafigura Group', 'the Company' and 'the Group' may be used for convenience where reference is made in general to those companies. Likewise, the words 'we', 'us', 'our' and 'ourselves' are used in some places to refer to the companies of the Trafigura Group in general. These expressions are also used where no useful purpose is served by identifying any particular company or companies.

1. For the six-month period ended 31 March 2022.
2. For the six-month period ended 31 March 2021.
3. For the six-month period ended 31 March 2020.
4. As at 30 September 2021.
5. As at 30 September 2020.
6. The Energy segment comprises oil, petroleum products, natural gas, Puma Energy, power, carbon and renewables.

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Statement from the Executive Chairman and Chief Executive Officer

Another strong performance in challenging times

Jeremy Weir
Executive Chairman and Chief Executive Officer

The six-month period ending 31 March 2022 was an extremely challenging time in global markets, featuring heightened volatility, continued supply chain disruptions and, from 24 February 2022, war in Ukraine. Trafigura's global and diversified business footprint, market knowledge and customer relationships, logistical skills and robust balance sheet were all significantly tested. These qualities are also required more than ever by our customers during periods of seismic change in commodity markets, and the last few months have been no exception. I am pleased to report that Trafigura Group successfully navigated these challenges to achieve another strong commercial performance and a record profit for the period.

Russia's invasion of Ukraine has resulted first and foremost in a humanitarian crisis, but also in substantial dislocations in energy markets and global supply chains, the full impact of which is only beginning to become clear. Trafigura unconditionally condemns the war in Ukraine and we responded rapidly and effectively to the requirements of Western sanctions, engaging openly and regularly with governments and our customers throughout this turbulent and fast-changing period.

We ceased all trading of crude oil with sanctioned Russian organisations in advance of the European Union and Swiss sanctions taking effect on 15 May 2022, and we will continue to comply in full with all applicable subsequent sanctions packages. We also immediately froze our investments in Russia and announced a review of our ten percent non-operational, passive shareholding in Vostok Oil, with the intention of exiting.

At the same time, the derivatives markets – on which commodity trading firms, among others, depend to manage index price risk exposures – experienced their own disruptions. Extreme volatility, in particular after the outbreak of war in Ukraine, brought elevated margin calls and tighter position limits that made hedging activity more expensive and in some cases constrained access to commodities futures markets.

Despite these challenging conditions for our customers and for our business in the final weeks of the reporting period, both principal operating segments, Energy* and Metals and Minerals, achieved excellent profitability and handled record volumes.

The Group reported a robust financial position for the period amidst challenging market conditions and substantially increased liquidity requirements as commodity prices saw unprecedented volatility, ending the period with a strengthened balance sheet and cash position. Group equity increased to USD12.7 billion, an increase of 20 percent compared to the end of our 2021 financial year.

Our industrial assets are also now on a much sounder footing than in recent years. The Nyrstar metal refining business continued its turnaround plan with improved operational performance, although it is being severely challenged by the strong headwind of high energy prices in Europe.

* The Energy segment comprises oil, petroleum products, natural gas, Puma Energy, power, carbon and renewables.

▲ The large-scale Delta Blue Carbon mangrove forest restoration project in the Indus Delta in Pakistan, for which Trafigura is the anchor offtaker of verified carbon credits.

Puma Energy, now fully consolidated within the Trafigura Group after the buyout of its Angolan shareholders, is being streamlined under new management, including agreeing the sale of its infrastructure business during the period.

We continued to grow our power, renewables and carbon trading operations, and to invest in projects to support the energy transition. Nala Renewables, our 50/50 joint venture with IFM Investors, acquired a large portfolio of solar projects in Chile and a further four projects to construct battery energy storage systems in the United States. Our growing carbon team completed a landmark transaction, investing in the world's largest mangrove restoration project in Pakistan for which Trafigura is the anchor offtaker, to deliver high quality carbon removal credits.

Through our joint venture with H2 Energy, we are progressing plans to build a 1GW green hydrogen electrolyser in Denmark to fuel trucks and other heavy land-based transport. In addition, we are developing up to 250 green hydrogen retail refuelling stations in Austria, Denmark and Germany together with Phillips 66, the owner of JET branded stations. In Australia, we are progressing a study to develop a commercial scale green hydrogen manufacturing facility at Nyrstar's Port Pirie site. And in Norway, Trafigura is part of a consortium together with Hy2gen and Copenhagen Infrastructure Partners to produce green ammonia for the shipping sector in a project that is expected to be operational in 2027.

Looking ahead, we see no let-up in the challenging market conditions. Global supply chains remain disrupted and the geopolitical situation will continue to be turbulent. Commodity inventories are at perilously low levels across metals and energy markets as demand continues to outstrip supply, following a sustained period of structural under-investment in natural resources production over several years. In terms of demand, we are not yet seeing a slowdown in physical demand for oil and metals – all of which points to a tight market for commodities and heightened prices for some time to come. Significant investment will be required to produce, process and transport energy, minerals and metals to meet future needs and support the ongoing energy transition.

Whilst we expect another strong performance from the business in the remainder of the financial year, there are a number of growing headwinds. These include ongoing geopolitical tensions and the continued challenges of dysfunctional commodities futures markets. The very significant impact of inflation and constrained availability of energy, food and natural resources will also take their toll on global economies – with the most vulnerable unfortunately likely to bear the greatest impact.

Trafigura proved yet again in the first half of its 2022 financial year that its business and global platform are resilient and agile to adapt rapidly to difficult market conditions, and I am confident that this will continue to be the case for the full year.

Financial review

Financial strength in turbulent times underpinned record profitability

Trafigura delivered a strong performance in the first half of its 2022 financial year, 1 October 2021 to 31 March 2022, with its highest ever net profit for the period of USD2,659 million, compared to USD2,095 million for the first half of 2021.

Christophe Salmon
Group Chief Financial Officer

Group revenue

$170.6bn

Year	Value
2022	170.6
2021	98.4[1]

Total assets

$105.8bn

Year	Value
2022	105.8
2021	90.1[2]

Underlying EBITDA[3]

$4.7bn

Year	Value
2022	4.7
2021	3.7[1]

Non-current assets

$16.3bn

Year	Value
2022	16.3
2021	15.0[2]

Net profit

$2.7bn

Year	Value
2022	2.7
2021	2.1[1]

Group equity

$12.7bn

Year	Value
2022	12.7
2021	10.6[2]

Underlying EBITDA margin

2.8%

Year	Value
2022	2.8%
2021	3.8%[1]

Adjusted debt to Group equity

(0.04)x

Year	Value
2022	(0.04)x
2021	(0.21)x[2]

[1] Six-month period ended 31 March 2021.

[2] As at 30 September 2021.

[3] As from financial year-end 2021 onwards, the Group has changed its income statement presentation from a classification based on the function of expense to a classification based on the nature of expense. This change provides readers of our financial statements with a more transparent and clearer analysis of the financial performance. Also, it prepares the Group for anticipated future IFRS developments. In addition, the Group replaced the gross profit metric with two new financial performance metrics: operating profit before depreciation and amortisation, and underlying EBITDA.

Trafigura Group registered its highest ever first half year profit in the six-month period ending 31 March 2022, as volatile commodity markets put a premium on our ability to move commodities to where they are in highest demand as efficiently as possible, producing higher margins. Net profit for the period was USD2,659 million, a 27 percent increase over the figure of USD2,095 million recorded in the first half of the 2021 financial year.

Higher average commodity prices and traded volumes generated a 73 percent increase in revenues to USD170,609 million from last year's USD98,389 million*. For the same reason, materials, transport, storage and financing costs also rose substantially.

Underlying EBITDA rose 26 percent to USD4,713 million from USD3,729 million in the first half of 2021.

The key driver of commodity markets volatility and the biggest challenge during the period was the rise in geopolitical tension, culminating in Russia's invasion of Ukraine on 24 February and the consequent tightening of western sanctions on Russia. Global commodity inventories were already depleted as a result of the economic rebound from the COVID-19 pandemic, tightening the balance between supply and demand. In addition, the Ukraine crisis placed supply chains under unprecedented strain, especially in oil, gas and refined petroleum products as buyers struggled to find alternative sources of supply.

As has been regularly observed in recent years, market disruption placed a premium on Trafigura's logistical skills and market knowledge in helping customers to reorder their supply chains. As a result, our trading volumes increased across the board. Oil and petroleum products volumes increased by 14 percent compared to the first half of 2021, to an average of 7.3 million barrels per day, while non-ferrous metals volumes grew by 16 percent and bulk minerals volumes by 13 percent.

* A USD20 million restatement has been made compared to the number published last year – see page 20.

▲ Puma Energy/Trafigura storage facility at Campana, Argentina.

Market risk management was challenging during the first half year, as market volatility prompted increased margin calls and the imposition of restrictive position limits by clearing brokers on commodity exchanges – which impacted the proper functioning of commodity derivative markets, particularly in natural gas and nickel. This made hedging our commodity inventories, in a high-price environment, more difficult and expensive.

Nevertheless, despite the increased need for credit lines generated by higher commodity prices and significant margin calls, our financial position and access to liquidity remained robust. Given the uncertainty triggered by the start of the war in Ukraine and the unprecedented price movements across energy and metals that followed, Trafigura took rapid and decisive actions to build an ample liquidity buffer at the outset of the crisis. Access to additional funding sources across different markets and instruments was key in providing the Group with adequate liquidity to weather the unprecedented turbulences in both the physical and derivatives commodity markets in late February and March 2022.

The total balance sheet grew by 17 percent during the period to USD105,786 million from USD90,066 million on 30 September 2021. The main drivers of this increase were trade receivables on the asset side and current loans and borrowings as well as trade payables on the liabilities side.

We ended the six-month period with a level of cash and cash equivalents little changed from six months ago, at USD10,288 million. Group equity, which rose above USD10 billion for the first time to reach USD10,560 million at the end of the 2021 financial year, increased by a further 20 percent to USD12,704 million as at 31 March 2022.

Meanwhile, we continued to optimise our portfolio of industrial assets relevant to our core trading business. This half year income statement incorporates the result of Puma Energy for the first time, following consolidation of the fuel distribution business on Trafigura's balance sheet on 30 September 2021. Now 96.7 percent owned by Trafigura Group, Puma Energy completed the sale of its Angolan assets in December 2021 and is benefiting from new management and investment in its downstream retail business.

In February 2022, we completed the sale of our Spanish mining joint venture Minas de Aguas Tenidas (MATSA). In addition, we made a number of investments in renewable energy and battery energy storage assets throughout the six-month period.

▲ Recently installed solar panels on the roof of Impala Terminals' storage and distribution facility in Manzanillo, Mexico.

Income, expenditure and balance sheet

Revenue rose 73 percent year on year to USD170,609 million. Operating profit before depreciation and amortisation was USD4,648 million, compared to USD3,659 million a year ago. Of total revenue, the Energy segment contributed USD112,903 million, 93 percent more than the USD58,539 million generated in the first half of 2021. Operating profit before depreciation and amortisation in the Energy segment was 23 percent higher than a year ago, at USD2,889 million, compared to USD2,344 million.

Metals and Minerals segment revenues rose 45 percent to USD57,706 million from USD39,850 million, and divisional operating profit before depreciation and amortisation rose by 34 percent year on year to USD1,779 million from USD1,332 million.

Meanwhile, increased traded volumes and prices also pushed up the cost of materials, transportation and storage by 76 percent to USD164,191 million from USD93,182 million a year ago. Net finance expense rose by 72 percent to USD689 million from USD401 million following higher funding needs and an increase in base rates.

The increase in traded volumes and prices was also reflected in a rise of current assets to USD87,813 million as at 31 March 2022, from USD72,516 million as at 30 September 2021, mainly driven by increased trade and other receivables to USD36,543 million from USD24,748 million. Total non-current assets rose at a much slower pace by nine percent to USD16,296 million from USD15,014 million.

Current loans and borrowings rose to USD38,474 million from USD34,270 million six months ago, reflecting the increased need for financing caused by higher prices and traded volumes. However, the substantial increase in Group equity during the period helped to ensure that our leverage ratio stayed low and well within our target. We assess the Group's financial leverage by calculating a ratio of adjusted net debt to equity.

Adjusted net debt corresponds to the Company's total non-current and current debt less cash, fully-hedged and readily marketable inventories, non-recourse debt related to the Group's securitisation programme and the non-recourse portion of loans from financial institutions. As at 31 March 2022 the ratio of adjusted net debt to equity stood at negative 0.04x.

Liquidity and financing

Trafigura secured increased access to liquidity throughout the half year, to support the increased levels of volatility in global markets, in particular after the outbreak of the war in Ukraine. Total credit lines reached a record level of USD73 billion, excluding Puma Energy, from a network of around 140 financial institutions, of which USD7 billion was raised over the last six months.

The majority of our day-to-day trading activity is financed through uncommitted, self-liquidating trade finance facilities, while we use corporate credit facilities to finance other short-term liquidity requirements, such as margin calls or bridge financing. This funding model gives us the necessary flexibility to cope with periods of enhanced price volatility as utilisation of the trade finance facilities increases or decreases to reflect the volumes traded and underlying prices. Trafigura also maintains an active debt capital markets presence to secure longer-term finance in support of our investments.

During the six months ended 31 March 2022, the Group completed a number of important transactions, demonstrating once again Trafigura's strong access to committed and uncommitted sources of funding from banks, despite unprecedented market conditions and extreme volatility in the global economy, in particular since late February 2022.

In October 2021, Trafigura refinanced its Asian Syndicated Revolving Credit Facility (RCF) and Term Loan Facilities (TLF) at USD2.4 billion-equivalent, with 36 banks participating in the transaction, including eight new lenders. The new facilities comprised a 365-day USD RCF (USD700 million), a one-year CNH TLF (c. USD890 million-equivalent) and a three-year USD TLF (USD810 million). In line with its European RCF from March 2021, Trafigura implemented a sustainability-linked loan structure in those new facilities.

In March 2022, the Group refinanced two of its core syndicated credit facilities. First, Trafigura announced the closing of its flagship European multi-currency syndicated revolving credit facilities (ERCF) totalling USD5,295 million, comprised a USD2,025 million 365-day RCF and a USD3,270 million three-year RCF. Similar to the previous year, the facilities include a sustainability-linked loan structure, with an updated set of KPIs. The ERCF was initially launched at USD4.5 billion and closed substantially oversubscribed, with 55 banks joining the transaction.

Trafigura also returned to the Japanese domestic syndicated bank loan market for the sixth time and refinanced its Japanese yen term loan credit facility (Samurai loan) with a total value of JPY93.75 billion (USD790 million-equivalent at closing exchange rate). The Samurai Loan comprises a JPY84.75 billion three-year credit facility (refinanced this year) and a JPY9 billion five-year credit facility (amended but not refinanced this year, maturing March 2025). In line with the Group's European and Asian RCFs, and a first for its Samurai loan, the Company structured the three-year tranche as a sustainability-linked loan.

In addition to those renewals, Trafigura closed the syndication of a nine-month multi-currency RCF of USD2.3 billion-equivalent in March 2022. The transaction was set up following the renewal of the Group's European RCF at a time of major uncertainties in global markets due to the Ukrainian war. It provides an additional funding buffer for the Group in order to proactively anticipate and mitigate liquidity requirements as a result of the substantial ongoing volatility in global commodity markets.

Cash flow

After adjusting profit before tax for non-cash items, the operating cash flow before working capital charges for the first half of the year rose by 26 percent to USD4,677 million from USD3,722 million. Trafigura believes its financial performance is best assessed on the basis of operating cash flow before working capital changes, as the level of working capital is primarily determined by prevailing commodity prices and price variations are financed through the Group's self-liquidating finance lines. Net cash used in operating activities (after working capital changes) was negative USD3,018 million. Net cash gained from investing activities was USD480 million, compared to a cash usage of USD2,222 million in the first half of 2021. Net cash generated from financing activities was USD3,130 million, financing a portion of the working capital needs of the period.

Outlook

The record performance in this first half amidst a period of extreme turbulence is a testament to the resilience of our business model and our financial strength – key attributes that have enabled our growth and profitability over successive years. Importantly, Trafigura continues to benefit from a flight to quality in the banking sector, attracting support from a network of around 140 banks, enabling us to capture market opportunities and build a resilient, global network with an increased equity base. Our commitments to transparency, open engagement with stakeholders and high standards of ethical and responsible conduct have been pre-requisites to achieving this success and support from the financial sector.

The lack of depth available in the commodities futures markets looks set to continue to be a challenge for the industry, as reduced access to derivatives for all participants in turn puts pressure on the ability to move physical commodities. Further headwinds include continued geo-political turbulence and a more challenging macro-economic outlook in many of our key markets. Nonetheless, we continue to expect robust profitability and strong business performance in the second half of our 2022 financial year.

▼ Zinc at Nyrstar's smelting plant in Budel, the Netherlands.

Marketplace review

A turbulent and volatile time for the global economy

Saad Rahim
Chief Economist

As our fiscal year began in October 2021, most COVID-19 restrictions were being eased, and it looked like the world would begin re-opening fully, allowing the global economy to return to a modest but sustainable growth path.

Instead, the global economy has suffered multiple shocks starting with a gas crisis in Europe shortly after the beginning of our fiscal year. This was quickly followed by the outbreak of the Omicron variant of COVID-19, the spread of which led to large parts of China's economy going into lockdown, exacerbating the supply chain issues and weighing on commodities demand.

And then, the end of February saw the largest shock of all, the Russian invasion of Ukraine, which has disrupted energy and food flows to degrees that are coming in to clear focus, with significant upward pressure on prices and downward pressure on growth only expected to increase further.

In no small part due to these disruptions, inflation has reached levels not seen for 40 years in most regions. This is leading central banks around the world to tighten monetary policy more rapidly and more aggressively than expected only a few months ago. The result has been the strongest US dollar in 20 years, a surge fuelled by fears that disrupted Russian energy flows would lead to price spikes and lack of availability of supply in Europe would cause recession. The stronger USD, combined with higher interest rates globally, has been another headwind for the global economy, particularly for emerging markets.

The supply disruption from Russia and the demand disruption from China have affected our key markets differently. Base metals prices moved upwards initially, reaching all-time highs in some instances, and in the case of London Metal Exchange nickel prices, threatening to up-end markets entirely. However, subsequently, prices have faltered as the impact of developments in China outweighed that of those in Russia. The pace of post-lockdown recovery in China will be a critical factor in determining how metals markets perform in the second half of our fiscal year.

In energy markets, however, it has been a different story, as global demand has continued to grow strongly despite the drop in China, while supplies have been constrained, as a result of a lack of capacity due to under-investment or by sanctions (Iran, Russia, Venezuela). In both energy and metals markets, inventories are extraordinarily low by historical standards and will struggle to meet any sustained rebound in demand.

Selected commodity prices indexed from 1 October 2021

Source: Bloomberg, Trafigura Research

Energy markets

Even before the Russian invasion of Ukraine disrupted global energy flows, energy markets were facing challenging supply and demand dynamics. For gas markets, Europe entered the winter months with storage at very low levels, while low hydropower reserves and constrained coal output in China, combined with a strong sequential year-on-year increase in power demand, meant that Asia, and particularly China, paid record-high prices to attract record amounts of liquefied natural gas (LNG). In Europe, already low gas stocks – depleted by lower injection into storage from Russia following lower exports in the summer months – were called upon earlier and to a greater extent than expected, due to low wind power output and reduced production in the Netherlands and Norway which reduced domestic supply. On top of those temporary issues, the decline of coal-fired capacity, amounting to an over 40 percent reduction in the last five years, and reduced nuclear capacity, are structural trends that exacerbated the situation.

