



PJSC “PhosAgro”

**Consolidated Interim Condensed
Financial Statements
for the six months ended
30 June 2023**

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Report on Review of Consolidated Interim Condensed Financial Statements

To the Shareholders and Board of Directors of Public Joint Stock Company "PhosAgro":

Introduction

We have reviewed the accompanying consolidated interim condensed statement of financial position of Public Joint Stock Company "PhosAgro" and its subsidiaries (together – the "Group") as at 30 June 2023 and the related consolidated interim condensed statements of profit or loss and other comprehensive income for the three-month and six-month periods then ended, changes in equity and cash flows for the six-month period then ended, and the related explanatory notes. Management is responsible for the preparation and presentation of these consolidated interim condensed financial statements in accordance with International Accounting Standard 34, "Interim Financial Reporting" (hereinafter – "IAS 34"). Our responsibility is to express a conclusion on these consolidated interim condensed financial statements based on our review.

Scope of review

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

Basis for qualified conclusion

Management of the Group has not disclosed segment information in the notes to the consolidated interim condensed financial statements as required by paragraph 16A (g) of IAS 34 for the six months ended 30 June 2023 and for the comparative period six months ended 30 June 2022.

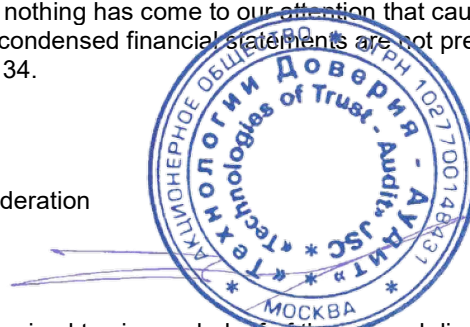
Considering the undisclosed segment information required by paragraph 16A (g) of IAS 34 is unduly voluminous, presenting this undisclosed information in our report on review of consolidated interim condensed financial statements is not practicable.

Qualified conclusion

Based on our review, except for the effects of the matter described in the Basis for qualified conclusion section of our report, nothing has come to our attention that causes us to believe that the accompanying consolidated interim condensed financial statements are not prepared, in all material respects, in accordance with IAS 34.

29 August 2023

Moscow, Russian Federation



A.Y. Fegetsyn is authorised to sign on behalf of the general director of Joint-Stock Company "Technologies of Trust – Audit" (Principal Registration Number of the Record in the Register of Auditors and Audit Organizations (PRNR) – 12006020338), certified auditor (PRNR – 21906101957)

PJSC "PhosAgro"

Consolidated Interim Condensed Statement of Profit or Loss and Other Comprehensive Income
for the three and six months ended 30 June 2023

RUB million	Note	Six months ended 30 June		Three months ended 30 June	
		2023	2022	2023	2022
Revenues		212,752	336,509	96,574	155,831
Cost of Group products sold	5	(111,814)	(143,739)	(55,136)	(72,722)
Cost of products for resale		(10,608)	(7,394)	(2,965)	(2,354)
Gross profit		90,330	185,376	38,473	80,755
Administrative and selling overhead expenses	6	(15,152)	(28,430)	(8,220)	(6,857)
Taxes, other than income tax, net	7	(6,010)	(5,236)	(2,946)	(2,552)
Other expenses, net	8	(2,070)	(1,762)	(1,361)	(999)
Foreign exchange gain/(loss) from operating activities, net	24	13,702	(29,774)	7,285	(30,454)
Operating profit		80,800	120,174	33,231	39,893
Finance income	9	1,255	1,909	687	1,558
Finance costs	9	(3,586)	(9,510)	(1,916)	(1,095)
Foreign exchange (loss)/gain from financing activities, net	24	(27,977)	50,269	(15,722)	66,740
Profit before tax		50,492	162,842	16,280	107,096
Income tax expense	10	(8,995)	(33,794)	(2,842)	(21,510)
Profit for the period		41,497	129,048	13,438	85,586
Attributable to:					
Non-controlling interests*		3	4	(1)	8
Shareholders of the Company		41,494	129,044	13,439	85,578
Basic and diluted earnings per share (in RUB)	18	320	996	104	661
Other comprehensive loss					
<i>Items that may be reclassified subsequently to profit or loss</i>					
Foreign currency translation difference		-	(2,929)	-	-
Foreign currency translation difference reclassified to profit or loss upon loss of control over subsidiaries		-	(6,302)	-	-
Actuarial losses reclassified to profit or loss upon loss of control over subsidiaries		-	61	-	-
Other comprehensive loss for the period		-	(9,170)	-	-
Total comprehensive income for the period		41,497	119,878	13,438	85,586
Attributable to:					
Non-controlling interests*		3	4	(1)	8
Shareholders of the Parent		41,494	119,874	13,439	85,578