As a result, price pressures in European natural gas markets started to build through August and September, including periods of extreme intraday volatility. At the start of our fiscal year in October saw prices spike sharply upwards, increasing 78 percent (intraday peak) in just four trading days. At their peak, prices were about six times their normal average (EUR120/MWh vs. EUR20/MWh). The problem persisted through most of the European winter as Gazprom-owned storage in Europe was effectively empty. Prices spiked again in December, rising 85 percent in just seven days to make an all-time intraday high of EUR185/MWh. A spell of warmer than normal weather from late December through January brought much-needed respite that allowed a path out of winter without reaching critical storage levels. At the same time, China's ramp-up of coal production and usage freed up LNG imports into Europe.

Prices spiked again in the immediate wake of Russia's invasion of Ukraine; this time more than tripling from EUR105/MWh to EUR335/MWh between the invasion on 24 February and 7 March. Since then, despite some minor disruptions, Russian flows to Europe have remained largely intact. This is despite some countries being cut off from gas due to non-compliance with Russia's condition that gas imports must be paid for in Roubles. In the meantime, Europe has significantly increased LNG imports from the US, Middle East and elsewhere. This is in no small part due to the fact that high prices have led to a curtailment of price-sensitive imports into India and China, enabling those volumes to flow to Europe instead.

Increased supplies and seasonal reductions in demand have allowed inventories to build, and have led European benchmark TTF prices to return to pre-invasion – albeit still historically high – levels.

Oil markets began our financial year in relatively sedate fashion trading between USD80-USD85 per barrel for most of October and November. However, that was before Omicron hit, with the news of a significantly more transmissible variant in South Africa breaking the day after the Thanksgiving holiday in the United States, when market liquidity is substantially lower than normal, exacerbating the sharp sell-off. Prices tumbled by almost USD10 per barrel in one day, in total collapsing about USD20 per barrel (-21 percent) between 24 November and 2 December.

Initial concerns about the virulence of Omicron kept oil markets under pressure throughout December, but once it became clear by the start of 2022 that the global economy was not returning to widespread lockdowns, the constrained supply situation became increasingly in focus, with crude oil inventories (excluding-China) at extremely low levels compared with both the five-year average and range. For example, in the United States, crude inventories began 2022 at some 40 million barrels below the normal five-year level.

While prices would usually rise to incentivise increased output in the US and OPEC+, this time US shale producers have exercised significant capital discipline as pressure from shareholders to prioritise cash returns rather than new capital expenditure has significantly slowed US production growth. As at publication of this report, US production levels had recovered from their post-COVID-19 level of approximately 11.0 million barrels per day, reaching back up to 11.9 million barrels per day, but this remains well below the 13.2 million barrels per day level the US was producing at just before the pandemic. Even this recovery has in large part been made possible by the industry drawing down its inventory of half-completed wells and by high-grading to focus primarily on the most productive acreage. To highlight the challenge, since the end of 2020, US rig count has increased by 115 percent but US production has increased only by eight percent indicating the need for significant further spending in order to raise production levels back to pre-pandemic levels.

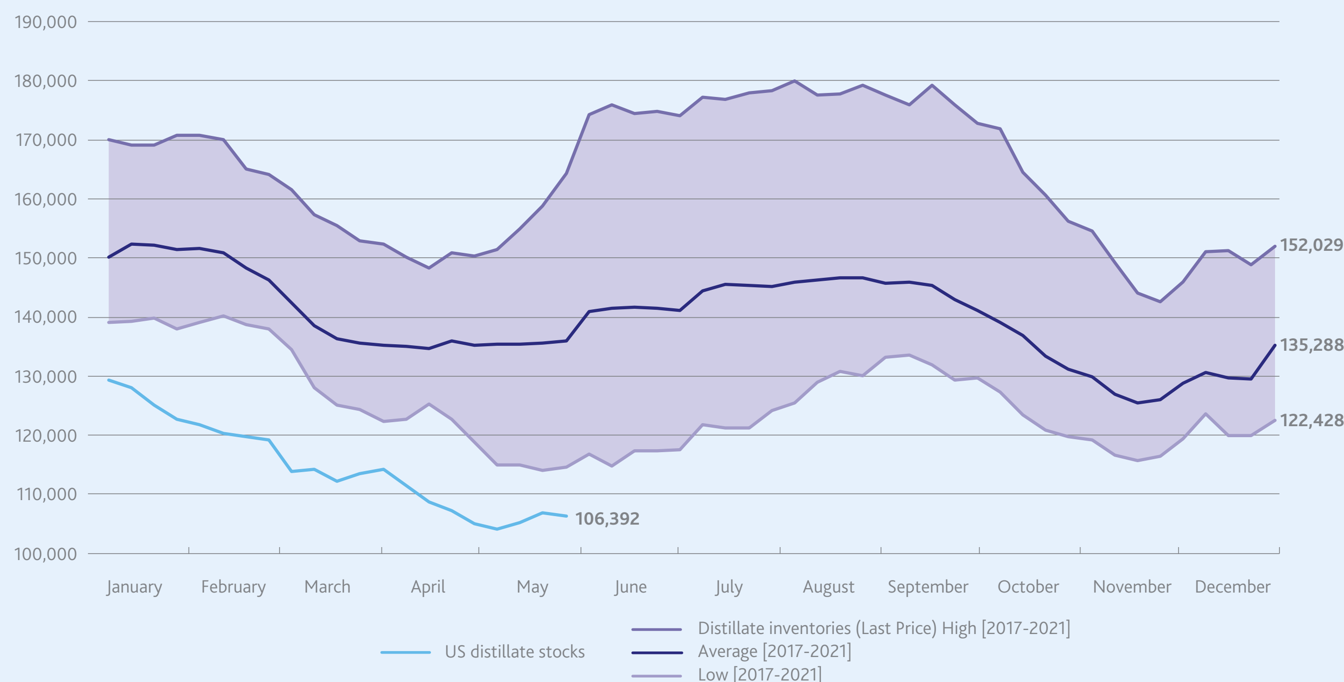
OPEC+ members (including Russia pre-invasion of Ukraine), have nominally been adding about 400,000 barrels per day of production back in to the market each month since last summer, gradually reversing the cuts they had enacted in April 2020. However, due to years of under-investment and also occasional political flare-ups in places such as Libya, the group has actually only been adding about half of their agreed amount per month. As such, pre-invasion, the group was under-producing its collective quota by at least one million barrels per day. The fact that they were doing so despite high prices (prices at the start of February 2022 were 60 percent higher than a year ago), and despite increasing pressure from oil consumer nations, the United States, the European Union and others, indicates that most countries were already producing at their maximum sustainable capacity well before the invasion. Indeed, it seems that, at the time of writing only Saudi Arabia, Iraq and the United Arab Emirates have meaningful capacity to increase. However, to keep adding barrels from here will mean going well below the critical threshold of two million barrels per day of global spare capacity. Should this happen, any unforeseen disruption would lead to a rapid tightening of oil markets.

On the day of Russia's invasion of Ukraine, oil prices broke the USD100 per barrel level for the first time since 2014 and reached one of the highest levels ever at USD139 per barrel in early trading on 7 March. Since this date, oil prices have been very volatile, falling over 30 percent in just seven days from their peak, rebounding 30 percent in six days, and then trading in a range of USD100 to USD115 per barrel.

The volatility, not just in oil but gas, food products, freight and base metals, is the direct result of Russia being one of the largest commodity producers in the world – any disruption in export flows has further tightened markets that were already, in most cases, very tight or in substantial deficit to begin with. So far, outside of food and fertiliser, exports have witnessed less severe disruption than expected, as measures restricting Russian flows of oil have only recently started to come into force. As those measures and other countries' restrictions take effect, Russian authorities are now indicating that oil production is likely to drop by over 15 percent this year, impacting global supplies of both crude oil and refined products such as gasoline and diesel.

Meeting increasingly tight supply and increasingly high demand in coming months presents a significant challenge. At some point, higher energy prices will start to mitigate demand growth, particularly as inflation is widespread across spending categories. Governments around the world are choosing to cushion demand as much as possible for the time being, via subsidies and tax cuts, so the full impact of higher prices may not be felt for some time yet.

Diesel inventories versus 5-year range and 5-year average



Source: US Department of Energy

Metals markets

While Russia is an important producer of many metals, both in terms of widely-used base metals (aluminium, nickel, copper) and more specialised metals (titanium, palladium), the impact of the war in Ukraine has not been as significant as it has been in the energy markets. The impact of COVID-19 in China has had a far greater impact over the period in review. Even beyond China, macro-economic drivers have affected prices the most, acting as a headwind as micro-level inventory balances for most metals remain historically tight. In general, metals have recovered faster from the initial impact of the pandemic than other markets primarily because the shutdown in China was relatively short-lived compared with other regions. That situation has, of course, reversed in recent months as China began to struggle with the outbreak of Omicron.

For copper markets, the start of our fiscal year in October coincided with rising awareness that inventories were historically very low in the face of robust demand as the world economy tried to replenish low stocks of everything from cars and houses to durable goods, all of which are metals intensive. This tightness was further exacerbated by rapidly expanding demand from the energy transition, in particular for electric vehicles and renewable power generation. In October alone, LME inventories drew by 86,000 tonnes, a 43 percent drop in available stocks. The combination of lack of available supply and strong demand led to LME prices reaching their second-highest level of USD10,452 per tonne. Even more tellingly, the spread between the first and second contract months spiked sharply upwards, rising to a record level of USD1,086 per tonne (for context, the long-term average is basically just above flat). That severe backwardation, when current month prices are higher than future ones, was a clear indicator that inventories were extremely tight, and that the market wanted as much material out into the physical market as possible.

The contraction in stocks continued through November, reaching the lowest levels recorded since 2005. Backwardation reduced from the October highs, but nonetheless remained very high by historical standards, between USD200-USD400 per tonne. Which in turn meant that material was delivered into the LME system, pausing the one-way trajectory of stocks before inventories started to rise again as the West and then China went into their respective holiday (and therefore slower activity) seasons.

The seasonal slow-down was compounded by the emergence of Omicron, raising fears of another round of global lockdowns, as well as a flight to safety in financial markets. This was clear from the fall in yields as investors flocked to the safety of US Treasury (USTs) securities, with the yield on the 10-year UST falling rapidly from 1.7 percent to 1.3 percent. On top of this, China had been enacting measures to address the growing indebtedness of the property sector, and as such real estate activity started to contract significantly.

Copper front spread

$/tonne

Source: LME and Bloomberg

Nevertheless, the tightening micro picture led to a slow grind higher in prices, reaching a pre-invasion peak of just under USD10,300 per tonne. The Russian invasion then caused a further spike to an all-time high of USD10,845 per tonne as concerns over possible supply disruptions grew.

Other metals followed a similar pattern. Zinc prices rose in October to a high of nearly USD4,000 per tonne, levels last reached just before the 2008 financial crisis. Zinc inventories had been drawing in a near-continuous fashion since 2012 (late 2015 being the exception), hitting a low in early 2020 before starting to climb through the rest of the year and into 2021 as the auto sector slumped due to supply chain issues. But from October 2021, inventories started to fall again as demand picked up and supply remained constrained. Although mine supply did expand in 2021, those expansions have only just managed to bring global supply back to the same level as 2015, while demand grew by over 0.6 percent annually on average over the same period.

Aluminium inventories started 2022 well below their five-year range, and about 500,000 tonnes below their five-year average, despite substantial builds during the early stages of the pandemic and again in mid-2021. Although auto demand was a drag, consumer demand and construction kept overall demand very strong outside of China, resulting in record-high premiums for material delivered into the US and Europe. Here too capacity growth is constrained, as China had been the only region globally that has added any meaningful smelting capacity since 2008 but has now placed a hard cap on growth in smelters.

Aluminium and zinc prices followed a similar pattern, to each other and to copper: higher in October, in all three cases reaching close to record highs, before retracing into the end of the calendar year and then starting to move higher as 2022 began, mainly on optimism that COVID-19 was finally behind us. Nickel prices followed a similar path initially as well, although they remained well below the previous record high (over USD50,000 per tonne) for the most part.

However, once the Russian invasion of Ukraine occurred, prices of all metals spiked to all-time highs: Aluminium hit close to USD4,100 per tonne, copper to USD10,845 per tonne, zinc to just under USD4,900 per tonne. Nickel was the metal that really surprised markets as prices rose 60 percent in a single day, and then a further 100 percent the next day. The speed and magnitude of the move meant that many market participants faced significant margin calls, which further exacerbated the volatility. Eventually, the LME cancelled trades made on the second day of the spike to restore an orderly market: a consequence has been that the paper market for nickel has until very recently been stuck in limbo as price discovery has been hampered due to the small volumes being traded.

The sharp move higher in metals prices in early March was driven by fears that exports from Russia would be disrupted, further tightening already-constrained markets. In the event, not much supply has been disrupted so far; but thanks to the emergence of Omicron, China has had to undergo the most serious lockdowns since the early days of the pandemic. After significantly impacting Hong Kong, the spread of the virus on the mainland has led to an extended lockdown in Shanghai, and in many other provinces and areas. The result overall has been a sharp shock to economic growth, in some ways more severe than the initial 2020 outbreak.

Property in particular continues to be hit hard, with slumping sales and construction activity, in turn dragging on metals consumption. Furthermore, Shanghai and Jilin, one of the other provinces hit hardest, together produce some 22-25 percent of China's cars, so the shutting down of manufacturing facilities in those areas has led to another curtailment of auto production, exacerbating the ongoing issues in that sector globally and weakening metals demand.

As such, metals prices (excluding nickel) have been trading some 15-30 percent off the highs as the market waits for China's next steps in terms of re-opening. China's strategy has shifted to vastly expanding testing capacity in order to be able to move to more rapid but more targeted lockdowns. This approach appears to be paying dividends outside of Shanghai, allowing areas such as Shenzhen and others to open back up after a short, sharp lockdown. However, cases in Shanghai and Beijing remained elevated, slowing their full re-openings, although at the time of writing, indications are of an improving situation.

In the meantime, China has reversed many of the policies it had put in place last year, designed to prevent certain sectors of the economy from taking on too much debt or overheating, and also to bring costs of living down in order to foster demographic growth. In addition, the government has undertaken major stimulus efforts, lowering interest rates, encouraging lending, cutting taxes, targeting consumption growth, and boosting infrastructure spending. So far, given the ongoing lockdowns, these measures have failed to kickstart growth. The expectation, however, is that once the economy is substantively re-opened, these measures, totalling some USD5.5 trillion, will lead to a strong second half of the calendar year.

A resurgent China might be good for global economic growth, but given that commodity inventories are already extremely, and in some cases unprecedently, low, it remains to be seen how prices might react from here. Inflation is already problematically elevated, but Chinese demand for commodity imports could further spur inflationary pressures.

Unaudited interim consolidated financial statements

For the six-month period ended 31 March 2022

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Interim consolidated statement of income

For the six-month period ended 31 March 2022

	Note	2022 USD'M	2021 USD'M
Revenue	4	170,609.1	98,389.2
Materials, transportation and storage		(164,191.0)	(93,182.2)
Employee benefits	32	(829.7)	(919.9)
Services and other		(940.4)	(628.4)
Operating profit or (loss) before depreciation and amortisation	4	**4,648.0**	3,658.7
Depreciation (right-of-use assets)	13	(582.7)	(525.6)
Depreciation and amortisation (PP&E and intangible fixed assets)	11/12	(286.2)	(176.4)
Impairments (fixed assets)	7	(0.9)	(76.3)
(Reversal of) Impairments (financial assets and prepayments)	7	19.4	(1.3)
Operating profit or (loss)		**3,797.6**	2,879.1
Share of profit/(loss) of equity-accounted investees	8	23.4	(25.3)
Disposal results and impairments of equity-accounted investees	8	(17.6)	(0.3)
Income/(expenses) from investments	8	(2.0)	52.4
Result from equity-accounted investees and investments		**3.8**	26.8
Finance income		216.2	201.4
Finance expense		(905.5)	(602.3)
Result from financing activities		**(689.3)**	(400.9)
Profit before tax		**3,112.1**	2,505.0
Income tax	9	(452.7)	(410.4)
Profit for the period		**2,659.4**	2,094.6
Profit attributable to:			
Owners of the Company		2,654.3	2,093.2
Non-controlling interests		5.1	1.4
Profit for the period		**2,659.4**	2,094.6

See accompanying notes.

Supplementary statement of income information

For the six-month period ended 31 March 2022

Reconciliation to underlying EBITDA	Note	2022 USD'M	2021 USD'M
Operating profit or (loss) before depreciation and amortisation	4	**4,648.0**	3,658.7
Adjustments	10	64.6	70.2
Underlying EBITDA	10	**4,712.6**	3,728.9

See accompanying notes.

Interim consolidated statement of other comprehensive income

For the six-month period ended 31 March 2022

	Note	2022 USD'M	2021 USD'M
Profit for the period		**2,659.4**	2,094.6
Other comprehensive income			
Items that are or may be reclassified to profit or loss:			
Gain/(loss) on cash flow hedges	30	108.9	(56.6)
Effect from hyperinflation adjustment		6.8	9.6
Tax on other comprehensive income		(42.8)	16.2
Exchange gain/(loss) on translation of foreign operations		11.6	55.4
Share of comprehensive income/(loss) from associates		(1.4)	(6.2)
Items that will not be reclassified to profit or loss:			
Net change in fair value through other comprehensive income, net of tax		(0.2)	(11.4)
Defined benefit plan actuarial gains/(losses), net of tax		(1.9)	(0.3)
Other comprehensive income for the period, net of tax		**81.0**	6.7
Total comprehensive income for the period		**2,740.4**	2,101.3
Total comprehensive income attributable to:			
Owners of the Company		2,734.2	2,099.9
Non-controlling interests		6.2	1.4
Total comprehensive income for the period		**2,740.4**	2,101.3

See accompanying notes.

Interim consolidated statement of financial position

As at 31 March 2022

	Note	31 March 2022 USD'M	30 September 2021 USD'M
Assets			
Property, plant and equipment	11	4,828.9	4,828.6
Intangible assets	12	1,652.4	1,679.0
Right-of-use assets	13	3,068.6	2,408.1
Equity-accounted investees	14	900.0	843.6
Prepayments	15	1,691.1	1,804.6
Loans receivable	15	390.6	362.4
Other investments	15	716.3	1,586.8
Derivatives	30	531.0	331.8
Deferred tax assets		297.2	265.7
Other non-current assets	16	2,220.2	903.6
Total non-current assets		**16,296.3**	15,014.2
Inventories	17	30,050.3	29,653.5
Trade and other receivables	18	36,543.0	24,748.1
Derivatives	30	4,336.6	2,610.3
Prepayments	15	2,008.2	1,736.8
Income tax receivable		173.0	143.7
Other current assets	20	3,715.3	2,486.0
Deposits	21	699.0	460.0
Cash and cash equivalents	21	10,287.6	10,677.5
Total current assets		**87,813.0**	72,515.9
Assets classified as held for sale	22	1,676.2	2,535.6
Total assets		**105,785.5**	90,065.7

	Note	31 March 2022 USD'M	30 September 2021 USD'M
Equity			
Share capital	23	1,503.7	1,503.7
Capital securities	23	684.7	1,173.9
Reserves	23	(214.6)	(289.5)
Retained earnings	23	10,578.0	7,914.8
Equity attributable to the owners of the Company		**12,551.8**	10,302.9
Non-controlling interests		152.0	257.0
Total group equity		**12,703.8**	10,559.9
Liabilities			
Loans and borrowings	24	11,050.2	10,911.2
Long-term lease liabilities	13	2,139.7	1,646.9
Derivatives	30	948.5	804.3
Provisions		453.2	449.9
Other non-current liabilities		561.3	551.8
Deferred tax liabilities		447.3	393.7
Total non-current liabilities		**15,600.2**	14,757.8
Loans and borrowings	24	38,474.2	34,269.8
Short-term lease liabilities	13	1,045.7	925.4
Trade and other payables	25	29,095.6	22,690.0
Current tax liabilities		823.8	648.0
Other current liabilities	26	1,323.8	1,430.1
Derivatives	30	6,348.0	4,323.2
Total current liabilities		**77,111.1**	64,286.5
Liabilities classified as held for sale	22	370.4	461.5
Total group equity and liabilities		**105,785.5**	90,065.7

See accompanying notes.

Interim consolidated statement of changes in equity

For the six-month period ended 31 March 2022

		Equity attributable to the owners of the Company									
USD'000	Note	Share capital	Currency translation reserve	Revaluation reserve	Cash flow hedge reserve	Capital securities	Retained earnings	Profit for the year	Total	Non-controlling interests	Total Group equity
Balance at 1 October 2021		1,503,722	(79,388)	(34,899)	(175,168)	1,173,864	4,814,769	3,100,000	10,302,900	256,939	10,559,839
Profit for the year		–	–	–	–	–	–	2,654,324	2,654,324	5,093	2,659,417
Other comprehensive income		–	6,782	(173)	68,261	–	4,998	–	79,868	1,109	80,977
Total comprehensive income for the year		–	6,782	(173)	68,261	–	4,998	2,654,324	2,734,192	6,202	**2,740,394**
Profit appropriation		–	–	–	–	–	3,100,000	(3,100,000)	–	–	–
Dividend	23	–	–	–	–	–	–	–	–	(12,138)	(12,138)
Acquisition of non-controlling interest in subsidiary	5	–	–	–	–	–	(32,435)	–	(32,435)	(32,906)	(65,341)
Share-based payments	32	–	–	–	–	–	64,596	–	64,596	–	64,596
Repayment of capital securities	23	–	–	–	–	(479,179)	–	–	(479,179)	–	(479,179)
Capital securities (currency translation)	23	–	–	–	–	(12,328)	12,328	–	–	–	–
Capital securities dividend	23	–	–	–	–	–	(40,482)	–	(40,482)	–	(40,482)
Divestment and deconsolidation of subsidiary		–	–	–	–	–	–	–	–	(66,096)	(66,096)
Other		–	–	–	–	2,387	(174)	–	2,213	–	2,213
Balance at 31 March 2022		1,503,722	(72,606)	(35,072)	(106,907)	684,744	7,923,600	2,654,324	12,551,805	152,001	**12,703,806**

		Equity attributable to the owners of the Company									
USD'000	Note	Share capital	Currency translation reserve	Revaluation reserve	Cash flow hedge reserve	Capital Securities	Retained earnings	Profit for the year	Total	Non-controlling interests	Total Group equity
Balance at 1 October 2020		1,503,722	(822,640)	(63,329)	(79,442)	1,097,692	4,224,202	1,699,139	7,559,344	230,642	7,789,986
Profit for the year		–	–	–	–	–	–	2,093,221	2,093,221	1,447	2,094,668
Other comprehensive income		–	59,458	(11,389)	(50,738)	–	9,378	–	6,709	–	6,709
Total comprehensive income for the year		–	59,458	(11,389)	(50,738)	–	9,378	2,093,221	2,099,930	1,447	**2,101,377**
Profit appropriation		–	–	–	–	–	1,699,139	(1,699,139)	–	–	–
Dividend	23	–	–	–	–	–	(13,000)	–	(13,000)	–	(13,000)
Recycling revaluation reserve to retained earnings FVOCI instruments		–	–	43,482	–	–	(43,482)	–	–	–	–
Share-based payments	32	–	–	–	–	–	69,858	–	69,858	–	69,858
Reclassification		–	(12,799)	–	–	–	12,799	–	–	–	–
Capital securities (currency translation)	23	–	–	–	–	657	(657)	–	–	–	–
Capital securities dividend	23	–	–	–	–	–	(39,430)	–	(39,430)	–	(39,430)
Share of other changes in equity of associates		–	–	–	–	–	(13,871)	–	(13,871)	–	(13,871)
Other		–	–	(1,265)	–	2,063	(2,063)	–	(1,265)	–	(1,265)
Balance at 31 March 2021		1,503,722	(775,981)	(32,501)	(130,180)	1,100,412	5,902,873	2,093,221	9,661,566	232,089	**9,893,655**

See accompanying notes.

Interim consolidated statement of cash flows

For the six-month period ended 31 March 2022

	Note	2022 USD'M	2021 USD'M
Cash flows from operating activities			
Profit before tax		3,112.1	2,505.0
Adjustments for:			
Depreciation and amortisation	11/12/13	868.9	702.0
Impairments (included in operating profit or loss)	7	(18.5)	77.6
Result from equity-accounted investees and investments	8	(3.8)	(26.8)
Result from financing activities		689.3	400.9
Equity-settled share-based payment transactions	32	64.6	70.2
Provisions		3.8	1.2
(Gain)/loss on sale of fixed assets (included in Services and Other)		(39.2)	(8.3)
Operating cash flows before working capital changes		**4,677.2**	3,721.8
Changes in:			
Inventories	17	(396.6)	(7,639.9)
Trade and other receivables and derivatives	18	(17,314.6)	(10,062.9)
Prepayments	15	(170.4)	3.3
Trade and other payables and derivatives	25	10,186.0	9,408.6
Cash generated from/(used in) operating activities		**(3,018.4)**	(4,569.1)
Interest paid		(893.7)	(523.6)
Interest received		190.4	181.5
Dividends (paid)/received		14.2	83.8
Tax (paid)/received		(292.7)	(289.0)
Net cash flows from/(used in) operating activities		**(4,000.2)**	(5,116.4)
Cash flows from investing activities			
Acquisition of property, plant and equipment	11	(551.8)	(187.8)
Proceeds from sale of property, plant and equipment	11	363.2	30.9
Disposal of assets/liabilities held for sale	22	609.5	–
Acquisition of intangible assets	12	(36.4)	(26.2)
Acquisition of equity-accounted investees	14	(24.0)	(39.6)
Disposal of equity-accounted investees	18	709.6	0.7
Loans receivable and advances granted		(6.2)	(73.1)
Repayment of loans receivable and advances granted		5.8	0.5
Acquisition of other investments		(0.4)	(1,927.9)
Disposal of other investments		10.8	1.0
Acquisition of subsidiaries, net of cash acquired	5	(600.0)	–
Net cash flows from/(used in) investing activities		**480.1**	(2,221.5)
Cash flows from financing activities			
Payment of capital securities dividend		(34.7)	(35.5)
Repayment of capital securities		(479.2)	–
Increase in long-term loans and borrowings		1,742.3	7,446.4
(Decrease) in long-term loans and borrowings		(123.5)	(5,171.1)
Net payment of leases	13	(579.9)	(499.4)
Net increase/(decrease) in short-term bank financing		2,605.2	6,673.9
Net cash flows from/(used in) financing activities		**3,130.2**	8,414.3
Net increase/(decrease) in cash and cash equivalents		**(389.9)**	1,076.4
Cash and cash equivalents at start of the period		10,677.5	5,757.0
Cash and cash equivalents at end of the period		**10,287.6**	6,833.4

See accompanying notes.

Notes to the interim consolidated financial statements

1. Corporate information

The principal business activities of Trafigura Group Pte. Ltd. ('Trafigura' or the 'Company') and together with its subsidiaries (the 'Group') are trading in crude and petroleum products, power and renewables, non-ferrous concentrates, refined metals and bulk commodities such as coal and iron ore. The Group also invests in assets, including through investments in associates, which have strong synergies with its core trading activities. These include storage terminals, service stations, metal warehouses, industrial facilities and mines.

The Company is incorporated in Singapore and its principal business office is at 10 Collyer Quay, Ocean Financial Centre, #29-01/05, Singapore, 049315.

The Company's immediate holding company is Trafigura Beheer B.V., a company incorporated in the Netherlands. Trafigura Beheer B.V. is ultimately controlled by Farringford Foundation, which is established under the laws of Panama.

The interim consolidated financial statements for the six-month period ended 31 March 2022 were authorised for issue by the Board of Directors on 10 June 2022.

2. Basis of preparation

2.1 Statement of compliance

The Company's interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

The interim consolidated financial statements have not been audited.

2.2 Basis of measurement

The interim consolidated financial statements have been prepared under the historical cost convention except for inventories, derivatives and certain other financial instruments that have been measured at fair value. The consolidated financial statements have been prepared on a going-concern basis.

2.3 Functional and presentation currency

The Group's presentation currency is the US dollar (USD) and all values are rounded to the nearest tenth of a million (USD'M 0.1) unless otherwise indicated. The US dollar is the functional currency of most of the Group's principal operating subsidiaries. Most of the markets in which the Group is involved are USD denominated.

2.4 Accounting policies

The interim consolidated financial statements for the first half of the 2022 financial year follow the same accounting policies the Group's consolidated financial statements for the financial year ended 30 September 2021, except for any new, amended or revised accounting standard and interpretations endorsed by the IASB, effective for the accounting period beginning on 1 October 2021.

Any new or amended standards and interpretations that may impact Trafigura are presented in the next section.

These interim financial statements contain selected accounting policies and should therefore be read in conjunction with the Group's consolidated financial statements for the financial year ended 30 September 2021.

Notes to the interim consolidated financial statements

Restatements for first half of the 2021 financial year

As from financial year-end 2021 onwards the Group has changed the presentation of the Consolidated Statement of Income from a classification based on the function of expense to a classification based on the nature of expense in order to provide a clearer analysis of the Group's financial performance. The income statement and notes on the comparison period have been restated accordingly.

In addition, the Group has reclassified its bank charges and other financial expenses, such as L/C charges, from services and other to result from financing activities. The income statement and notes on the comparison period have been restated accordingly. The reclassifications for the first half of the 2021 financial year amounted to USD66.6 million.

Reconciliation from presentation based on a by-function classification to presentation based on a by-nature classification for the comparative period. The first half of the 2021 financial year, can be summarised as follows:

First half of financial year 2021	Revenue USD'M	Cost of sales USD'M	General and administrative expenses USD'M	Impairments of PP&E and intangible fixed assets USD'M	Impairments of financial assets and prepayments USD'M	Impairments of equity-accounted investees USD'M	Other income/ (expenses) – net USD'M	Share of profit/(loss) of equity-accounted investees USD'M	Finance income USD'M	Finance expense USD'M	Income tax expense USD'M	Profit for the period USD'M
Revenue	98,369.2	20.0	–	–	–	–	–	–	–	–	–	98,389.2
Materials, transportation and storage	–	(92,136.7)	(1,045.5)	–	–	–	–	–	–	–	–	(93,182.2)
Employee benefits	–	(212.9)	(707.0)	–	–	–	–	–	–	–	–	(919.9)
Services and other	–	(1,651.4)	987.3	–	–	–	35.7	–	–	–	–	(628.4)
Depreciation (right-of-use assets)	–	–	(525.6)	–	–	–	–	–	–	–	–	(525.6)
Depreciation and amortisation (PP&E and intangible fixed assets)	–	(103.8)	(72.6)	–	–	–	–	–	–	–	–	(176.4)
Impairments (PP&E and intangible fixed assets)	–	–	–	(76.3)	–	–	–	–	–	–	–	(76.3)
Impairments (financial assets and prepayments)	–	57.1	–	–	(58.4)	–	–	–	–	–	–	(1.3)
Share of profit/(loss) of equity-accounted investees	–	–	–	–	–	–	–	(25.3)	–	–	–	(25.3)
Impairments on and disposal results of equity-accounted investees	–	–	–	–	–	(0.2)	(0.1)	–	–	–	–	(0.3)
Income/(expenses) from investments	–	–	–	–	–	–	52.4	–	–	–	–	52.4
Finance income	–	–	–	–	–	–	–	–	201.4	–	–	201.4
Finance expense	–	(66.5)	(0.1)	–	–	–	–	–	–	(535.7)	–	(602.3)
Income tax	–	–	–	–	–	–	–	–	–	–	(410.4)	(410.4)
Profit for the period	98,369.2	(94,094.2)	(1,363.5)	(76.3)	(58.4)	(0.2)	88.0	(25.3)	201.4	(535.7)	(410.4)	2,094.6

2.5 Key accounting estimates and judgements

Preparing the interim consolidated financial statements in compliance with IFRS requires management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the interim consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, and are used to judge the carrying amount of assets and liabilities that are not readily apparent from other sources. Actual outcomes could differ from these estimates. Existing circumstances and assumptions about future developments, however, may change as a result of market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

For the areas the Group identified as being critical to understanding its financial position, reference is made to the 2021 annual report.

2.6 Going concern

Trafigura assessed the going-concern assumptions, during the preparation of the Group's consolidated financial statements. The Group believes that no events or conditions, including those related to the current COVID-19 pandemic and the Ukraine war, give rise to doubt about the ability of the Group to continue to operate in the next reporting period. This conclusion is drawn based on the knowledge of the Group, the estimated economic outlook and identified risks and uncertainties in relation thereto.

Furthermore, this conclusion is based on review of the current cash balance and expected developments in liquidity and capital. The Group has sufficient cash and headroom in its credit facilities. Therefore, it expects that it will be able to meet contractual and expected maturities and covenants. Consequently, it has been concluded that it is reasonable to apply the going-concern concept as the underlying assumption for the financial statements.

3. Adoption of new and revised standards

3.1 New and amended standards or interpretations adopted

In the current period, the Group adopted the following new and amended standards or interpretations:

Standard/Interpretation	Name of standard/interpretation or amendments	Date of publication	Expected date of initial application (financial years starting as of)
Amendments to IFRS 3	Business Combinations	27 August 2020	13 January 2021
Amendments to IAS 39	Financial Instruments: Recognition and Measurement	27 August 2020	13 January 2021
Amendments to IFRS 7	Financial Instruments: Disclosures	27 August 2020	13 January 2021
Amendments to IFRS 4	Insurance contracts	27 August 2020	13 January 2021
Amendments to IFRS 16	Leases (Interest Rate Benchmark Reform – Phase 2)	27 August 2020	13 January 2021

The amendments shown in the table had no material effect on the interim consolidated financial statements.

3.2 New standard and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for the 2022 financial year reporting periods and have not been early adopted by the Group:

Standard/Interpretation	Name of standard/interpretation or amendments	Date of publication	Expected date of initial application (financial years starting as of)
Amendments to IFRS 3	Business Combinations (Amendment to References to the Conceptual Framework)	14 May 2020	1 January 2022
Amendments to IAS 16	Property, Plant and Equipment (Proceeds before Intended Use)	14 May 2020	1 January 2022
Amendments to IAS 37	Provisions, Contingent Liabilities and Contingent Assets (Onerous Contracts, Settlement Costs from Contracts)	14 May 2020	1 January 2022
Annual improvements to IFRS 2018-2020	Amendments to: • IFRS 1 (Subsidiary as a First-Time Adopter) • IFRS 9 (Fees in the "10% Test" Regarding Derecognition of Financial Liabilities) • IFRS 16 (Lease Incentives) • IAS 41 (Taxation in Fair Value Measurements)	14 May 2020	1 January 2022
Amendments to IFRS 17	Insurance Contracts (including amendments to the standard)	25 June 2020	1 January 2022
Amendments to IAS 1	Presentation of Financial Statements (Classification of Liabilities as Current or Non-current) (including Deferral of Effective Date)	23 January 2020 (15 July 2020)	1 January 2022
Amendments to IAS 1 and IFRS Practice Statement 2	Presentation of Financial Statements and Making Materiality Judgements (Presentation of Key Accounting Policies)	12 February 2021	1 January 2022
Amendments to IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors (Definition of Changes in Accounting Policies and Accounting Estimates)	12 February 2021	1 January 2022
Amendments to IAS 12	Income Taxes (Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction)	7 May 2021	1 January 2022

Trafigura currently assumes that the amendments shown in the table are unlikely to have a material impact on its reporting.

4. Operating segments

First half of financial year 2022	Energy USD'M	Metals and Minerals USD'M	Corporate and Other USD'M	Total USD'M
Sales revenue from external customers	112,156.5	57,420.3	–	169,576.8
Service revenue from external customers	746.6	285.7	–	1,032.3
Revenue	112,903.1	57,706.0	–	**170,609.1**
Operating profit or (loss) before depreciation and amortisation	2,888.8	1,778.7	(19.5)	**4,648.0**

First half of financial year 2021	Energy USD'M	Metals and Minerals USD'M	Corporate and Other USD'M	Total USD'M
Sales revenue from external customers	58,106.3	39,753.6	–	97,859.9
Service revenue from external customers	433.1	96.2	–	529.3
Revenue	58,539.4	39,849.8	–	**98,389.2**
Operating profit or (loss) before depreciation and amortisation	2,343.6	1,331.5	(16.4)	**3,658.7**

The basis of the segmentation of the Company has not changed compared to the annual consolidated financial statements.

Notes to the interim consolidated financial statements

5. Business combinations and non-controlling interests

5.1 H1 FY2022

Trafigura's share in Puma Energy increased to 96.7 percent as per 31 March 2022 as Cochan Holdings ceased to be a shareholder in Puma Energy in December 2021. The exit was undertaken in accordance with applicable laws and regulations.

5.2 FY2021

Acquisition of Puma Energy

On 30 September 2021, through a series of linked transactions, the Group acquired control over Puma Energy Holdings Pte. Ltd. (Puma Energy), a non-listed company incorporated in Singapore. On this date, the Group obtained a majority in Puma Energy's Board of Directors. Following the conversion of debt into equity and purchase of shares from minority shareholders, the Group's shareholding increased from 55.5 percent as at 30 September 2020 to 72.8 percent as at 30 September 2021. Puma Energy's main activities include ownership, operation and the management of storage and retail facilities for the sale and distribution of petroleum products. The Group acquired Puma Energy as part of a strategy to recapitalise and strengthen the business.

One of the linked transactions, the acquisition of the Puma Energy shares held by Sonangol, was signed in conjunction with another transaction, through which Sonangol acquired Puma Energy's business in Angola for a consideration of USD600.0 million. Completion of this transaction was dependent on the approval of Sonangol's filing with antitrust authorities in Angola, which was received in the first quarter of the 2022 financial year.

As the amount payable to Sonangol was fixed and management expected approval to be received in the first quarter of the 2022 financial year, the (economic) risk and rewards of Sonangol's shares in Puma Energy economically increase the Group's share in Puma Energy to 93.4 percent as per 30 September 2021, and this has been accounted as such in the business combination.

As at 31 March 2022, the net assets recognised with regard to the acquisition of Puma Energy are based on a provisional assessment of their fair values, while the Group continued to work with independent valuators on determining more precise values for the acquired tangible and intangible fixed assets, and continued to evaluate certain deferred tax positions. These procedures were not complete by the date that the interim consolidated financial statements were approved for issue by the Board of Directors.

6. Deconsolidation of subsidiaries

There was no significant deconsolidation of subsidiaries and non-controlling interest during the six-month period ended 31 March 2022, and the financial year ended 30 September 2021.