*Non-controlling interests are the minority shareholders of the subsidiaries of PJSC "PhosAgro"

The consolidated interim condensed financial statements were approved on 29 August 2023:

Chief executive officer
M.K. Rybnikov

Deputy CEO for Finance and International Projects
A.F. Sharabaiko

The consolidated interim condensed statement of profit or loss and other comprehensive income is to be read in conjunction with the notes to, and forming part of, the consolidated interim condensed financial statements set out on pages 5 to 19.

PJSC "PhosAgro"**Consolidated Interim Condensed Statement of Financial Position as at 30 June 2023**

<i>RUB million</i>	Note	30 June 2023	31 December 2022
Assets			
Property, plant and equipment	11	285,270	274,522
Other non-current assets	13	11,001	8,546
Deferred tax assets		9,493	7,903
Advances issued for property, plant and equipment		9,330	9,270
Non-current spare parts		7,093	5,125
Right-of-use assets	12	6,123	4,277
Catalysts		2,192	1,965
Intangible assets		2,147	2,099
Investments in associates		647	592
Non-current assets		333,296	314,299
Trade and other receivables	16	53,494	75,741
Inventories	15	41,584	39,349
Cash and cash equivalents	17	31,673	13,356
VAT and other taxes receivable		11,313	12,565
Income tax receivable		3,996	93
Other financial assets	14	263	210
Current assets		142,323	141,314
Total assets		475,619	455,613
Equity			
Share capital		372	372
Share premium		7,494	7,494
Retained earnings		137,754	190,664
Actuarial losses		(968)	(968)
Equity attributable to shareholders of the Parent		144,652	197,562
Equity attributable to non-controlling interests		30	158
Total equity		144,682	197,720
Liabilities			
Loans and borrowings	19	179,205	109,784
Deferred tax liabilities		11,720	17,820
Lease liabilities	20	2,376	1,660
Defined benefit obligations		1,066	1,050
Non-current liabilities		194,367	130,314
Loans and borrowings	19	48,949	80,974
Dividends payable		44,329	82
Trade and other payables	21	36,662	39,412
VAT and other taxes payable		5,206	5,632
Lease liabilities	20	1,322	1,276
Income tax payable		102	203
Current liabilities		136,570	127,579
Total equity and liabilities		475,619	455,613

The consolidated interim condensed statement of profit or loss and other comprehensive income is to be read in conjunction with the notes to, and forming part of, the consolidated interim condensed financial statements set out on pages 5 to 19.

PJSC “PhosAgro”**Consolidated Interim Condensed Statement of Cash Flows
for the six months ended 30 June 2023**

<i>RUB million</i>	Note	Six months ended 30 June	
		2023	2022
Cash flows from operating activities			
Operating profit		80,800	120,174
<i>Adjustments for:</i>			
Depreciation and amortisation	5, 6	15,718	15,374
Loss on disposal of property, plant and equipment and intangible assets	8	165	221
<hr/>			
Operating profit before changes in working capital and provisions		96,683	135,769
Decrease in trade and other receivables ¹		21,174	19,663
Decrease in trade and other payables ¹		(4,166)	(14,116)
Increase in inventories, catalyts and non-current spare parts		(3,839)	(7,162)
<hr/>			
Cash flows from operations before income taxes and interest paid		109,852	134,154
Income tax paid		(20,691)	(24,599)
Finance costs paid		(3,230)	(2,987)
<hr/>			
Cash flows from operating activities		85,931	106,568
<hr/>			
Cash flows from investing activities			
Interest income		737	1,611
Acquisition of property, plant and equipment and intangible assets		(25,976)	(28,423)
Borrowing cost capitalised paid	11	(555)	(465)
Advances issued for right-of-use assets		(94)	(419)
Cash and cash equivalents disposed as a result of loss of control over subsidiaries		-	(36,729)
Loans issued	14	-	(3,130)
Proceeds from disposal of financial assets measured at fair value through profit or loss		-	1,778
Other		73	79
<hr/>			
Cash flows used in investing activities		(25,815)	(65,698)
<hr/>			
Cash flows from financing activities			
Proceeds from borrowings, net of transaction costs	19	79,562	29,462
Refund of dividends paid ²		10,141	-
Repayment of borrowings	19	(75,854)	(13,798)
Dividends paid to shareholders of the Parent		(60,299)	-
Lease payments	20	(692)	(854)
Dividends paid to non-controlling interests		(131)	-
<hr/>			
Cash flows (used in)/ from financing activities		(47,273)	14,810
<hr/>			
Net increase in cash and cash equivalents		12,843	55,680
Cash and cash equivalents at 1 January		13,356	21,710
Effect of exchange rates fluctuations		5,474	(5,463)
<hr/>			
Cash and cash equivalents at 30 June	17	31,673	71,927