7. Impairments

	2022 USD'M	2021 USD'M
(Reversal of) Impairments of property, plant and equipment	(0.4)	76.3
Impairments of intangible assets	1.3	–
Impairments of fixed assets	**0.9**	76.3
(Reversal of) Impairments of financial assets	(15.5)	20.6
(Reversal of) Impairments of prepayments	(3.9)	(19.3)
(Reversal of) Impairments of financial assets and prepayments	**(19.4)**	1.3
Total (reversal of) impairments – included in operating profit or loss	**(18.5)**	77.6
Impairments of equity-accounted investees	0.2	0.2
Impairments of equity-accounted investees	**0.2**	0.2
Total (Reversal of) impairments	**(18.3)**	77.8

7.1 H1 FY2022

There were no significant impairments or reversals of impairments during the six-month period ended 31 March 2022.

7.2 H1 FY2021

7.2.1 Impairments of fixed assets – Property, plant and equipment

Burnside logistics export terminal

Oil and oil product demand destruction, largely a result of the COVID-19 global pandemic, coupled with the continued suppression of coal export opportunities have limited near-term opportunities for bulk export, resulting in a trigger to perform an impairment test for the Burnside logistics export terminal on the Mississippi River in Louisiana, US.

The identifiable assets were combined into one CGU with independent cash flows to assess the potential impairment. The value-in-use calculation includes projections over the period from 2021 to and including 2025, and results in an estimated recoverable amount of USD36 million. Consequently, the related operational fixed assets were impaired by USD55 million.

7.2.2 Impairments of financial assets and prepayments

Reference is made to this in Note 15.

8. Result from equity-accounted investees and investments

	2022 USD'M	2021 USD'M
Share of profit/(loss) of equity-accounted investees	**23.4**	(25.3)
Disposal result of equity-accounted investees	(17.4)	(0.1)
Impairments of equity-accounted investees	(0.2)	(0.2)
Disposal results and impairments of equity-accounted investees	**(17.6)**	(0.3)
Income/(expenses) from equity-accounted investees	**5.8**	(25.6)
Gain/(loss) on fair value through profit and loss instruments	2.4	50.3
Gain/(loss) on divestment of subsidiaries	(4.1)	–
Dividend income	(1.2)	1.8
Other	0.9	0.3
Income/(expenses) from investments	**(2.0)**	52.4
Result from equity-accounted investees and investments	**3.8**	26.8

8.1 H1 FY2022

In September 2021, the Group sold its 50 percent stake in Minas de Aguas Tenidas SA (MATSA) to Sandfire Resources Limited for a total expected consideration of USD777.8 million. The sale was agreed in partnership with the Group's former joint-venture partner, Mubadala Investment Company PJSC, which received the same corresponding consideration, making Sandfire Spain Holdings Limited the new sole owner of MATSA. In the first half of the 2022 financial year, an adjustment has been made to the contingent consideration, which was recorded under the disposal result of equity-accounted investees.

8.2 H1 FY2021

The gain on fair value through profit and loss instruments includes various fair value movements on other investments, including a USD22.2 million positive fair value movement of the debt securities related to the investment in Porto Sudeste.

9. Income tax

9.1 Tax expense

Income tax expense recognised in the Consolidated Statement of Income consists of the following:

	2022 USD'M	2021 USD'M
Current income tax expense	467.6	397.9
Adjustments in relation to current income tax of previous periods	10.0	5.1
Deferred tax expense/(income)	(33.8)	1.1
Withholding tax in the current period	8.9	6.3
Total	**452.7**	410.4

10. Underlying EBITDA

Accounting policy

The Group believes that the supplemental presentation of underlying EBITDA provides useful information on the Group's financial performance, its ability to service debt and to fund capital expenditures, and provides a helpful measure for comparing its operating performance with that of other companies.

Underlying EBITDA, when used by Trafigura, means operating profit or loss before depreciation and amortisation excluding share-based payments and other adjustments. In addition to share-based payments, the adjustments made to arrive at underlying EBITDA are considered exceptional and/or non-operational from a management perspective based on their size or nature. They can be either favourable or unfavourable. These items include for example:

- Significant restructuring costs and other associated costs arising from significant strategy changes that are not considered by the Group to be part of the normal operating costs of the business;
- Significant acquisition and similar costs related to business combinations such as transaction costs;
- Provisions that are considered to be exceptional and/or non-operational in nature and/or size to the financial performance of the business; and
- Various legal settlements that are significant to the result of the Group.

From time to time, it may be appropriate to disclose further items as exceptional or non-operational items in order to reflect the underlying performance of the Group.

Underlying EBITDA is not a defined term under IFRS and therefore may not be comparable with similarly titled profit measures and disclosures reported by other companies. It is not intended to be a substitute for or superior to GAAP measures.

	2022 USD'M	2021 USD'M
Operating profit or (loss) before depreciation and amortisation	**4,648.0**	3,658.7
Adjustments		
Share-based payments	64.6	70.2
Adjustments	**64.6**	70.2
Underlying EBITDA	**4,712.6**	3,728.9
As percentage of revenue	2.8%	3.8%

Share-based payments have been excluded as a result of their non-cash nature.

Notes to the interim consolidated financial statements

11. Property, plant and equipment

USD'M	Land and buildings	Machinery and equipment	Barges and vessels	Mine property and development	Other fixed assets	Total
Cost						
Balance at 1 October 2021	2,594.5	2,839.5	611.5	64.6	1,031.0	**7,141.1**
Additions	19.4	33.8	275.7	8.0	215.2	552.1
Provisional purchase price allocation movements*	(17.4)	0.8	–	–	28.7	12.1
Reclassifications	(712.6)	142.2	3.6	11.5	530.9	(24.4)
Effect of movements in exchange rates, including hyperinflation adjustment	(13.3)	13.2	(0.3)	0.6	(5.5)	(5.3)
Divestment of subsidiaries	(31.7)	(20.4)	–	–	(9.2)	(61.3)
Disposals	(47.5)	(27.7)	(282.8)	–	(11.9)	(369.9)
Balance at 31 March 2022	1,791.4	2,981.4	607.7	84.7	1,779.2	**7,244.4**
Depreciation and impairment losses						
Balance at 1 October 2021	593.1	973.1	295.4	–	450.9	**2,312.5**
Depreciation	37.7	117.9	14.7	6.4	52.4	229.1
Impairment losses	0.1	(0.6)	–	–	0.1	(0.4)
Reclassifications	(44.1)	19.9	(0.8)	–	(5.7)	(30.7)
Effect of movements in exchange rates, including hyperinflation adjustment	(7.6)	(2.5)	(0.3)	0.1	(0.2)	(10.5)
Divestment of subsidiaries	(8.2)	(8.4)	–	–	(6.9)	(23.5)
Disposals	(22.1)	(24.9)	(3.2)	–	(10.8)	(61.0)
Balance at 31 March 2022	548.9	1,074.5	305.8	6.5	479.8	**2,415.5**
Net book value at 31 March 2022	1,242.5	1,906.9	301.9	78.2	1,299.4	**4,828.9**

* Movements are resulting from provisional remeasurements in relation to the purchase price allocation related to the acquisition of Puma Energy.

Total additions for the period (USD552.1 million) mainly relate to investments in the Nyrstar industrial facilities (USD127.3 million), vessels (USD264.0 million), and various individual smaller projects. The investments in Nyrstar were made across its global operations, with the main investments relating to neglected maintenance that had occurred prior to acquisition and to sustaining capital investments to maintain the current asset base.

The USD369.9 million disposals mainly relate to the sale of vessels, which were subsequently leased back for a period of between five and seven years.

Included in the Other fixed assets category are assets under construction, which relates to assets not yet in use, and some Nyrstar-related assets. Net book value as at 31 March 2022 amounted to USD432.6 million (30 September 2021: USD383.1 million). Once the assets under construction come into operation they are reclassified to the appropriate asset category and from that point they are depreciated.

Depreciation is included in depreciation and amortisation. Impairment charges are separately disclosed in the Consolidated Statement of Income.

Refer to note 7 for details on impairments.

12. Intangible fixed assets

USD'M	Goodwill	Licences	Other intangible assets	Total
Cost				
Balance at 1 October 2021	1,152.8	52.3	1,021.6	**2,226.7**
Additions	–	3.6	29.3	32.9
Provisional purchase price allocation movements*	(33.3)	–	45.4	12.1
Reclassifications	–	(0.4)	(4.5)	(4.9)
Effect of movements in exchange rates, including hyperinflation adjustment	–	0.4	(6.5)	(6.1)
Divestment of subsidiaries	–	(0.1)	–	(0.1)
Disposals	–	(0.2)	–	(0.2)
Balance at 31 March 2022	1,119.5	55.6	1,085.3	**2,260.4**
Amortisation and impairment losses				
Balance at 1 October 2021	108.4	23.7	415.6	**547.7**
Amortisation	–	8.7	48.2	56.9
Impairment losses	1.3	–	–	1.3
Effect of movements in exchange rates, including hyperinflation adjustment	–	0.4	1.5	1.9
Reclassifications	–	(0.3)	0.7	0.4
Disposals	–	(0.2)	–	(0.2)
Balance at 31 March 2022	109.7	32.3	466.0	**608.0**
Net book value at 31 March 2022	1,009.8	23.3	619.3	**1,652.4**

* Movements are resulting from provisional remeasurements in relation to the purchase price allocation related to the acquisition of Puma Energy.

Additions in the six-month period ended 31 March 2022 amounted to USD32.9 million, mainly relating to investments in IT development.

Notes to the interim consolidated financial statements

13. Leases

The Group leases various assets, including land and buildings, storage facilities, vessels and service stations. Leases are negotiated on an individual basis and contain a wide range of different terms and conditions, including termination and renewal rights. The Group, as a lessor, only has finance leases.

The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

13.1 Right-of-use assets

	2022 USD'M	2021 USD'M
Freight	2,282.6	1,588.1
Storage	148.0	114.3
Land and buildings	303.2	338.6
Service stations	164.9	174.9
Other	169.9	192.2
Total undiscounted lease receivables	**3,068.6**	2,408.1

USD'M	Freight	Storage	Land and buildings	Service stations	Other	Total
Balance at 1 October 2021	1,588.1	114.3	338.6	174.9	192.2	**2,408.1**
Additions/remeasurements	1,446.9	56.5	5.9	8.1	29.4	1,546.8
Reclassification to AHFS	(0.1)	(2.3)	(22.7)	–	(0.2)	(25.3)
Disposals	(258.6)	0.1	(1.2)	(0.1)	–	(259.8)
Depreciation	(468.6)	(22.8)	(23.1)	(15.9)	(52.3)	(582.7)
Effect of movement in exchange rates	–	2.3	2.9	(0.3)	(0.1)	4.8
Other	(25.1)	(0.1)	2.8	(1.8)	0.9	(23.3)
Balance at 31 March 2022	2,282.6	148.0	303.2	164.9	169.9	**3,068.6**

During the first half of FY2022, the Group entered into various new lease contracts for vessels for a total amount of USD1.4 billion. The disposals of USD258.6 million relate to vessels of which the lease was ended before the contract end date.

The Other category mainly includes assets located in Corpus Christi, Texas, which enable transportation, storing, processing and vessel loading of crude oil and crude oil products.

13.2 Lease liabilities

	HY2022 USD'M	FY2021 USD'M
Opening balance	**2,572.3**	2,389.0
Interest	62.4	91.1
Additions/remeasurements	1,548.3	1,159.6
Effect of business combination	–	373.4
Reclassification to AHFS	(25.3)	–
Disposals	(273.4)	(184.6)
Payments	(698.1)	(1,253.0)
Effect of movement in exchange rate	1.5	(0.8)
Other	(2.3)	(2.4)
Closing balance	**3,185.4**	2,572.3
Current	1,045.7	925.4
Non-current	2,139.7	1,646.9
Closing balance	**3,185.4**	2,572.3

The following table sets out a maturity analysis of the lease liabilities at 31 March 2022 and 30 September 2021, indicating the undiscounted lease amounts to be paid.

	2022 USD'M	2021 USD'M
Less than one year	1,162.3	1,033.7
Later than one year and less than five years	1,926.5	1,528.3
Later than five years	499.8	1,186.7
Total undiscounted lease payable	**3,588.6**	3,748.7
Future finance costs	(403.2)	(1,176.4)
Lease liabilities included in the statement of financial position	**3,185.4**	2,572.3

14. Equity-accounted investees

	HY2022 USD'M	FY2021 USD'M
Opening balance	**843.6**	2,438.6
Acquisition through business combination	–	51.4
Effect of movements in exchange rates	(6.3)	26.0
Additions	24.0	155.5
Disposals	(5.9)	(414.4)
Impairments	(0.2)	(26.3)
Share of net profit/(loss)	23.4	(110.8)
Dividends received	(13.4)	(164.3)
Effect of business combination	–	(956.4)
Reclassification to assets held for sale	–	(141.0)
Other	34.8	(14.7)
Total	**900.0**	843.6

Corporate guarantees in favour of associates and joint ventures as at 31 March 2022 amounted to USD160.4 million (30 September 2021: USD93.7 million).

14.1 H1 FY2022

Additions for the first half of the 2022 financial year consist of various small investments.

14.2 FY2021

The additions to equity-accounted investees amounted to USD155.5 million. In the financial year, the Group participated for its share in an equity contribution in Tendril Ventures Pte. Ltd. (Tendril Ventures) resulting in an additional investment (USD52.3 million). Other additions include investments in Sawtooth Caverns LLC (USD49.6 million), Liaoning Port (USD30.8 million) and various other investments.

For the disposals of equity-accounted investees during the financial year ended 30 September 2021, such as Minas de Aguas Tenidas SA (MATSA), refer to note 8.

The share of net loss from investments amounted to USD110.8 million. This is predominantly the result of losses in Puma Energy (USD165.9 million) and Porto Sudeste do Brasil (USD69.6 million), partly offset by USD108.2 million profits from MATSA, Atalaya Mining PLC, and Impala Terminals Group S.à r.l.

During FY2021, the Group received USD164.3 million in dividends from its investments in equity-accounted investees, which mainly related to MATSA (USD136.4 million) and Sawtooth Caverns LLC (USD24.3 million).

Notes to the interim consolidated financial statements

15. Prepayments and financial assets

15.1 Prepayments

	2022 USD'M	2021 USD'M
Current	**2,008.2**	1,736.8
Non-current	**1,691.1**	1,804.6
Total	**3,699.3**	3,541.4

Prepayments relate to prepayments of commodity deliveries and are split into non-current prepayments (due > 1 year) and current prepayments (due < 1 year). A significant portion of the non-current prepayments, as well as current prepayments, are either financed on a non-recourse basis or insured.

Under the prepayments category, the Group accounts for the prepayments of commodity deliveries. Of the total current prepayments balance, an amount of USD1.2 billion (30 September 2021: USD0.9 billion) relates to prepayments that are made for specifically identified cargos.

The contractually outstanding prepayments amount decreases in size with each cargo that is delivered, until maturity. Once the contractually agreed total cargo has been fully delivered, the prepayment agreement falls away leaving no remaining contractual obligations on Trafigura or the supplier.

The Group monitors the commodity prices in relation to the prepayment contracts and manages the credit risk together with its financial assets as described in note 29. A portion of the long-term prepayments, as well as short-term prepayments, is on a limited recourse basis. Interest on the prepayments is added to the prepayment balance.

The Group has calculated expected credit losses on the outstanding prepayments as from FY2020 onwards. The methodology of the expected credit loss calculation is similar to the methodology used in the expected credit loss calculations on loans receivable.

Based on the individual analysis of the prepayments, the cumulated expected credit losses on these prepayments recorded by the Group amount to USD118.3 million (30 September 2021: USD124.1 million). The following table explains the movements of the expected credit loss between the beginning and the end of the reporting period and the gross carrying amounts of the prepayments by credit risk category.

	31 March 2022			30 September 2021		
	Performing 12-months ECL USD'M	**Under-performing Life-time ECL USD'M**	**Total USD'M**	Performing 12-months ECL USD'M	Under-performing Life-time ECL USD'M	Total USD'M
Expected credit loss (ECL) provision						
Opening balance – 1 October	24.7	99.4	124.1	40.3	103.5	143.8
Transfer to under-performing	–	–	–	(0.3)	0.3	–
ECL on prepayments recognised during the period	1.2	11.6	12.8	0.4	21.6	22.0
ECL on prepayments derecognised during the period	–	(12.5)	(12.5)	(13.7)	(25.6)	(39.3)
Changes in PD/LGD/EAD	8.8	(15.0)	(6.2)	(2.0)	(0.4)	(2.4)
Closing balance	**34.7**	**83.5**	**118.2**	24.7	99.4	124.1
Carrying amount						
Current	1,738.7	269.5	2,008.2	1,434.5	302.3	1,736.8
Non-current	546.1	1,145.0	1,691.1	687.7	1,116.9	1,804.6
Total	**2,284.8**	**1,414.5**	**3,699.3**	2,122.2	1,419.2	3,541.4

15.2 Loans and other receivables

	2022 USD'M	2021 USD'M
Loans to associates and related parties	68.3	62.9
Other non-current loans receivable	322.3	299.5
Total	**390.6**	362.4

Loans to associates and related parties include a loan receivable to a Galena investment fund of USD40.3 million (30 September 2021: USD39.8 million).

Other non-current loans receivables include various loans which are granted to counterparties which the Group trades with. This line also includes the debt agreement with the Angolan Ministry of Finance which relates to compensation for iron ore investments made by the Group following the liquidation of a consolidated Angolan subsidiary in 2016. In 2019, the original debt agreement has been renegotiated with a new redemption schedule in place. Over the years, as a result of the economic situation in Angola, with collapsing oil prices in 2020, a lack of liquidity and COVID-19, it has not been possible for the Angolan Ministry of Finance to honour all of its obligations. The Angolan Ministry of Finance has made regular debt payments since October 2021.

Based upon the individual analysis of these loans, the recorded expected credit losses on these loans amount to USD147.2 million (30 September 2021: USD136.6 million). The following table explains the movements of the expected credit loss between the beginning and the end of the reporting period and the gross carrying amounts of the loan receivables by credit risk category:

	31 March 2022			30 September 2021		
	Performing 12-months ECL USD'M	Under-performing Life-time ECL USD'M	Total USD'M	Performing 12-months ECL USD'M	Under-performing Life-time ECL USD'M	Total USD'M
Expected credit loss (ECL) provision						
Opening balance – 1 October	2.4	134.2	136.6	4.6	117.4	122.0
Transfer to under-performing	–	–	–	(0.3)	0.3	–
ECL on new loans originated during the period	0.7	–	0.7	1.4	–	1.4
ECL on loans derecognised during the period	–	–	–	(3.3)	(3.0)	(6.3)
Changes in PD/LGD/EAD	(0.1)	10.1	10.0	–	19.5	19.5
Closing balance at 30 September	**3.0**	**144.3**	**147.3**	2.4	134.2	136.6
Carrying amount						
Current	18.7	132.5	151.2	107.1	166.0	273.1
Non-current	109.6	281.0	390.6	88.3	274.1	362.4
Total	**128.3**	**413.5**	**541.8**	195.4	440.1	635.5

15.3 Other investments

	2022 USD'M	2021 USD'M
Listed equity securities – Fair value through OCI	2.8	2.7
Listed equity securities – Fair value through profit or loss	63.3	68.7
Listed debt securities – Fair value through profit or loss	253.7	277.3
Unlisted equity investments – Fair value through profit or loss	154.4	133.5
Unlisted equity investments – Fair value through OCI	242.1	242.4
Other investments – Fair value through profit or loss	–	862.2
Total	**716.3**	1,586.8

The Group's long-term investments consist of listed equity securities, listed debt securities and unlisted equity securities. The listed equity securities have no fixed maturity or coupon rate. The fair values of listed equity investments are based on quoted market prices, while the fair value of the unlisted equity securities is determined based on a Level 3 valuation as prepared by Management.