¹ Changes in trade and other receivables and changes in trade and other payables include effect of foreign exchange differences from operating activities.

² The Group received cash refund from depositories paid as dividends to parties who were entitled to receive them, but didn't receive dividends due to reasons beyond the depositories' control.

The consolidated interim condensed statement of profit or loss and other comprehensive income is to be read in conjunction with the notes to, and forming part of, the consolidated interim condensed financial statements set out on pages 5 to 19.

PJSC “PhosAgro”

Consolidated Interim Condensed Statement of Changes in Equity for the six months ended 30 June 2022

<i>RUB million</i>	Attributable to shareholders of the Parent					Total	Attributable to non-controlling interests	Total equity
	Share capital	Share premium	Retained earnings	Actuarial losses	Foreign currency translation reserve			
Balance at 1 January 2022	372	7,494	148,193	(753)	9,231	164,537	106	164,643
<i>Total comprehensive income</i>								
Profit for the period	-	-	129,044	-	-	129,044	4	129,048
Foreign currency translation difference	-	-	-	-	(2,929)	(2,929)	-	(2,929)
Foreign currency translation difference reclassified to profit or loss upon loss of control over subsidiaries	-	-	-	-	(6,302)	(6,302)	-	(6,302)
Actuarial losses reclassified to profit or loss upon loss of control over subsidiaries	-	-	-	61	-	61	-	61
<i>Transactions with owners recognised directly in equity</i>								
Dividends to the Company's shareholders	-	-	-	-	-	-	-	-
Balance at 30 June 2022	372	7,494	277,237	(692)	-	284,411	110	284,521
Balance at 1 January 2023	372	7,494	190,664	(968)	-	197,562	158	197,720
<i>Total comprehensive income</i>								
Profit for the period	-	-	41,494	-	-	41,494	3	41,497
<i>Transactions with owners recognised directly in equity</i>								
Dividends to the Company's shareholders	-	-	(94,404)	-	-	(94,404)	(131)	(94,535)
Balance at 30 June 2023	372	7,494	137,754	(968)	-	144,652	30	144,682

The consolidated interim condensed statement of changes in equity is to be read in conjunction with the notes to, and forming part of, the consolidated interim condensed financial statements set out on pages 5 to 19.

1 BACKGROUND

(a) Organisation and operations

PJSC “PhosAgro” (the “Company” or the “Parent”) is a public joint stock company registered in accordance with Russian legislation. PJSC “PhosAgro” and its subsidiaries (together referred to as the “Group”) comprise Russian legal entities. The Company was registered in October 2001. The Company’s address is Leninsky prospekt 55/1 building 1, Moscow, Russian Federation, 119333.

The Group’s principal activity is production of apatite concentrate and mineral fertilisers at plants located in the cities of Kirovsk (Murmansk region), Cherepovets (Vologda region), Balakovo (Saratov region) and Volkhov (Leningrad region), and their distribution across the Russian Federation and abroad.

As at 30 June 2023 and at 31 December 2022, the Company’s key shareholders are entities registered in Russia – ILLC Chlodwig Enterprises holding approximately 20.3% of the Company’s ordinary shares and ILLC Adorabella holding approximately 23.3% of the Company’s ordinary shares, and T. P. Litvinenko holding approximately 21% of the Company’s ordinary shares. As of 30 June 2023 and 31 December 2022, the Parent does not have the ultimate controlling party in accordance with the definitions of control described in IFRS 10 Consolidated financial statements.