The decrease in the listed debt securities was mainly caused by a sale of debt securities of USD10.6 million, and a negative adjustment to the value of the FPOR11 securities of USD14.6 million. The increase in the unlisted equity investments (fair value through profit or loss) has primarily resulted from a fair value gain on investments held in the Galena Multistrategy Fund.

Notes to the interim consolidated financial statements

15.3.1 Participatory equity interest in Vostok Oil LLC (10%)

On 24 December 2020, the Group entered into a transaction consisting of an investment in a 100 percent owned structured entity (SE) that subsequently acquired a 10 percent participatory equity interest in Vostok Oil LLC from Rosneft, and other contractual agreements. Vostok Oil LLC is an oil and gas company incorporated in the Russian Federation.

The SE is governed by an independent board of directors and as a result the Group does not have the ability to use its power to influence the variable returns from the SE. As a consequence, the SE is not consolidated in the Group's consolidated financial statements.

The Group made an initial contribution of EUR1.5 billion of equity to the SE in cash. Additional debt funding was attracted by the SE to finance the acquisition of the 10 percent participatory equity interest in Vostok Oil LLC for a total consideration of EUR7.0 billion. The principal activity of the SE is that of a holding and trading company. The debt financing attracted by the SE is non-recourse to the Group.

The initial equity investment in the SE and the associated agreements are considered as a single unit-of-account and was classified under Other Investments on the Consolidated Statement of Financial Position in previous financial year.

As the Group does not control the SE, the Other investment qualifies as a financial instrument classified as fair value through profit or loss. The main level 3 inputs used by the Group are derived as follows:

- Discount rate reflecting the Group's own capital structure and time value of money;
- Risk adjustment to factor in exposures relating to the counterparties, as well as the specific terms of the contractual agreements;
- Market volatility in oil price estimated based on the Group's knowledge of the business.

The net value of the unit of account as at 31 March 2022 amounts to USD610.1 million negative (30 September 2021: USD862.2 million positive), and accounts for value of the investment and associated agreements. The negative fair value of the unit-of-account is presented under trade and other payables on the Consolidated Statement of Financial Position.

Subsequent to 31 March 2022, the Group has terminated commercial agreements in the unit of account. The Group is reviewing its investment in the SE with the intention of divesting.

16. Other non-current assets

	2022 USD'M	2021 USD'M
Non-financial hedged items	1,723.0	605.6
Restricted deposits	357.1	133.3
Other	140.1	164.7
Total	**2,220.2**	903.6

For further information on the non-financial hedged items, refer to note 30.2. The restricted deposits mainly represent amounts placed on deposit accounts relating to repurchase agreements of crude oil and Puma Energy.

17. Inventories

	2022 USD'M	2021 USD'M
Storage inventories	18,858.9	18,126.5
Floating inventories	10,438.1	10,906.3
Work-in-progress inventories	723.2	592.2
Supplies	30.1	28.5
Total	**30,050.3**	29,653.5

Trafigura policy provides that the inventory (except the item 'Supplies') has either been pre-sold or hedged.

Work-in-progress inventories predominantly relate to intermediate processing inventories located at the Nyrstar smelters.

18. Trade and other receivables

	2022 USD'M	2021 USD'M
Trade debtors	14,613.8	11,917.9
Provision for bad and doubtful debts	(78.6)	(110.9)
Accrued turnover	12,391.7	8,220.1
Broker balances	4,157.6	1,707.1
Other debtors	2,880.3	1,888.2
Loans to third parties	151.2	273.1
Other taxes	575.5	619.0
Related parties	1,851.5	233.6
Total	**36,543.0**	24,748.1

All financial instruments included in trade and other receivables are held to collect the contractual cash flows. Furthermore, the cash flows that the Group receives on these instruments are solely payments of principal and interest except for trade and other receivables related to contracts including provisional pricing features.

The Group entered into a number of dedicated financing facilities, which finance a portion of its receivables. Part of these facilities meet the criteria of derecognition of the receivables according to IFRS.

As at 31 March 2022, an amount of USD9,289.4 million (30 September 2021: USD7,690.6 million) of trade debtors has been discounted. Of this amount, USD7,457 million (30 September 2021: USD7,152.4 million) has been derecognised, as the Group has transferred substantially all the risks and rewards of ownership of the financial asset with non-recourse. The remaining part of discounted receivables which does not meet the criteria for derecognition amounting to USD1,832.4 million (30 September 2021: USD538.2 million), continues to be recognised as trade debtors. For the received amount of cash of these items the Group has recognised a liability under current loans and borrowings.

Of USD14,613.8 million trade debtors (30 September 2021: USD11,917.9 million), USD5,975.0 million had been sold on a non-recourse basis under the receivables securitisation programmes (30 September 2021: USD5,069.6 million). Of the USD1,851.5 million receivables on related parties (30 September 2021: USD233.8 million), USD60.2 million had been sold on a non-recourse basis under the receivables securitisation programmes (30 September 2021: USD103.8 million). Refer to Note 19.

As at 31 March 2022, 11.8 percent (30 September 2021: 8.4%) of receivables were between 1-60 days overdue, and 4.8 percent (30 September 2021: 5.4%) were greater than 60 days overdue. Trafigura applied the simplified method in assessing expected credit losses. The accounts receivables have been divided in aging buckets and based on an analysis on historical defaults and recovery rates, and considering forward looking information, a percentage for expected credit losses has been determined. Trafigura manages to limit credit losses by renegotiating contracts in the case of a default.

From the above analysis, an expected credit loss as at 31 March 2022 amounting to USD4.2 million (30 September 2021: USD4.2 million) has been recorded. The loss allowance provision as at 31 March 2022 amounts to USD78.6 million (30 September 2021: USD110.9 million). The provision mostly relates to demurrage claims and commercial disputes with our clients. Accrued turnover represents receivable balances for sales which have not yet been invoiced. They have similar risks and characteristics as trade debtors. Trade debtors and accrued turnover have similar cash flow characteristics and are therefore considered to be a homogeneous group of financial assets.

Total trade and other receivables related to contracts including provisional pricing features amount to USD12.6 billion (30 September 2021: USD8.0 billion).

Other debtors mainly consist of swap margin payments of USD2.4 billion (30 September 2021: USD0.7 billion). The 30 September 2021 balance also included the amount due from Sandfire Resources Limited in relation to the sale of MATSA, which was fully received in the first half of the 2022 financial year.

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19. Securitisation programmes

The Group operates various securitisation programmes: Trafigura Securitisation Finance plc. (TSF) and Argonaut Receivables Company S.A. (Argo) enable the Group to sell eligible receivables, and an inventory securitisation programme, through Trafigura Commodities Funding Pte. Ltd. (TCF), and Trafigura Global Commodities Funding Pte. Ltd. (TGCF), enables Trafigura to sell and repurchase eligible inventories. Those securitisation vehicles are consolidated and consequently the securitised receivables and inventories are included within the consolidated trade debtor and inventory balances.

19.1 Receivables securitisation

Over time the external funding of TSF has increased significantly in size, mostly through Variable Funding Notes (VFN) purchased by bank sponsored conduits, while incorporating a longer-term committed funding element, in the form of Medium Term Notes (MTN).

Argonaut receivables was launched in May 2020 and is funded through short-term VFN only.

The available external funding of the receivables securitisation programmes consists of:

	Interest rate	Maturity	2022 USD'M	2021 USD'M
TSF AAA MTN	Libor +0.53%	2024 – July	139.5	139.5
TSF AAA MTN	1.08%	2024 – July	139.5	139.5
TSF BBB MTN	1.78%	2024 – July	21.0	21.0
TSF AAA VFN	See note	Various throughout the year	4,798.3	4,170.6
TSF BBB VFN	See note	Various throughout the year	361.2	313.8
Argonaut Receivables Securitisation		2022 – April	300.0	300.0
TSF senior subordinated debt		2023 – March	193.8	119.1
Total			**5,953.3**	5,203.5

As at 31 March 2022, the maximum available amount of external funding was USD5,953.2 million (30 September 2021: USD5,203.5 million) for the receivables securitisation programmes.

The rate of interest applied to the TSF AAA VFN is principally determined by the demand for commercial paper issued by 10 bank-sponsored conduits. The Group benchmarks the rate provided against Libor and SOFR rates. In the case of the rate of interest applicable to the TSF BBB VFN, the rate of interest is principally determined by the liquidity of the interbank market.

The maturity of the TSF AAA and BBB VFNs have been staggered to diversify the maturity profile of the notes. This aims to mitigate the 'liquidity wall' risk associated with a single maturity date for a significant funding amount.

19.2 Inventory securitisation

The available external funding of the inventory securitisation programme consists of:

	Interest rate	Maturity	2022 USD'M	2021 USD'M
TCF/TGCF VFN	See note	2022 – November	465.0	455.0
TCF/TGCF MLF	See note	2022 – November	50.0	45.0
Total			**515.0**	500.0

As at 31 March 2022, the maximum available amount of external funding was USD515.0 million (30 September 2021: USD500.0 million) for the inventory securitisation programme.

The rate of interest applied to the VFN and Margin Liquidity Facilities (MLF) under the inventories securitisation is defined in the facility documentation.

20. Other current assets

	2022 USD'M	2021 USD'M
Non-financial hedged items	3,353.4	2,154.7
Prepaid expenses	340.5	322.4
Other	21.4	8.9
Total	**3,715.3**	2,486.0

Refer to note 30.2 for further information on the non-financial hedged items. Prepaid expenses relate to prepayments other than those made for physical commodities.

21. Cash and cash equivalents and deposits

	2022 USD'M	2021 USD'M
Cash at bank and in hand	**8,289.0**	9,234.9
Short-term deposits	**1,998.6**	1,442.6
Cash and cash equivalents	**10,287.6**	10,677.5

Cash at bank earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods between one day and three months depending on the immediate cash requirements of the Group and earn interest at the respective short-term deposit rates. The fair value of cash and cash equivalents approximates the carrying value.

An amount of USD110.1 million (30 September 2021: USD158.1 million) of cash at bank is restricted, including restrictions that require the funds to be used for a specified purpose and restrictions that limit the purpose for which the funds can be used, unless fixed asset construction invoices are presented to the banks.

As at 31 March 2022, the Group had USD12.3 billion (30 September 2021: USD11.4 billion) of committed unsecured syndicated loans, of which USD3.3 billion (30 September 2021: USD2.5 billion) remained unutilised. The Group had USD4.4 billion (30 September 2021: USD5.4 billion) of immediately (same day) available cash in liquidity funds. Therefore, the Group had immediate access to available liquidity balances from liquidity funds and corporate facilities in excess of USD7.7 billion (30 September 2021: USD7.9 billion).

21.1 Deposits

Short-term deposits made for periods longer than three months are shown separately in the Consolidated Statement of Financial Position and earn interest at the respective short-term deposit rates.

22. Assets classified as held for sale and discontinued operations

	2022 USD'M	2021 USD'M
Assets classified as held for sale	1,676.2	2,535.6
Liabilities classified as held for sale	(370.4)	(461.5)
Net assets classified as held for sale	**1,305.8**	2,074.1

As at 31 March 2022, net assets held for sale primarily consists of the Group's equity investment in Tendril Ventures Pte. Ltd. and Puma Energy's Infrastructure division.

Puma Energy decided to divest its Infrastructure division as part of its strategy to streamline the business and focus on its core downstream retail business. Completion is expected to happen within the next 12 months. Measurement is based on the fair value less cost of disposal as part of the provisional purchase price allocation.

The decrease compared to September 2021 results from the sale of Puma Energy's business in Angola to Sonangol.

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23. Capital and reserves

23.1 Share capital

As at 31 March 2022, the Company has 25,000,000 ordinary shares outstanding and a capital of USD1,504 million. During the six-month period ended 31 March 2022, no changes took place in the outstanding share capital.

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction. The ordinary shares have no par value.

23.2 Capital securities

As part of the financing of the Company and its subsidiaries, the Company has two capital securities instruments with a total carrying value of USD684.7 million as at 31 March 2022 (30 September 2021: three capital securities instruments amounting to USD1,173.9 million). These two capital securities have a par value of EUR262.5 million and USD400.0 million respectively (30 September 2021: USD479.2 million, EUR262.5 million and USD400.0 million respectively).

These two capital securities are perpetual in respect of which there is no fixed redemption date. The distribution on the capital securities is payable semi-annually in arrears every six months from the date of issue. The Company may elect to defer (in whole but not in part except for the USD400.0 million capital security where partial interest deferral is allowed) any distribution in respect of these capital securities by providing no more than 30 or less than five business days' notice, unless a compulsory interest payment event has occurred, including amongst others the occurrence of a dividend payment in respect of subordinated obligations of the Company. Any interest deferred shall constitute arrears of interest and shall bear interest.

In the event of a winding-up, the rights and claims of the holders in respect of the capital securities shall rank ahead of claims in respect of the Company's shareholders, but shall be subordinated in right of payment to the claims of all present and future senior obligations, except for obligations of the Company that are expressed to rank pari passu with, or junior to, its obligations under the capital securities.

On 21 March 2022, USD479.2 million of the outstanding amount of the USD800.0 million capital security has been fully repaid. Initially the capital security was issued as at 21 March 2017 for USD600.0 million, and re-opened as at 21 November 2017 for USD200.0 million, This capital security was listed on the Singapore Stock Exchange and had a distribution on the capital security of 6.875 percent per annum.

The EUR262.5 million capital security was issued on 31 July 2019 and is listed on the Singapore Stock Exchange. The distribution on the capital security is 7.5 percent per annum until the distribution payment date in July 2024. The capital security may be redeemed at the Company's option in whole, but not in part, in the period starting 90 calendar days before, and ending of, the distribution payment date in July 2024 or any distribution date thereafter upon giving not less than 30 nor more than 60 days' notice to the holders. The early redemption amount payable by the Company shall be the principal amount of the capital security, together with any interest accrued to the date fixed for redemption, all arrears of interest and all additional interest amounts.

The USD400.0 million capital security was issued on 24 September 2021 and is listed on the Singapore Stock Exchange. The distribution on the capital security is 5.875 percent per annum until the distribution payment date in September 2027. The capital security may be redeemed at the Company's option in whole, but not in part, in the period starting 90 calendar days before, and ending at the distribution payment date in September 2027 or any distribution date thereafter upon giving not less than 30 or more than 60 days' notice to the holders. The early redemption amount payable by the Company shall be the principal amount of the capital security, together with any interest accrued to the date fixed for redemption, all arrears of interest and all additional interest amounts.

23.3 Currency translation reserve

The currency translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations, as well as from the translation of liabilities that hedge the Company's net investment in a foreign operation.

23.4 Revaluation reserve

The revaluation reserve comprises the fair value measurements movements of the equity investments which are accounted for at fair value through other comprehensive income. On realisation of these gains or losses, for example the sale of an equity instrument, the cumulative amounts of this reserve are transferred to retained earnings. Included in the revaluation reserve is a loss of USD35.1 million (30 September 2021: USD34.9 million loss) related to the mark-to-market valuation of equity investments.

23.5 Cash flow hedge reserve

The Group has elected not to apply the cost of hedging option. A change in the fair value of derivatives designated as a cash flow hedge is initially recognised as a cash flow hedge reserve in OCI. The deferred amount is then released to the Consolidated Statement of Income in the same period during which the hedged transaction affects the Consolidated Statement of Income.

Included in the cash flow hedge reserve is a loss of USD106.9 million (30 September 2021: loss of USD175.2 million) related to the effective portion of the changes in fair value of cash flow hedges, net of tax. These cash flow hedges relate to hedging of interest and currency exposure on corporate loans and hedging of price exposure on future purchases and sales of commodities. The losses on hedging derivatives currently shown in the cash flow hedge reserve will be offset by decreased purchase/finance costs and increased sales values in the period the hedged transactions are recognised. Over time, the overall net impact of the hedged items and hedging instruments together on the Consolidated Statement of Income and OCI will be minimal.

The cash flow hedge reserves as at 31 March 2022, includes a negative reserve of USD54.4 million relating to the Group's share in the cash flow hedge reserves of equity-accounted investees (30 September 2021: USD56.6 million negative).

23.6 Dividends

There was no dividend declared on the ordinary shares for the period ending 31 March 2022 (30 September 2021: USD1,116.7 million dividend on ordinary shares representing USD44.7 per share). Dividend payments are mostly made in relation to the share redemption by the direct parent company.

24. Loans and borrowings

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings, which are measured at amortised cost. For more information about the Group's exposure to interest rate, foreign currency and liquidity risk, refer to note 29.

	2022 USD'M	2021 USD'M
Non-current		
Committed unsecured syndicated loans	5,109.7	4,039.2
Private placements	941.7	894.3
Listed bonds	1,430.8	1,859.0
Securitisation programmes	300.0	419.1
Puma Energy financing*	1,400.1	1,521.7
Other loans	1,867.9	2,177.9
Total non-current	**11,050.2**	10,911.2
Current		
Committed unsecured syndicated loans	3,380.6	2,226.1
Private placements	212.8	90.8
Listed bonds	470.1	–
Securitisation programmes	5,946.4	5,107.4
Puma Energy financing*	586.0	787.8
Other loans	1,625.7	647.6
Current bank borrowings	26,252.6	25,410.1
Total current	**38,474.2**	34,269.8
Total	**49,524.4**	45,181.0

* Loans and borrowings issued by Puma Energy have not been guaranteed by other Trafigura entities.

During the six-month period ended 31 March 2022, a number of important transactions for the Group were completed:

- Refinancing of its Asian syndicated revolving credit facility, comprising 365-day USD RCF (USD700 million), a one-year CNH TLF (c. USD890 million equivalent) and a three-year USD TLF (USD810 million). The facilities include a sustainability-linked loan structure;
- Refinancing of its European syndicated revolving credit facility, comprising USD2.025 billion 365-day RCF and a USD3.270 billion 3-year RCF. The facilities include a sustainability-linked loan structure;
- Refinancing of the three-year tranche of its JPY-denominated term loan facility totalling JPY93.75 billion (equivalent USD790 million at closing exchange rate). The facility includes a sustainability-linked loan structure;
- Closing of a multi-currency revolving credit facility totalling USD2.3 billion-equivalent with a nine-month tenor.

The Group was in compliance with all its corporate and financial covenants as at 31 March 2022.

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24.1 Terms and debt repayment schedule

The terms and conditions of the outstanding debt (excluding short-term bank borrowings) as at 31 March 2022 are as follows:

Principal (in million)		Interest rate	Maturity	Floating/fixed rate debt	< 1 year USD'M	1-5 years USD'M	> 5 years USD'M	Total USD'M
CNH	1,117.6	Hibor + 0.90%	2022 – October	Floating	176.0	–	–	176.0
CNH	4,601.6	3.40%	2022 – October	Fixed	724.6	–	–	724.6
USD	710.0	Libor + 0.70%	2022 – October	Floating	410.0	–	–	410.0
USD	300.0	Libor + 1.10%	2022 – October	Floating	300.0	–	–	300.0
USD	2,025.0	SOFR + 0.55%	2023 – March	Floating	1,770.0	–	–	1,770.0
USD	288.0	Libor + 1.20%	2023 – October	Floating	–	288.0	–	288.0
USD	810.5	Libor + 1.20%	2024 – October	Floating	–	810.5	–	810.5
JPY	84,750.0	JPY SOFR + 0.85%	2025 – March	Floating	–	697.2	–	697.2
JPY	9,000.0	JPY SOFR + 1.00%	2025 – March	Floating	–	74.0	–	74.0
USD	3,270.0	SOFR + 0.80%	2025 – March	Floating	–	3,240.0	–	3,240.0
Committed unsecured syndicated loans					3,380.6	5,109.7	–	**8,490.3**
USD	63.1	SOFR + 1.70%	2022 – May	Floating	63.1	–	–	63.1
CNH	540.0	5.49%	2022 – May	Fixed	85.0	–	–	85.0
USD	57.5	5.53%	2023 – March	Fixed	57.5	–	–	57.5
USD	53.0	5.55%	2023 – May	Fixed	–	53.0	–	53.0
EUR	101.5	3.50%	2024 – February	Fixed	–	112.5	–	112.5
CNH	700.0	5.00%	2024 – December	Fixed	–	110.3	–	110.3
USD	35.0	4.01%	2025 – March	Fixed	–	35.0	–	35.0
USD	67.0	5.72%	2025 – May	Fixed	–	67.0	–	67.0
EUR	8.5	4.00%	2026 – February	Fixed	–	9.4	–	9.4
USD	37.5	3.87%	2026 – April	Fixed	–	37.5	–	37.5
USD	83.0	4.17%	2027 – March	Fixed	–	83.0	–	83.0
USD	48.5	4.41%	2028 – April	Fixed	–	–	48.5	48.5
USD	20.0	5.86%	2028 – May	Fixed	–	–	20.0	20.0
USD	85.0	4.60%	2030 – March	Fixed	–	–	85.0	85.0
USD	117.5	4.89%	2031 – April	Fixed	–	–	117.5	117.5
USD	200.0	6.33%	2036 – July	Fixed	7.2	31.3	131.7	170.2
Private placements					212.8	539.0	402.7	**1,154.5**
USD	471.3	5.25%	2023 – March	Fixed	470.1	–	–	470.1
CHF	165.0	2.25%	2023 – May	Fixed	–	178.9	–	178.9
CHF	55.0	3.25%	2024 – September	Fixed	–	59.6	–	59.6
USD	500.0	5.88%	2025 – September	Fixed	–	498.7	–	498.7
EUR	500.0	3.88%	2026 – February	Fixed	–	554.3	–	554.3
USD	176.7	0.00%	2026 – July	Fixed	–	139.3	–	139.3
Listed bonds					470.1	1,430.8	–	**1,900.9**
USD	300.0	Libor + 0.80%	2022 – April	Floating	300.0	–	–	300.0
USD	465.0	Libor + 1.00%	2022 – November	Floating	303.7	–	–	303.7
USD	50.0	Libor + 0.50%	2022 – November	Floating	6.1	–	–	6.1
USD	193.8	Libor + 4.25%	2023 – March	Floating	193.8	–	–	193.8
USD	139.5	Libor + 0.53%	2024 – July	Floating	–	139.5	–	139.5
USD	139.5	1.08%	2024 – July	Fixed	–	139.5	–	139.5
USD	21.0	1.78%	2024 – July	Fixed	–	21.0	–	21.0
USD	5,159.4	Various	Various	Floating	5,142.8	–	–	5,142.8
Securitisation programmes					5,946.4	300.0	–	**6,246.4**
USD	101.0	Libor+1.95%	2022 – May	Floating	101.0	–	–	101.0
USD	93.8	Libor+2.15%	2022 – September	Floating	93.8	–	–	93.8
USD	50.0	5.87%	2023 – January	Fixed	49.7	–	–	49.7
EUR	78.6	2.65%	2024 – May	Fixed	37.2	52.3	–	89.5
USD	600.0	5.13%	2024 – October	Fixed	–	597.8	–	597.8
USD	750.0	5.00%	2026 – January	Fixed	–	749.7	–	749.7
USD	295.0	Various	Various	Various	177.3	0.2	–	177.4
Other short-term loans					127.0	–	–	127.0
Puma Energy Financing (not guaranteed by other Trafigura entities)					586.0	1,400.1	–	**1,985.9**
Other loans					1,625.7	1,710.5	157.5	3,493.6
Total					12,221.6	10,490.1	560.2	**23,271.7**

25. Trade and other payables

	2022 USD'M	2021 USD'M
Trade creditors	7,278.1	5,131.1
Accrued costs and expenses	20,348.0	16,620.9
Related parties	107.4	18.4
Other creditors	1,362.1	919.6
Total	**29,095.6**	22,690.0

The Group's exposure to currency and liquidity risk related to trade and other payables is disclosed in note 29.

Total trade and other payables related to contracts including provisional pricing features amount to USD14.5 billion (30 September 2021: USD9.1 billion).

26. Other current liabilities

	2022 USD'M	2021 USD'M
Non-financial hedged items	193.4	222.8
Deferred revenue	1,059.9	426.4
Other	70.5	780.9
Total	**1,323.8**	1,430.1

The decrease in other results mainly from completing the transaction through which Trafigura acquired the Puma Energy shares held by Sonangol. Reference is made to this in Note 5.

Refer to note 30.2 for further information on the non-financial hedged items.

27. Offsetting of financial assets and liabilities

In accordance with IAS 32, the Group reports financial assets and liabilities on a net basis in the Consolidated Statement of Financial Position only if there is a legally enforceable right to set off the recognised amounts and there is intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. The financial assets and liabilities subject to offsetting, enforceable master netting and similar agreements as at 31 March 2022 and 30 September 2021 were as follows:

	Amounts eligible for set off under netting agreements				
31 March 2022	Gross amount USD'M	Amounts offset USD'M	Net amount USD'M	Amounts not subject to netting agreements USD'M	Net amounts presented in the statement of financial position USD'M
Related parties	1,832.8	(9.5)	1,823.3	–	1,823.3
Derivative assets	7,376.2	(5,360.6)	2,015.6	2,851.9	4,867.5
Related parties	(100.8)	9.5	(91.3)	–	(91.3)
Derivative liabilities	(11,488.2)	5,360.6	(6,127.6)	(1,168.9)	(7,296.5)

	Amounts eligible for set off under netting agreements				
30 September 2021	Gross amount USD'M	Amounts offset USD'M	Net amount USD'M	Amounts not subject to netting agreements USD'M	Net amounts presented in the statement of financial position USD'M
Related parties	250.7	(16.9)	233.8	–	233.8
Derivative assets	10,250.9	(8,498.5)	1,752.4	1,189.7	2,942.1
Related parties	(226.1)	16.9	(209.2)	–	(209.2)
Derivative liabilities	(12,651.8)	8,498.5	(4,153.3)	(974.2)	(5,127.5)

For the financial assets and liabilities subject to enforceable master netting or similar arrangements above, each agreement between the Group and the counterparty allows for net settlement of the relevant financial assets and liabilities when both elect to settle on a net basis. In the absence of such an election, financial assets and liabilities may be settled on a gross basis. However, each party to the master netting or similar agreement will have the option to settle all such amounts on a net basis in the event of default of the other party.

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28. Commitments and contingencies

The Company and its subsidiaries are party to a number of legal claims and proceedings arising from their business operations. The Company believes that the ultimate resolution of these claims and proceedings will not, in the aggregate, have a material adverse effect on the Group's financial position, income or cash flows. Such legal claims and proceedings, however, are subject to inherent uncertainties and the outcome of individual matters is unpredictable. It is possible that the Group could be required to make expenditures, in excess of established provisions, in amounts that cannot be reasonably estimated.

The total contingent liabilities related to trade finance instruments, such as letters of credit and guarantees, as at 31 March 2022 amounted to USD11,290.6 million (30 September 2021: USD10,477.8 million).

The Group had outstanding commitments at the end of 31 March 2022 and 30 September 2021 as follows:

	2022 USD'M	2021 USD'M
Service arrangement contracts	1,061.5	1,157.0
Long-term lease commitments – not yet started	855.6	270.6
Short-term lease contracts	286.0	63.4
Subtotal commitments	**2,203.1**	**1,491.0**
Assets under construction	153.0	132.6
Total commitments	**2,356.1**	**1,623.6**

	2022 USD'M	2021 USD'M
Less than one year	976.5	633.4
Later than one year and less than five years	973.1	841.7
Later than five years	253.5	15.9
Commitments excluding assets under construction	**2,203.1**	**1,491.0**

The Group has potential financial exposure resulting from certain oil trading and risk management activities of its counterparty's representative. These activities are the subject of on-going actions, claims and disputes against the Group. The underlying circumstances regarding these actions, claims and disputes are complex and opaque and consequently how these disputes and actions will be resolved is uncertain. The provisions taken for them are reviewed annually (and adjusted appropriately) based on the most current information and advice.

Guarantees include guarantees to trading partners in the normal course of business.

29. Financial risk management objectives and policies

The Group is exposed to a number of different financial risks arising from normal business exposures as well as its use of financial instruments including: market risks relating to commodity prices, foreign currency exchange rates, interest rates and equity prices; credit risk; and liquidity risk.

Prudently managing these risks is an integral element of the Group's business and has been institutionalised since the Group's foundation. Risk management guidelines are established at senior management level. The various risks the Group are exposed to are managed through a combination of internal procedures, such as strict control mechanisms and policies, as well as external third parties such as the derivative, insurance and bank markets. As a rule, the Group actively manages and lays off where possible a large majority of the risks inherent to its activity. The Group's conservative risk management process is designed to:

- Provide a full and accurate awareness of risks throughout the Group;
- Professionally evaluate and monitor these risks through a range of risk metrics;
- Limit risks via a dynamic limit setting framework;
- Manage risks using a wide range of hedging instruments and strategies; and
- Ensure a constant dialogue between trading desks, risk managers and senior management.

The three main reinforcing components of the Group's risk management process are the Chief Risk Officer (CRO), the Market Risk Management Committee and the trading teams.

The CRO is independent of the revenue-producing units and reports to the Chief Operating Officer and the Management Committee. The CRO has primary responsibility for assessing and monitoring the Group's market risks. The CRO's team liaises directly with the trading teams to analyse new opportunities and ensure that risk assessments adapt to changing market conditions. The CRO's team also ensures the Group's risk management capabilities incorporate ongoing advances in technology and risk management modelling capabilities.

The Market Risk Management Committee, which comprises members of the Management Committee and the CRO, is responsible for applying the Group's risk management capabilities towards improving the overall performance of the Group. In the reporting period, the Market Risk Management Committee met at least weekly to discuss and set risk and concentration limits, review changing market conditions, and analyse new market risks and opportunities.

The Group's trading teams provide deep expertise in hedging and risk management in the specific markets each team operates in. While the trading teams have front line responsibility for managing the risks arising from their activities, the Group's process ensures a strong culture of escalation and accountability, with well-defined limits, automatic notifications of limit overages and regular dialogue with the CRO and Market Risk Management Committee.

29.1 Market risk

Market risk is the risk of loss in the value of the Group's positions due to changes in market prices. The Group holds positions primarily to ensure the Group's ability to meet physical supply commitments to the Group's customers, to hedge exposures arising from these commitments, and to support the Group's investment activities. The Group's positions change due to changing customer requirements and investment opportunities. The value of the Group's positions is accounted for at fair value and therefore fluctuates on a daily basis due to changes in market prices. Categories of market risk the Group is exposed to include:

- Commodity price risk results from exposures to changes in spot prices, forward prices and volatilities of commodities, such as crude oil, petroleum products, natural gas, carbon emission allowances, base metals, coal and iron ore.
- Currency rate risk results from exposures to changes in spot prices, forward prices and volatilities of currency rates.
- Interest rate risk results from exposures to changes in the level, slope and curvature of yield curves, the volatilities of interest rates, and credit spreads.
- Equity price risk results from exposures to changes in prices and volatilities of individual equities and equity indices.

The Group hedges a large majority of price risks arising from its activities. When there is a difference in the characteristics of available hedging instruments and the corresponding commodity price exposures, the Group remains exposed to a residual price risk referred to as basis risk. Dynamically managing the basis risk that arises from the Group's activities requires specialist skills and is a core focus of the Group's trading and risk management teams.

Value at Risk

Value at Risk (VaR) is a statistical estimate of the potential loss in value of the Group's positions and unsold in-transit material due to adverse market movements. The Group calculates VaR over a one-day time horizon with a 95 percent confidence level. The Group uses an integrated VaR model that captures risks including commodity prices, interest rates, equity prices and currency rates. The Group's integrated VaR model facilitates comparison of VaR across portfolios consisting of a range of different risk exposures.

Average market risk VaR (one-day 95%) during the first half of the 2022 financial year was USD244 million (1.92% of Group equity) compared to USD48 million (0.45% of Group equity) in the previous full financial year. The Group's Management Committee has set a target of maintaining VaR (one-day 95%) below one percent of Group equity. This target was exceeded due to the extreme and exceptional volatility experienced following the start of the war in Ukraine (the most significant military event since 1945 in Europe). Disregarding the days since the start of the war (24 February 2022), the average VaR for the first half of the 2022 financial year would have been USD86 million (0.68% of Group equity). Actions were swiftly taken to bring back the VaR within acceptable risk limits, including but not limited to reducing stocks and traded volumes as well as entering into back-to-back trades. Thanks to these efforts, the average VaR in May 2022 was USD139 million (1.09% of Group equity).

The Group is aware of the inherent limitations to VaR and therefore uses a variety of risk measures and risk management techniques to create a robust risk management process. Limitations of VaR include:

- VaR does not estimate potential losses over longer time horizons where the aggregate moves may be extreme.
- VaR does not take account of the liquidity of different risk positions and therefore does not estimate the losses that might arise if the Group liquidated large positions over a short period of time.
- VaR is based on statistical analysis of historical market data. If this historical data is not reflective of futures market prices movements.

VaR may not provide accurate predictions of future possible losses.

The Group's VaR calculation covers its trading activity in the crude oil, refined oil products, petrochemical, natural gas, metals, concentrates, coal, iron ore and freight markets, and assesses the open-priced positions within our trading activity, including inventories of these commodities. The Group's VaR model is based on historical simulations, with full valuation of more than 5,000 market risk factors.

VaR is calculated based on simultaneously shocking these risk factors. More recent historical price data is more heavily weighted in these simulations, which enables the VaR model to adapt to more recent market conditions and improves the accuracy of the Group's estimates of potential losses.

The Group's VaR model utilises advanced statistical techniques that incorporate the non-normal price dynamics that are an important feature of commodity markets. The Group's VaR model is continuously and automatically calibrated and back-tested to ensure that its out-of-sample performance adheres to well-defined targets. In addition, the Group's VaR model is regularly updated to ensure it reflects the current observed dynamics of the markets the Group is active in.

The Group has made a significant, ongoing investment in risk management systems, including a reporting system that automatically distributes customised risk reports throughout the Group on a daily basis. These reports provide up-to-date information on each team's risk using industry standard measures, such as 95 percent and 99 percent VaR and performance indicators such as Sharpe ratios.

All trading books have well defined VaR risk limits. Management and the trading teams are automatically notified whenever a book nears its risk limit, as well as whenever a VaR limit breach occurs. In addition, the Group's deals desk management team is automatically notified whenever statistically anomalous changes occur in the profit and loss of any deal.

For senior management, the daily reports provide a comprehensive view of the Group's risk, classified according to various risk factors. These reports emphasise the risk diversification created by the Group's varied activities and highlight any excessive risk concentrations.

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29.2 Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument or physical contract fails to meet its contractual obligations, and arises principally from the Group's receivables from customers, and investment in debt and equity securities.

The Group has a formalised credit process with credit officers in the key locations around the world. Strict credit limits are set up for each counterparty on the basis of detailed financial and business analysis. These limits are constantly monitored and revised in light of counterparty or market developments and the amount of exposure relative to the size of the Group's Consolidated Statement of Financial Position. The Group makes extensive use of the banking and insurance markets to cover any counterparty or country risks that are in excess of its credit limits.

The risk management monitoring and decision-making functions are centralised and make extensive use of the Group's integrated bespoke IT system. The Group conducts transactions with the following major types of counterparties:

- Physical commodity counterparties spread across the vertical chains for both oil and bulk, e.g. producers, refiners/smelters and end-users. Sales to investment grade and non-investment grade counterparties are made on open terms up to internally approved credit limits. Exposures above such limits are subject to payment guarantees.
- Payment guarantee counterparties, i.e. prime financial institutions from which the Group obtains payment guarantees.
- Hedge counterparties comprising a number of prime financial institutions and physical participants in the relevant markets. There is no significant concentration of risk with any single counterparty or group of counterparties. Collateral is obtained from counterparties when the Group's exposure to them exceeds approved credit limits. It is the Group's policy to have ISDA Master Agreements or ISDA-based Long-Form Confirmation Agreements in place with all hedging counterparties.

The Group trades in all major geographic regions. Where appropriate, guarantees, insurance and letters of credit are used to reduce payment or performance risk. The Group has gross credit exposure in locations across the world with a concentration in emerging markets. Most of this exposure is transferred to third parties while the Group retains between 10 percent and 20 percent on average of the individual exposures.

The Group's maximum exposure to credit risk, without considering netting agreements or without taking into account of any collateral held or other credit enhancements, is equal to the carrying value of its financial assets as indicated in the Consolidated Statement of Financial Position plus the guarantees to third parties and associates.

The Group has amounts and guarantees outstanding related to countries that are impacted by sanctions currently imposed by the United States and European Union. The Group analysed the sanctions and exposures and concluded that these do not materially impact the Group's positions.

29.2.1 Concentration of credit risk

Concentrations of credit risk exist when changes in economic, industry or geographical factors similarly affect the Group's counterparties whose aggregate credit exposure is significant in relation to the Group's total credit exposure. The carrying amount of financial assets represents the maximum credit exposure. The Group determines concentrations of credit risk by monitoring the country profile of its third-party trade receivables on an on-going basis.

The Group has a diverse customer base, with no customer representing more than 2.7 percent of its revenues over the six-month period ended 31 March 2022 (30 September 2021: 2.5 percent over FY2021).

Refer to note 18 for the aging of trade and other receivables at the reporting date that were not impaired.

29.2.2 Financial assets that are not past due

Trade and other receivables that are not past due are creditworthy debtors with good payment records with the Group. Cash and cash equivalents and derivatives that are not past due are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default. The credit quality of trade and other receivables is assessed based on a strict credit policy. The Group has monitored customer credit risk, by grouping trade and other receivables based on their characteristics.

Based on the Group's monitoring of customer credit risk, the Group believes that, except as indicated above, no material expected credit loss allowance is necessary in respect of trade receivables not past due.

29.2.3 Impairment of financial assets

Information regarding impairment of financial assets is disclosed in note 7 (Impairment) and note 18 (Trade and other receivables).

29.2.4 Guarantees

The Group's policy is to provide financial guarantees only to wholly owned subsidiaries and trading partners in the normal course of business. As part of the Group's ordinary physical commodity trading activities, Trafigura Group Pte. Ltd. may act as guarantor by way of issuing guarantees accepting responsibility for subsidiaries' contractual obligations.

29.3 Liquidity risk

Liquidity risk is the risk that the Group is unable to meet its payment obligations when due, or that it is unable, on an on-going basis, to borrow funds in the market on an unsecured or secured basis at an acceptable price to fund actual or proposed commitments.

The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient cash and cash equivalents and ready sources of committed funding available to meet anticipated and unanticipated funding needs. Sound financial management with a focus on liquidity has been instrumental to the Group's success. The Group has demonstrated the ability to raise the appropriate types of financing to match the needs of the business and to tap various investor bases (e.g. syndicated loan markets, trade finance markets, bond markets, private placement markets, securitisation), maturities and geographies.