(b) Russian business environment

The Group’s operations are primarily located in the Russian Federation. Consequently, the Group is exposed to the economic and financial conditions of the Russian Federation, which display certain characteristics of an emerging market. Its economy is particularly sensitive to oil and gas prices. The legal, tax and regulatory frameworks continue development, and are subject to varying interpretations and frequent changes. The Russian economy continues to be negatively impacted by ongoing political tension in the region and international sanctions against certain Russian companies and individuals.

During the year of 2022 local political tensions become more complicated as a result of Ukrainian situation. It continues during the year of 2023 and remains highly turbulent. Geopolitical situation escalation resulted in significant exchange rates fluctuations and increased volatility in financial and commodity markets. Sanctions and restrictions have been and continue to be imposed towards Russian entities such as access termination to European and USA financial markets, SWIFT international system and others. Price cap on Russian oil and gas and embargo on Russian petrochemicals were introduced. There is no way to determine how long the increased volatility will continue and when the above financial indicators will stabilize.

The future effects of current economic situation and the above measures are difficult to predict. Management’s current expectations and estimates could differ from actual results.

Starting from 1 January 2023, the Russian government decree entered into force, introducing export custom duties on mineral fertilizers for the period from 1 January to 31 December 2023. The rate of 23.5% is applied to the difference between the customs value of exported product and 450 US dollars per 1 ton.

Management of the Group has considered events and conditions that could give rise to material uncertainties and concluded that the range of possible outcomes does not cast significant doubt over the Group’s ability to continue as a going concern.

2 BASIS OF PREPARATION

(a) Statement of compliance

The consolidated interim condensed financial statements have been prepared in accordance with IAS 34, *Interim Financial Reporting*.

The Group additionally prepared consolidated interim condensed financial statements in the Russian language in order to comply with the securities market legislation.

These consolidated interim condensed financial statements do not contain all the information required for presentation in a complete set of IFRS financial statements and therefore should be read in conjunction with the consolidated annual financial statements of PJSC “PhosAgro” for the year ended 31 December 2022.

2 BASIS OF PREPARATION (CONTINUED)**(b) Significant accounting policies**

The accounting policies used for the preparation of these consolidated interim condensed financial statements are consistent with those applied in the annual consolidated financial statements as of and for the year ended 31 December 2022.

Starting from 1 January 2023, the Russian government decree entered into force, introducing export custom duties on mineral fertilizers. The Group considered export custom duties as additional levy, not as a part of selling price of goods. The Group`s customers do not refund export custom duties to the Group and pay for the goods the agreed selling price. As a result, the Group reports export custom duties as part of logistics expenses included in cost of products sold (note 5).

(c) New and amended standards adopted by the Group

A number of new and amended standards came into force in the current reporting period. However, the Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards.

(d) Functional currency

The national currency of the Russian Federation is the Russian Rouble (“RUB”), which is the functional currency of the Parent and its subsidiaries. In March 2022, the Group lost control over 100% owned foreign subsidiary Phosint Limited (currently PUREFERT LIMITED), owning all the foreign Group companies. Until the loss of control, the Group included entities with US dollar, Euro and other currencies as a functional currency.

(e) Presentation currency

These consolidated interim condensed financial statements are presented in RUB. All financial information presented in RUB has been rounded to the nearest million, except per share amounts.

The translation from USD and EUR into RUB, where applicable, was performed as follows:

In 2022, until the loss of control over Phosint Limited, profit and loss items of foreign subsidiaries denominated in USD and EUR were translated at the following average exchange rates for the appropriate month:

Average exchange rate for the month	2022	
	RUB to USD 1	RUB to EUR 1
January	75.8837	85.9393
February	77.4048	87.7638
March	104.0810	114.7127

3 FAIR VALUES DETERMINATION

When measuring a fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels of a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- *Level 1*: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- *Level 2*: inputs other than quoted prices included in Level 1 that are observable, 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).

3 FAIR VALUES DETERMINATION (CONTINUED)

If inputs used to measure a fair value of an asset or a liability might be categorised into different levels of fair value hierarchy, then fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Fair values have been determined for measurement and / or disclosure purposes based on the methods described below. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(a) Financial assets and liabilities measured at amortised cost

The fair values of financial assets and liabilities presented by loans issued, trade and other receivables, cash and cash equivalents, trade and other payables approximate their carrying amounts as at the reporting date.