The Group manages its treasury and liquidity risks maintaining a strong liquidity position through the following:

- Targeting immediately available cash on hand of minimum USD2.0 billion under normal conditions (higher in the case of extreme volatility);
- Transactional lines which allow the Group to mark-to-market financings to the value of the underlying physical assets. Mark-to-market financing is performed weekly (or intra-weekly in the case of extreme volatility) and provides an additional source of liquidity which is not available to competitors, which are financed purely from revolving credit facilities and/or capital markets securities;
- Committed unsecured credit facilities;
- Maintaining headroom under transactional trade finance lines and committed revolving credit facilities; and
- Reasonable distribution of profit (in order to generate retained earnings) and subordination of repurchased equity.

The maturity analysis of the Group's financial liabilities based on the contractual terms is as follows:

	0-1 years USD'M	1-5 years USD'M	> 5 years USD'M	**Total USD'M**
31 March 2022				
Financial liabilities				
Current and non-current loans and borrowings	38,474.2	10,490.0	560.2	49,524.4
Trade and other payables	29,095.6	–	–	29,095.6
Derivative financial liabilities	6,348.0	948.5	–	7,296.5
Total financial liabilities	73,917.8	11,438.5	560.2	**85,916.5**

	0-1 years USD'M	1-5 years USD'M	> 5 years USD'M	**Total USD'M**
30 September 2021				
Financial liabilities				
Current and non-current loans and borrowings	34,269.8	10,279.4	631.8	45,181.0
Trade and other payables	22,690.0	–	–	22,690.0
Derivative financial liabilities	4,323.2	764.7	39.6	5,127.5
Total financial liabilities	61,283.0	11,044.1	671.4	**72,998.5**

29.4 Interest rate risk

The Group is not exposed to significant interest rate risk since the maturity of its short-term funding ranges from a few weeks to a few months and each commercial transaction considers current interest rate levels. Interest rate risk of the Group is mainly applicable on the long-term funding of the Group, although a majority of debt, whether long-term or short-term, is at floating rate.

From time to time the Group enters into interest rate derivative transactions to lock-in current interest rate levels, for instance, interest rate swaps provide a method of reducing the Group's exposure to floating interest rates arising from its corporate funding programmes. To realise the desired matching of derivative results with the hedged interest rate payments, cash flow hedge accounting is applied and the derivatives are designated as hedging instruments. The derivatives are carried on balance and their effectiveness is tested on a quarterly basis.

29.5 Currency risk

The Group has few exposures to foreign currency risk on its trading activities and those that do exist are hedged out. The Group does not use financial instruments to hedge the translation risk related to equity and earnings of foreign subsidiaries and non-consolidated companies.

The Group uses cross-currency swaps to hedge currency risk on the principal and related payments of foreign currency denominated loans and bonds for which cash flow hedge accounting is applied. The hedge relationship is expected to be highly effective due to the matching of critical terms between the underlying hedged item and the associated hedge instrument.

The periods when the cash flows are expected to occur are similar to the periods when the cash flows on the foreign currency denominated loans and bonds occur as indicated in note 23 and 29.3. Ineffectiveness may arise (i) if the underlying interest reference rate is divergent to the underlying reference rate in the Group's debt agreements; (ii) to the extent that the hedging instrument is already in the money or out of the money at the point of designation (compared to the hypothetical derivative that must be created on market); (iii) when the timing of the hedging instrument goes beyond the hedged item and it is not considered highly probable that the hedged item will be refinanced beyond its current maturity date; or (iv) if the hedging instrument is for an amount greater than the hedged item.

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29.6 Capital management

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

The Company's immediate parent, Trafigura Beheer B.V., is exclusively owned by its employees. This shareholding arrangement leads to an alignment of the long-term interests of the Group and its management team. By virtue of having its own capital at risk, senior management is incentivised to take a long-term view of the Group's overall performance and to protect its capital.

The Group's capital management aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the lenders to immediately call loans and borrowings. There have been no breaches in the financial covenants of any loans and borrowing in the current period.

The Group monitors its capital adequacy using an adjusted debt-to-equity ratio, which is adjusted total debt divided by the Group's equity. For this purpose, the adjusted debt metric represents the Group's total non-current and current debt less cash, deposits, readily marketable inventories (including purchased and pre-paid inventories which are being released), debt related to the Group's receivables securitisation programmes and the non-recourse portion of loans from third-parties.

The Company's long-term average target adjusted debt-to-equity ratio is 1.0x. The Company's adjusted net debt-to-equity ratio at the end of the reporting period was as follows:

	2022 USD'M	2021 USD'M
Non-current loans and borrowings	11,050.2	10,911.2
Current loans and borrowings	38,474.2	34,269.8
Total debt	**49,524.4**	45,181.0
Adjustments		
Cash and cash equivalents	10,287.6	10,677.5
Deposits	699.0	460.0
Inventories (including purchased and pre-paid inventories)	31,232.8	30,508.8
Receivables securitisation debt	5,935.7	5,150.6
Non-recourse debt	1,847.5	555.4
Adjusted total debt	**(478.2)**	(2,171.3)
Group equity	**12,703.8**	10,559.9
Adjusted debt to Group equity ratio at the end of the year	**(0.04x)**	(0.21x)

30. Hedging activities and derivatives

The Group utilises derivative financial instruments (shown separately in the Consolidated Statement of Financial Position) to hedge its primary market risk exposures, primarily risks related to commodity price movements, and to a lesser extent, exposure to foreign currency exchange rates and interest rate movements. Commodity derivative contracts may be utilised to hedge against commodity price risk for fixed priced physical purchase and sales contracts, including inventory. Commodity swaps, options and futures are used to manage price and timing risks in conformity with the Group's risk management policies.

	2022 USD'M	2021 USD'M
Physical forwards	3,700.1	1,846.5
OTC derivatives	224.9	543.6
Futures	217.6	95.1
Interest rate swaps	154.0	25.9
Cross-currency swaps	28.6	10.2
Other financial derivatives	542.4	420.8
Derivative assets	**4,867.6**	2,942.1
Non-current	531.0	331.8
Current	4,336.6	2,610.3
Derivative assets	**4,867.6**	2,942.1

	2022 USD'M	2021 USD'M
Physical forwards	3,521.3	3,291.1
OTC derivatives	3,223.3	1,535.7
Futures	44.9	51.3
Interest rate swaps	94.5	20.6
Cross-currency swaps	243.5	10.7
Other financial derivatives	169.0	218.1
Derivative liabilities	**7,296.5**	5,127.5
Non-current	948.5	804.3
Current	6,348.0	4,323.2
Derivative liabilities	**7,296.5**	5,127.5

30.1 Cash flow hedge accounting

In some instances, the Group has elected to apply cash flow hedge accounting to certain highly probable cash flows. These cash flows relate to the following hedged items:

- Sales of mining production;
- Purchases of electricity which is needed for the refinery process;
- Operating expenditure, interest payments, and other forecasted purchases and sales; and
- Forecasted purchases and sales of LNG.

The designated hedge derivatives are accounted for at fair value, with the fair value movements being deferred through other comprehensive income where they are deemed to be entered in an effective hedge relationship with cash flows that are yet to be reflected in the Consolidated Statement of Income. Any fair value movements that are not considered to be an effective hedge are recognised directly through the Consolidated Statement of Income.

Ineffectiveness will occur due to time spread between the hedged item and the hedging instrument as well as due to the basis risk. The effectiveness of the economic relationship between the hedging instruments and the hedged item has been assessed at the inception of the hedge accounting designation and is reassessed at least on an annual basis. The hedge ratio is determined by the ratio which provides a strong relationship between movements in the fair value of the hedged item and hedging instruments at the inception of the hedge accounting relationship.

The overview of the cash flow hedges is as follows:

			2022	2021	**2022 USD'M**	2021 USD'M
	Maturity	Equivalent		Notionals		Fair values
Cross-currency/interest swaps hedging interest payments	0-4 years	USD'M	4,593.8	2,880.1	5.3	(48.0)
Gas and fx futures/swaps hedging future purchases and sales of LNG	0-1 years	Various	70.9	160.0	(3.3)	(13.7)
Fx swaps hedging future non-USD loan transaction and opex payments	0-2 years	USD'M	2,816.5	2,348.6	15.6	21.4
LME futures hedging future sales and mining production	0-2 years	DMT	184,850.0	137,407.3	(136.1)	(13.1)
Commodity swaps hedging future sales of metals	0-2 years	DMT	4,086.0	4,476.0	(80.9)	(24.9)
Electricity swaps hedging future purchase of electricity	0-10 years	AUD'M	501.3	531.6	2.5	(124.9)
					(196.9)	(203.2)

	Ineffectiveness recognised through statement of income		**Gain/(loss) on cash flow hedges through other comprehensive income**	
	2022 USD'M	2021 USD'M	**2022 USD'M**	2021 USD'M
Cross-currency/interest swaps hedging interest payments	0.3	–	145.4	25.3
Gas and fx futures/swaps hedging future purchases and sales of LNG	–	0.5	4.7	47.3
Fx swaps hedging future non-USD loan transaction and opex payments	(3.5)	(13.7)	(5.3)	3.8
LME futures hedging future sales and mining production	(3.9)	1.4	(103.9)	(52.7)
Electricity swaps hedging future purchase of electricity	2.7	–	123.9	(16.9)
Oil related instruments hedging future purchases, sales and cost	–	0.1	–	(66.0)
Commodity swaps hedging future sales of metals	–	0.3	(55.9)	2.6
Total	**(4.3)**	(11.4)	**108.9**	(56.6)
Cash flow hedge reserve on equity-accounted investees			2.2	(13.7)
Tax on cash flow hedge reserve			(42.8)	19.6
Cash flow hedge reserve movement in statement of changes in equity			**68.3**	(50.7)

Other comprehensive income movements in the Consolidated Statement of Changes in Equity include USD2.2 million positive movement of cash flow hedge reserves from equity-accounted investees (FY2021: USD13.7 million negative).

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30.2 Fair value hedge accounting

In some instances, the Group elects to apply fair value hedge accounting to certain physical forward contracts described in the table below (the hedged items) and the corresponding paper hedge positions (the hedging instruments). Under the strict rules of hedge accounting, the Group is required to match each paper hedge position with the corresponding physical contract position. The intention is that a movement in fair value of a physical contract is accounted against the corresponding (and opposite) movement in fair value of the related paper hedges: both movements (increase and decrease) are recorded in the Consolidated Statement of Income (specifically to the line materials, transportation and storage), leading to a neutral result. It is important to note that the fair value of the physical contracts does not include any trading margin, premium or any form of potential profit of the physical contracts.

The Group has elected to apply fair value hedge accounting to non-financial hedged items or certain risk components of non-financial hedged items. These non-financial hedged items relate to firm commitments with respect to tolling agreements, a transportation agreement, and offtake agreements amongst others described below.

	Tolling agreements	Transportation agreements	Offtake agreements
Nature of forward contract (=hedged item)	Convert crude to refined products	Transport crude from Permian Basin to Gulf Coast	Offtake LNG in the US
Main counterparty of forward contract	Buckeye Texas Processing LLC and Magellan Processing LP	Cactus II Pipeline LLC	Cheniere Marketing LLC, Freeport LNG Marketing LLC, Brunei – Brunei Energy Services and Trading SDN BHD, ENI SpA Roma, Oman LNG L.L.C., Pavilion Energy Trading and Supply Pte Ltd & PETRONAS LNG Ltd.
Maturity of forward contract	Ranging from 2022 to 2023	Ranging from 2022 to 2025	Ranging from 2022 to 2033
Trading strategy	Process crude into refined products	Transport crude from Permian Basin to Gulf Coast	Purchase LNG, transport, transform back into natural gas, and sell natural gas in Europe/Asia
Nature of paper hedge (=hedging instrument)	Hedging spread exposure (crude vs refined products) with futures and swaps	Hedging spread exposure (Permian Basin crude vs Gulf Coast crude) with futures and swaps	1) Hedging spread exposure (LNG in the US vs natural gas in Europe/Asia with futures and swaps 2) Hedging Gas Slope with futures and swaps

30.2.1 Hedged items

The Group's tolling agreements represent non-financial hedged items, which the Group has entered into for fractionation services to convert crude feedstock into various crude refined products. The derivative hedging instruments (hedges consisting of futures and swaps) are entered into to hedge the spread exposures, referred to as the hedged risk, between the purchase of crude feedstock and the sale of crude refined products.

The Group's transportation agreement represents a non-financial hedged item, which the Group has entered into for the transportation of crude oil from the Permian Basin of Texas to the Gulf Coast. The derivative hedging instruments (hedges consisting of futures and swaps) are entered into to hedge the spread exposures, referred to as the hedged risk, between the purchase of inland crude oil barrels and the sale of those barrels on the Gulf Coast.

The Group's offtake agreements represent a non-financial hedged item, which the Group has entered into for the purchase of liquefied natural gas (LNG) from the United States with a number of counterparties. The derivative hedging instruments (hedges consisting of futures and swaps) are entered into to hedge the spread exposures, referred to as the hedged risk, between purchasing LNG from the US and selling LNG to its expected destination markets. Additionally, some Asian and Middle East LNG supply contracts that also represent a non-financial hedged item are also covered in the scope of hedge accounting. The LNG price in these contracts is indexed to Brent against a coefficient, referred to as Gas Slope. The derivative hedging instruments (hedges consisting of futures and swaps) are entered into to hedge the Gas Slope, referred to as the hedged risk.

The Group's chartering agreements represent non-financial hedged items, which the Group has entered into for the purpose of transporting oil. The derivative hedging instruments are entered to hedge freight exposure on the different contracts.

30.2.2 Hedging instruments

When applicable, the Group designates derivative hedging instruments as fair value hedges in relationship to the associated hedged items:

- The maturity profile of the hedging instrument used for hedging the designated risk components associated with the tolling agreements varies from one month to four years.
- The maturity profile of the hedging instruments used for hedging the designated risk components associated with the transportation agreement varies from one month to five years.
- The maturity profile of the hedging instruments used for the hedging of the offtake agreement varies from one month to four years.
- The maturity profile of the hedging instruments used for hedging the charter agreements varies from one month to three years and nine months.

The designated hedge derivatives are accounted for at fair value through profit and loss. The identified hedged items are accounted for at fair value and recognised in materials, transport and storage within the Consolidated Statement of Income, the fair value is reflected in the Consolidated Statement of Financial Position as either a recognised asset or liability. The fair value is determined using benchmarks best representing the designated hedged item. Specifically, in the case of LNG, the fair value of the hedged item also considers unobservable inputs.

30.2.3 Economic relationship

IFRS 9 requires the existence of an economic relationship between the hedged item and the hedging instrument. At designation and at the start of each reporting period critical terms of both hedged items and hedge instruments in a hedge relationship are reviewed to ascertain the expectation that the value of the hedging instrument and the value of the hedged item would move into opposite directions as a result of the common underlying and therefore meeting the risk management objective of the hedge relationship.

30.2.4 Hedge effectiveness assessment

At each reporting date or on significant changes in circumstances a quantitative hedge effectiveness assessment is performed. The fair values of both hedged items and hedging instruments are measured and the net difference of the changes is the hedge ineffectiveness amount. The hedge ineffectiveness amount is analysed by its various sources (for example: basis differences, location differences, timing differences, quantity or notional amount differences, currency basis and forward points, credit risk or other risks) where applicable. Specific factors that may impact ineffectiveness are a mismatch in the designated hedge period and the maturity period of the hedging instrument and a differential of the various benchmarks for the pricing of the hedging instruments and the hedged items. In the case of LNG, the hedged item designated includes foreign currency exposure, however, the foreign currency hedges have not been designated into the hedge relationship, giving rise to additional ineffectiveness. The fair value of the foreign exchange hedges, that have not been designated, can be seen in the table below. The ineffectiveness year-to-date amounted to a loss of USD20.2 million (FY2021: a gain of USD62.4 million).

The fair value adjustment on the non-financial hedged items is presented in the Consolidated Statement of Financial Position under the following categories:

	31 March 2022		30 September 2021	
	USD'M	**USD'M**	USD'M	USD'M
	Other non-current assets (Note 16)	**Other current assets (Note 20)**	Other non-current assets (Note 16)	Other current assets (Note 20)
Non-financial hedged items – Tolling agreements	3.8	69.1	21.5	69.1
Non-financial hedged items – LNG contracts	1,696.7	3,210.6	579.3	2,085.6
Non-financial hedged items – Bareboat charter agreements	22.5	73.7	4.8	–
Closing balance of the hedged item	**1,723.0**	**3,353.4**	605.6	2,154.7

	31 March 2022		30 September 2021	
	USD'M	**USD'M**	USD'M	USD'M
	Other non-current liabilities	**Other current liabilities (Note 26)**	Other non-current liabilities	Other current liabilities (Note 26)
Non-financial hedged items – Transportation agreement	23.3	141.1	83.4	198.8
Non-financial hedged items – Bareboat charter agreements	10.2	50.2	0.1	15.2
Non-financial hedged items – Storage agreements	–	2.1	1.4	8.8
Closing balance of the hedged item	**33.5**	**193.4**	84.9	222.8
Net balance of the hedged item (+ = asset/ - = liability)	**4,849.5**		2,452.6	

The following table summarises the movements in the non-financial hedged items and the related derivatives recognised in the Consolidated Statement of Income:

Fair value hedge accounting	**31 March 2022 USD'M**	30 September 2021 USD'M
Opening balances of the derivatives marked as hedges	**(2,397.0)**	471.1
Fair value movement included in the hedge relationship	(4,170.5)	(2,684.0)
Hedges for which hedge relationship matured	1,710.6	(139.9)
Hedges not designated in hedge relationship	0.9	(44.2)
Closing balance of the derivatives marked as hedges	**(4,856.0)**	(2,397.0)
Opening balance of the hedged item	**2,452.6**	(643.8)
Fair value movement included in the hedge relationship	4,150.3	2,746.4
Release of fair value adjustment due to matured hedge relationship	(1,753.4)	350.0
Closing balance of the hedged item	**4,849.5**	2,452.6
Lifetime to date net gain/(loss)	(6.5)	55.6
Year to date net gain/(loss)	(62.1)	228.3

Notes to the interim consolidated financial statements

31. Fair value

31.1 Fair values versus carrying amounts

The fair values of inventories, financial assets and liabilities, together with the carrying amounts shown in the Consolidated Statement of Financial Position, are as follows:

31 March 2022	Carrying value USD'M	Fair value USD'M
Assets		
Listed equity securities – Fair value through OCI	2.8	2.8
Listed equity securities – Fair value through profit or loss	63.3	63.3
Listed debt securities – Fair value through profit or loss	253.7	253.7
Unlisted equity investments – Fair value through profit or loss	154.4	154.4
Unlisted equity investments – Fair value through OCI	242.1	242.1
Other investments – Fair value through profit or loss	–	–
Loans receivable*	390.6	390.6
Inventories	30,050.3	30,050.3
Trade and other receivables*	36,543.0	36,543.0
Non-financial hedged items	5,076.4	5,076.4
Derivatives	4,867.6	4,867.6
Deposits*	699.0	699.0
Cash and cash equivalents*	10,287.6	10,287.6
Total financial assets and inventories	**88,630.8**	**88,630.8**
Liabilities		
Loans and borrowings		
Floating rate borrowings*	44,160.3	44,160.3
Fixed rate borrowings	5,364.1	5,191.5
Trade and other payables*	29,095.6	29,095.6
Non-financial hedged items	226.9	226.9
Derivatives	7,296.5	7,296.5
Total financial liabilities	**86,143.4**	**85,970.8**

30 September 2021 undefined	Carrying value USD'M	Fair value USD'M
Assets		
Listed equity securities – Fair value through OCI	2.7	2.7
Listed equity securities – Fair value through profit or loss	68.7	68.7
Listed debt securities – Fair value through profit or loss	277.3	277.3
Unlisted equity investments – Fair value through profit or loss	133.5	133.5
Unlisted equity investments – Fair value through OCI	242.4	242.4
Other investments – Fair value through profit or loss	862.2	862.2
Loans receivable*	362.4	362.4
Inventories	29,653.5	29,653.5
Trade and other receivables*	24,748.1	24,748.1
Non-financial hedged items	2,760.3	2,760.3
Derivatives	2,942.1	2,942.1
Deposits*	460.0	460.0
Cash and cash equivalents*	10,677.5	10,677.5
Total financial assets and inventories	**73,190.7**	**73,190.7**
Liabilities		
Loans and borrowings		
Floating rate borrowings*	40,161.2	40,161.2
Fixed rate borrowings	5,019.8	5,128.2
Trade and other payables*	22,690.0	22,690.0
Non-financial hedged items	307.7	307.7
Derivatives	5,127.5	5,127.5
Total financial liabilities	**73,306.2**	**73,414.6**

* Management has determined that these carrying amounts reasonably approximate their fair values because these are mostly short-term in nature and are re-priced regularly.

Increases in fair value of derivatives are predominantly caused by physical forward contracts. The gains or losses recorded on these contracts are typically offset by similar but opposite gains or losses on associated derivatives hedging these physical contracts.

31.2 Fair value hierarchy

The table below analyses financial instruments and other assets and liabilities carried at fair value, by valuation method. The different levels have been defined as follows:

- **Level 1:** quoted prices (unadjusted) in active markets for identical assets or liabilities.
- **Level 2:** inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- **Level 3:** inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Regarding financial instruments: Level 1 classifications primarily include futures with a maturity of less than one year. Level 2 classifications primarily include swaps and physical forward transactions which derive their fair value primarily from exchange quotes and readily observable broker quotes. Level 3 classifications primarily include physical forward transactions which derive their fair value predominately from calculations that use broker quotes and applicable market-based estimates surrounding location, quality and credit differentials. In circumstances where Trafigura cannot verify fair value with observable market inputs (Level 3 fair values), it is possible that a different valuation model could produce a materially different estimate of fair value.

It is Trafigura's policy to hedge significant market risk, therefore sensitivity to fair value movements is limited. Trafigura manages its market risk using the Value at Risk (VaR) as disclosed in note 29.1.

Other financial assets and inventories	Level 1 USD'M	Level 2 USD'M	Level 3 USD'M	Total USD'M
31 March 2022				
Listed equity securities – Fair value through OCI	2.8	–	–	2.8
Listed equity securities – Fair value through profit or loss	63.3	–	–	63.3
Listed debt securities – Fair value through profit or loss	21.5	–	232.2	253.7
Unlisted equity investments – Fair value through profit or loss	–	–	154.4	154.4
Unlisted equity investments – Fair value through OCI	–	–	242.1	242.1
Other investments – Fair value through profit or loss	–	–	–	–
Futures	217.6	–	–	217.6
OTC derivatives	–	220.6	4.3	224.9
Physical forwards	508.7	813.8	2,377.7	3,700.2
Cross-currency swaps	–	28.6	–	28.6
Interest rate swaps	–	154.0	–	154.0
Non-financial hedged items	–	1,100.0	3,976.4	5,076.4
Other financial derivatives	–	542.3	–	542.3
Inventories	–	30,050.3	–	30,050.3
Total	813.9	32,909.6	6,987.1	**40,710.6**

Other financial assets and inventories	Level 1 USD'M	Level 2 USD'M	Level 3 USD'M	Total USD'M
30 September 2021				
Listed equity securities – Fair value through OCI	2.7	–	–	2.7
Listed equity securities – Fair value through profit or loss	68.7	–	–	68.7
Listed debt securities – Fair value through profit or loss	30.5	–	246.8	277.3
Unlisted equity investments – Fair value through profit or loss	–	–	133.5	133.5
Unlisted equity investments – Fair value through OCI	–	–	242.4	242.4
Other investments – Fair value through profit or loss	–	–	862.2	862.2
Futures	95.1	–	–	95.1
OTC derivatives	–	543.6	–	543.6
Physical forwards	274.6	656.5	915.5	1,846.6
Cross-currency swaps	–	10.2	–	10.2
Interest rate swaps	–	25.9	–	25.9
Non-financial hedged items	–	679.0	2,081.3	2,760.3
Other financial derivatives	–	420.7	–	420.7
Inventories	–	29,653.5	–	29,653.5
Total	471.6	31,989.4	4,481.7	**36,942.7**

Other financial liabilities	Level 1 USD'M	Level 2 USD'M	Level 3 USD'M	Total USD'M
31 March 2022				
Futures	243.5	–	–	243.5
OTC derivatives	–	3,221.5	1.8	3,223.3
Physical forwards	1,558.7	1,202.3	760.3	3,521.3
Cross-currency swaps	–	119.3	–	119.3
Interest rate swaps	–	20.0	–	20.0
Non-financial hedged items	–	226.9	–	226.9
Other financial derivatives	–	169.0	–	169.0
Trade and other payables	–	–	610.1	610.1
Fixed rate borrowings	–	5,364.1	–	5,364.1
Total	1,802.2	10,323.1	1,372.2	**13,497.5**
Net other financial assets/(liabilities)	(988.3)	22,586.5	5,614.9	**27,213.1**

Other financial liabilities	Level 1 USD'M	Level 2 USD'M	Level 3 USD'M	Total USD'M
30 September 2021				
Futures	10.7	–	–	10.7
OTC derivatives	–	1,410.8	124.9	1,535.7
Physical forwards	1,330.5	1,277.0	683.6	3,291.1
Cross-currency swaps	–	51.3	–	51.3
Interest rate swaps	–	20.6	–	20.6
Non-financial hedged items	–	307.7	–	307.7
Other financial derivatives	–	218.0	–	218.0
Trade and other payables	–	–	–	–
Fixed rate borrowings	–	5,019.8	–	5,019.8
Total	1,341.2	8,305.2	808.5	**10,454.9**
Net other financial assets/(liabilities)	(869.6)	23,684.1	3,673.2	**26,487.8**

Notes to the interim consolidated financial statements

The movements in the Level 3 hierarchy can be summarised as follows:

USD'M	Physical forwards/ Derivatives	Equity/ Debt securities	Firm commitments	Other investments	Total
1 October 2021	106.9	622.6	2,081.3	862.3	**3,673.1**
Invested	–	0.3	–	–	0.3
Total gain/(loss) recognised in statement of income	(112.4)	6.1	3,143.6	265.4	3,302.7
Total gain/(loss) recognised in OCI	118.1	(0.3)	–	–	117.8
Disposals	–	–	–	(1,737.8)	(1,737.8)
Total realised	1,507.2	–	(1,248.6)	–	258.6
31 March 2022	1,619.8	628.7	3,976.3	(610.1)	**5,614.7**

USD'M	Physical forwards/ Derivatives	Equity/ Debt securities	Firm commitments	Other investments	Total
1 October 2020	6.9	487.9	(309.8)	–	**185.0**
Invested	–	91.9	–	1,841.3	1,933.2
Total gain/(loss) recognised in statement of income	218.3	57.0	2,611.6	327.3	3,214.2
Total gain/(loss) recognised in OCI	(37.7)	(14.2)	–	–	(51.9)
Disposals	–	–	–	–	–
Total realised	(80.6)	–	(220.5)	(1,306.3)	(1,607.4)
30 September 2021	106.9	622.6	2,081.3	862.3	**3,673.1**

There have been no transfers between fair value hierarchy Levels in the reporting periods ended 31 March 2022 and 30 September 2021. Materially all Level 3 physical forwards are settled in the next year. See note 15.3 for equity/debt securities and other investments.

The overview of the fair value hierarchy and applied valuation methods can be specified as follows:

Listed equity securities – Fair value through OCI			2022 USD'M	2021 USD'M
	– Level 1	Assets	2.8	2.7
		Liabilities	–	–
Valuation techniques and key inputs:	Quoted prices in an active market.			
Significant unobservable inputs:	None.			

Listed equity securities – Fair value through profit and loss			2022 USD'M	2021 USD'M
	– Level 1	Assets	63.3	68.7
		Liabilities	–	–
Valuation techniques and key inputs:	Quoted prices in an active market.			
Significant unobservable inputs:	None.			

Listed debt securities – Fair value through profit and loss			2022 USD'M	2021 USD'M
	– Level 1	Assets	21.5	30.5
		Liabilities	–	–
Valuation techniques and key inputs:	Quoted prices in an active market.			
Significant unobservable inputs:	None.			

Futures			2022 USD'M	2021 USD'M
	– Level 1	Assets	217.6	95.1
		Liabilities	243.5	10.7
Valuation techniques and key inputs:	Quoted prices in an active market.			
Significant unobservable inputs:	None.			

Physical forwards			2022 USD'M	2021 USD'M
	– Level 1	Assets	508.7	274.6
		Liabilities	1,558.7	1,330.5
Valuation techniques and key inputs:	Quoted prices in an active market.			
Significant unobservable inputs:	None.			

OTC derivatives			2022 USD'M	2021 USD'M
	– Level 2	Assets	220.6	543.6
		Liabilities	3,221.5	1,410.8
Valuation techniques and key inputs:	Reference prices. Inputs include observable quoted prices sourced from traded reference prices or recent traded price indices in an active market for identical assets or liabilities.			
Significant unobservable inputs:	None.			

Physical forwards			2022 USD'M	2021 USD'M
	– Level 2	Assets	813.8	656.5
		Liabilities	1,202.3	1,277.0
Valuation techniques and key inputs:	Reference prices. Inputs include observable quoted prices sourced from traded reference prices or recent traded price indices in an active market for identical assets or liabilities.			
Significant unobservable inputs:	None.			

Cross-currency swaps			2022 USD'M	2021 USD'M
	– Level 2	Assets	28.6	10.2
		Liabilities	119.3	51.3
Valuation techniques and key inputs:	Discounted cash flow model. Inputs include observable quoted prices sourced from exchanges or recent traded price indices in an active market for identical assets or liabilities. Prices are adjusted by a discount rate which captures the time value of money and counterparty credit considerations.			
Significant unobservable inputs:	None.			

Interest rate swaps			2022 USD'M	2021 USD'M
	– Level 2	Assets	154.0	25.9
		Liabilities	20.0	20.6
Valuation techniques and key inputs:	Discounted cash flow model. Inputs include observable quoted prices sourced from exchanges or recent traded price indices in an active market for identical assets or liabilities. Prices are adjusted by a discount rate which captures the time value of money and counterparty credit considerations.			
Significant unobservable inputs:	None.			

Non-financial hedged items			2022 USD'M	2021 USD'M
	– Level 2	Assets	1,100.0	679.0
		Liabilities	226.9	307.7
Valuation techniques and key inputs:	Reference prices. Inputs include observable quoted prices sourced from traded reference prices or recent traded price indices in an active market for identical assets or liabilities.			
Significant unobservable inputs:	None.			

Other financial derivatives			2022 USD'M	2021 USD'M
	- Level 2	Assets	542.3	420.7
		Liabilities	169.0	218.0
Valuation techniques and key inputs:	Discounted cash flow model. Inputs include observable quoted prices sourced from exchanges or traded reference indices in an active market for identical assets or liabilities. Prices are adjusted by a discount rate which captures the time value of money and counterparty credit considerations.			
Significant unobservable inputs:	None.			

Inventories			2022 USD'M	2021 USD'M
	– Level 2	Assets	30,050.3	29,653.5
		Liabilities	–	–
Valuation techniques and key inputs:	Reference prices. Quoted prices in an active market, adjusted with a premium/discount for quality and/or location			
Significant unobservable inputs:	None.			

Fixed-rate borrowings			2022 USD'M	2021 USD'M
	– Level 2	Assets	–	–
		Liabilities	5,364.1	5,019.8
Valuation techniques and key inputs:	Discounted cash flow model. Cash flows discounted at current borrowing rates for similar instruments.			
Significant unobservable inputs:	None.			

Listed debt securities – Fair value through profit or loss			2022 USD'M	2021 USD'M
	– Level 3	Assets	232.2	246.8
		Liabilities	–	–
Valuation techniques and key inputs:	Discounted cash flow model. The resultant asset is a discounted cash flow of the underlying throughput.			
Significant unobservable inputs:	– Forecast throughput – Discount rates using weighted average cost of capital – Market illiquidity – Operating cost and capital expenditures			

Unlisted equity investments – Fair value through profit or loss			2022 USD'M	2021 USD'M
	– Level 3	Assets	154.4	133.5
		Liabilities	–	–
Valuation techniques and key inputs:	Valuations obtained from the asset managers of the funds.			
Significant unobservable inputs:	– Market illiquidity			

Unlisted equity investments – Fair value through OCI			2022 USD'M	2021 USD'M
	– Level 3	Assets	242.1	242.4
		Liabilities	–	–
Valuation techniques and key inputs:	Valuations obtained from the asset managers of the funds.			
Significant unobservable inputs:	– Market illiquidity			

Other investments – fair value through profit or loss			2022 USD'M	2021 USD'M
	– Level 3	Assets	–	862.2
		Liabilities	610.1	–
Valuation techniques and key inputs:	Discounted cash flow model, based on expected cash flows from all contractually linked agreements to the structured entity.			
Significant unobservable inputs:	– Expected cash flows relate to anticipated quantity and timing of oil deliveries, based on specific contractual arrangements with the SE – Discount rates using: weighted average use of capital, risk adjusted to factor in market volatility in the oil price as well as risks specific to the counterparty and contracts			

OTC derivatives			2022 USD'M	2021 USD'M
	– Level 3	Assets	4.3	–
		Liabilities	1.8	124.9
Valuation techniques and key inputs:	Discounted valuation of cashflows generated based on unobservable inputs.			
Significant unobservable inputs:	Total load consumption forecast, scaling factor.			

Physical forwards			2022 USD'M	2021 USD'M
	– Level 3	Assets	2,377.6	915.4
		Liabilities	760.3	683.6
Valuation techniques and key inputs:	Valuation model based on market assumptions and reference prices. Key input is the definition of the observable risk position that forms the basis for the valuation of these physical forwards.			
Significant unobservable inputs:	The definition of the observable risk position.			

Non-financial hedged items			2022 USD'M	2021 USD'M
	– Level 3	Assets	3,976.4	2,081.3
		Liabilities	–	–
Valuation techniques and key inputs:	Valuation model based on market assumptions and reference prices. Key input is the market liquefaction fee curve that is defined using (1) observable quoted prices sourced from traded reference prices or recent traded price indices in an active market for identical assets or liabilities (2) observable risk positions (3) assumptions on ratios attributed to the different observable risk positions.			
Significant unobservable inputs:	The identification of observable risk positions and ratios attributed to them.			

Notes to the interim consolidated financial statements

32. Equity participation plan

The immediate parent of the Company, Trafigura Beheer B.V., has an equity participation plan (EPP) which is open to employees of the Group. Shares issued to employees are preference shares of Trafigura Beheer B.V., which give rights to economic benefits with limited voting rights. The founders and controlling shareholders of the Group, represented by the Board of Directors of Trafigura Control Holdings Pte. Ltd., a parent company of Trafigura Beheer B.V., in consultation with the Board of Directors of the Company, decide on the share awards to be issued to employees. Annual remuneration (which includes the equity participation awards) is subject to review by the remuneration committee of the Group.

The value of the shares is based on the net asset value of an ordinary share as set out in the Articles of Association of Trafigura Beheer B.V., which management believe is a fair approximation of the fair value. Shares awarded under the EPP may vest immediately or over a period of several years.

Employees do not have the right to freely sell shares that have vested unless Trafigura Control Holdings Pte. Ltd. has granted approval and has refrained from its right to nominate a prospective purchaser and make a purchase offer. Upon termination of employment, employees must transfer all of their shares at the direction of Trafigura Control Holdings Pte. Ltd. or hold the shares subject to further directions of Trafigura Control Holdings Pte. Ltd.

Neither Trafigura Beheer B.V. nor the Group have a legal or constructive obligation to settle the shares held by employees in cash. If employment is ceased prior to the end of the vesting period the shares will be forfeited unless otherwise determined by Trafigura Control Holdings Pte. Ltd.

The Group's EPP is classified as an equity-settled plan in the Group's financial statements. The fair value of the shares granted, determined at the grant date, is recorded in the statement of income rateably over the vesting period of the shares.

Compensation in respect of share-based payments recognised in staff costs for the six-month period ended 31 March 2022 amounted to USD64.6 million (HY2021: USD70.2 million).

Unrecognised staff costs in respect of rateably vesting shares expected to be recognised from 2022 to 2026 amount to USD172.7 million at 31 March 2022 (31 March 2021: USD230.0 million for the period from 2021 to 2025).

33. Related parties

In the normal course of business, the Group enters into various transactions with related parties including fixed price commitments to sell and to purchase commodities, forward sale and purchase contracts, agency agreements and management service agreements. Outstanding balances at period end are unsecured and settlement occurs in cash. There have been no guarantees provided or received for any related-party receivables or payables.

All transactions between the Company and its subsidiaries are eliminated on consolidation along with any unrealised profits and losses between its subsidiaries, associates and joint ventures.

	2022 USD'M	2021 USD'M
Trafigura Control Holdings Pte. Ltd.	1,553.4	2.2
Porto Sudeste do Brasil S.A.	(51.7)	19.0
JINCHUAN Group Co. Ltd.	388.4	303.1
Empresa Minera del Caribe S.A. (Emincar)	230.3	249.5
Trafigura Beheer B.V.	16.7	12.8
Nayara Energy Limited	63.1	1.9
ITG S.à r.l. (previously known as Impala Terminals Group S.à r.l.)	(0.4)	8.4
Terrafame Oy	10.1	155.5
Others	(33.0)	(47.5)
Total	**2,176.9**	704.9

	2022 USD'M	2021 USD'M
Sales	1,696.2	3,403.3
Purchases	1,951.4	2,509.7
Interest income	13.3	30.3
Interest expense	3.9	–
Cost recharges	(6.7)	6.7

Transactions between related parties are made on commercial terms.

Below table summarises the nature of relationship and nature of transactions entered with the related party:

Party	Nature of relationship	Nature of transaction
Empresa Minera del Caribe S.A. (Emincar)	Equity-accounted investee	Financing and trading agreement
ITG S.à r.l. (previously known as Impala Terminals Group S.à r.l.)	Equity-accounted investee	Multimodal logistics, warehousing and tanking solutions
JINCHUAN Group Co. Ltd.	Equity-accounted investee	Trading agreement
Terrafame Oy	Associate	Financing and trading agreement
Nayara Energy Limited	Equity-accounted investee	Financing and trading agreement
Porto Sudeste do Brasil S.A.	Equity-accounted investee	Loans and cost recharges
Trafigura Beheer B.V.	Parent company	Loans and cost recharges
Trafigura Control Holdings Pte. Ltd.	Parent company	Employee participation plan/Buy back of prefence shares

34. Subsequent events

Subsequent to the reporting period, the Group ceased trading of crude oil with sanctioned Russian organisations.

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of the Trafigura Group in general. These expressions are also
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