The fair values of Eurobonds Level 3 of the fair value hierarchy. The fair values are calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

(b) Financial instruments measured at fair value

Fair value of investments measured at fair value through profit or loss and receivables recognised under provisionally priced sales agreements measured at fair value through profit or loss are determined using the valuation techniques and categorised as Level 3 of fair value hierarchy. Fair value of receivables under provisionally priced sales agreements is calculated using market prices for mineral fertilisers expected at the date of final price settlement. These assumptions are based on consensus prices forecasts prepared by independent analytical agencies, adjusted in accordance with price calculation formulas specified in respective sales agreements.

4 SEASONALITY

The Group is subject to certain seasonal fluctuations in fertiliser demand due to the timing of fertiliser application and, as a result, fertiliser purchases by farmers. This normally results in increase of advances received from local customers at the year-end. However, the effect of seasonality on the Group's revenue is partially offset by the fact that the Group sells its fertilisers globally and fertiliser application and purchases vary by region.

The Group's costs are generally stable throughout the year, however several maintenance activities undertaken at the Group's production facilities may not be evenly spread.

PJSC “PhosAgro”

Notes to the Consolidated Interim Condensed Financial Statements
for the six months ended 30 June 2023

5 COST OF GROUP PRODUCTS SOLD

<i>RUB million</i>	Six months ended 30 June		Three months ended 30 June	
	2023	2022	2023	2022
Production expense for Group goods sold	(96,185)	(122,129)	(48,206)	(66,544)
Depreciation	(14,259)	(13,938)	(7,161)	(7,286)
Potash	(12,625)	(14,081)	(6,949)	(7,253)
Salaries and social contributions	(12,211)	(9,718)	(6,475)	(5,438)
Materials and services	(10,754)	(9,967)	(5,424)	(5,154)
Natural gas	(7,809)	(7,620)	(3,792)	(3,746)
Repair and maintenance expenses	(7,000)	(5,440)	(3,643)	(2,769)
Sulphur and sulphuric acid	(6,712)	(24,162)	(2,854)	(16,286)
Transportation of phosphate rock	(6,620)	(5,621)	(3,337)	(3,186)
Ammonia	(6,071)	(14,558)	(2,820)	(6,801)
Electricity	(3,292)	(3,653)	(1,628)	(1,860)
Fuel	(2,594)	(3,701)	(1,109)	(1,870)
Anti-clodding agent	(2,007)	(2,337)	(917)	(1,389)
Drilling and blasting operations expenses	(1,626)	(1,643)	(761)	(889)
Reagents	(1,508)	(1,549)	(853)	(892)
Ammonium sulphate	(1,097)	(4,141)	(483)	(1,725)
Logistics expenses for Group goods sold	(15,629)	(21,610)	(6,930)	(6,178)
Russian Railways infrastructure tariff and operators' fees	(6,689)	(6,693)	(3,424)	(3,289)
Freight, port and stevedoring expenses	(4,411)	(13,080)	(2,257)	(2,813)
Customs duties	(4,280)	(1,420)	(1,107)	-
Other services and materials	(249)	(417)	(142)	(76)
Cost of Group products sold	(111,814)	(143,739)	(55,136)	(72,722)

6 ADMINISTRATIVE AND SELLING OVERHEAD EXPENSES

<i>RUB million</i>	Six months ended 30 June		Three months ended 30 June	
	2023	2022	2023	2022
Administrative overhead expenses:	(12,803)	(25,556)	(6,899)	(5,747)
Salaries and social contributions	(8,779)	(21,585)	(4,687)	(3,764)
Professional services	(972)	(1,104)	(575)	(527)
Depreciation and amortisation	(780)	(745)	(398)	(370)
Security and fire safety services	(646)	(579)	(341)	(296)
Other	(1,626)	(1,543)	(898)	(790)
Selling overhead expenses:	(2,349)	(2,874)	(1,321)	(1,110)
Salaries and social contributions	(1,161)	(1,713)	(672)	(528)
Depreciation and amortisation	(679)	(691)	(333)	(327)
Materials and services	(509)	(470)	(316)	(255)
Administrative and selling overhead expenses	(15,152)	(28,430)	(8,220)	(6,857)

PJSC “PhosAgro”

Notes to the Consolidated Interim Condensed Financial Statements
for the six months ended 30 June 2023

7 TAXES, OTHER THAN INCOME TAX, NET

<i>RUB million</i>	Six months ended 30 June		Three months ended 30 June	
	2023	2022	2023	2022
Mineral extraction tax	(4,685)	(4,021)	(2,342)	(1,938)
Property tax	(988)	(877)	(474)	(443)
Environment pollution payment	(107)	(95)	(49)	(45)
Land tax	(92)	(113)	(2)	(56)
VAT included in expenses	(90)	(72)	(55)	(45)
Using water objects payment	(33)	(28)	(16)	(13)
Other taxes	(15)	(30)	(8)	(12)
Taxes, other than income tax, net	(6,010)	(5,236)	(2,946)	(2,552)

8 OTHER EXPENSES, NET

<i>RUB million</i>	Six months ended 30 June		Three months ended 30 June	
	2023	2022	2023	2022
Fines and penalties received	472	117	137	73
Gain on disposal of inventories	136	145	59	76
Decrease in provision for inventory obsolescence	52	102	36	113
Social expenditures	(2,325)	(1,964)	(1,349)	(1,249)
(Increase)/decrease in provision for doubtful accounts and expected credit losses allowance	(209)	(43)	(172)	43
Loss on disposal of property, plant and equipment and intangible assets	(165)	(221)	(71)	(55)
(Accrual)/reversal of contingent liabilities	(9)	(32)	4	(89)
Other income/(loss), net	(22)	134	(5)	89
Other expenses, net	(2,070)	(1,762)	(1,361)	(999)

9 FINANCE INCOME AND FINANCE COSTS

<i>RUB million</i>	Six months ended 30 June		Three months ended 30 June	
	2023	2022	2023	2022
Interest income	761	1,633	422	1,331
Unwinding of discount (note 13)	423	183	223	183
Other finance income	71	93	42	44
Finance income	1,255	1,909	687	1,558
Interest expense on borrowings (note 19)	(3,303)	(2,103)	(1,777)	(952)
Interest expense on lease liabilities (note 20)	(105)	(147)	(56)	(58)
Bank fees	(75)	(120)	(28)	(42)
Interest expense on defined benefit obligations	(52)	(29)	(26)	(14)
Provision for impairment of loans issued (note 14)	-	(4,124)	-	-
Discount on extension of payment terms (note 13)	-	(2,777)	-	-
Loss from revaluation of financial instruments	-	(55)	-	-
Securitisation fees	-	(47)	-	-
Other finance costs	(51)	(108)	(29)	(29)
Finance costs	(3,586)	(9,510)	(1,916)	(1,095)

PJSC “PhosAgro”

Notes to the Consolidated Interim Condensed Financial Statements
for the six months ended 30 June 2023

10 INCOME TAX EXPENSE

The Company's applicable corporate income tax rate is 20% (six months ended 30 June 2022: 20%).

<i>RUB million</i>	Six months ended 30 June		Three months ended 30 June	
	2023	2022	2023	2022
Current tax expense	(16,686)	(24,974)	(6,381)	(12,351)
Deferred income tax - origination and reversal of temporary differences, including change in unrecognised tax assets	7,691	(8,820)	3,539	(9,159)
Income tax expense	(8,995)	(33,794)	(2,842)	(21,510)

Reconciliation of income tax:

<i>RUB million</i>	Six months ended 30 June	
	2023	2022
Profit before tax	50,492	162,842
Income tax at applicable tax rate	(10,098)	(32,568)
Effect of reduction in tax rate	1,333	1,852
Tax effect on foreign exchange differences on receivables recognised from disposal of Phosint Group	413	(745)
Tax effect of items which are not deductible or assessable for taxation purposes	(563)	(349)
Tax effect on receivables recognised from disposal of Phosint Group	(80)	(1,585)
Tax effect on provision for loans issued	-	(517)
Effect of tax rates in foreign jurisdictions	-	118
Income tax expense	(8,995)	(33,794)

11 PROPERTY, PLANT AND EQUIPMENT

<i>RUB million</i>	Land and buildings	Plant and equipment	Fixtures and fittings	Construction in progress	Total
Net book value at 1 January 2022	85,791	100,390	7,769	43,494	237,444
Additions	1,004	8,019	1,478	18,927	29,428
Transfers	6,252	10,534	-	(16,786)	-
Disposals	(48)	(157)	(52)	(159)	(416)
Disposal of foreign subsidiaries	(772)	(1,650)	(16)	-	(2,438)
Depreciation	(3,470)	(9,325)	(968)	-	(13,763)
Effect of foreign currency translation reserve	49	197	2	-	248
Net book value at 30 June 2022	88,806	108,008	8,213	45,476	250,503
Net book value at 1 January 2023	101,112	120,468	8,941	44,001	274,522
Additions	1,455	5,973	1,858	17,456	26,742
Transfers	2,090	6,505	-	(8,595)	-
Disposals	(23)	(178)	(72)	(8)	(281)
Depreciation	(4,196)	(10,433)	(1,084)	-	(15,713)
Net book value at 30 June 2023	100,438	122,335	9,643	52,854	285,270

During the six months ended 30 June 2023, the Group capitalised borrowing costs in the amount of RUB 555 million (465 million during the six months ended 30 June 2022) in the value of property, plant and equipment using the weighted average interest rate of 3.64% per year (2.66% per year during the six months ended 30 June 2022).

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11 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

As at 30 June 2023, the most significant construction in progress balances were represented by the following investment projects:

- Kirovsk branch of Apatit, JSC: Kirovsk mine extension and modernization. As at 30 June 2023, the Group capitalised expenses of RUB 15,968 million (as at 31 December 2022: RUB 13,458 million);
- Kirovsk branch of Apatit, JSC: Rasvumchorrskiy mine extension and modernization. As at 30 June 2023, the Group capitalised expenses of RUB 5,060 million (as at 31 December 2022: RUB 4,821million);
- Kirovsk branch of Apatit, JSC: apatit-nepheline beneficiation plants extension and modernization. As at 30 June 2023, the Group capitalised expenses of RUB 4,825 million (as at 31 December 2022: RUB 4,575 million);
- Volkhov branch of Apatit, JSC: construction of auxiliary facilities for the production of MAP. As at 30 June 2023, the Group has capitalised expenses of RUB 3,363 million (as at 31 December 2022: RUB 3,385 million);
- Balakovo branch of Apatit, JSC: sulphuric acid facilities extension and modernization. As at 30 June 2023, the Group has capitalised expenses of RUB 3,434 million (as at 31 December 2022: RUB 2,184 million);
- Balakovo branch of Apatit, JSC: granulated ammonium sulphate facilities construction. As at 30 June 2023, the Group has capitalised expenses of RUB 2,726 million (as at 31 December 2022: RUB 2,616 million);
- Apatit, JSC, Cherepovets: ammonia production facilities support and modernization. As at 30 June 2023, the Group has capitalised expenses of RUB 2,580 million (as at 31 December 2022: RUB 1,724 million).

12 RIGHT-OF-USE ASSETS

The Group has the following types of right-of-use assets: railway wagons, production equipment, containers for bulk cargo, offices. The leases typically run for a period of 5 years, with an option to renew the lease after that date.

<i>RUB million</i>	Buildings	Plant and equipment	Fixtures and fittings	Total
Net book value at 1 January 2022	452	6,503	-	6,955
Disposal of foreign subsidiaries	(246)	(18)	-	(264)
New lease contracts and modification on existing lease contracts	40	(2,036)	-	(1,996)
Depreciation	(48)	(704)	-	(752)
Disposals	(14)	(117)	-	(131)
Effect of foreign currency translation reserve	27	2	-	29
Net book value at 30 June 2022	211	3,630	-	3,841
Net book value at 1 January 2023	148	4,129	-	4,277
New lease contracts and modification on existing lease contracts	8	830	1,565	2,403
Depreciation	(29)	(471)	(10)	(510)
Disposals	(11)	(36)	-	(47)
Net book value at 30 June 2023	116	4,452	1,555	6,123

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12 RIGHT-OF-USE ASSETS (CONTINUED)

Amounts recognised in the consolidated interim condensed statement of profit or loss and other comprehensive income:

<i>RUB million</i>	Six months ended 30 June		Three months ended 30 June	
	2023	2022	2023	2022
Depreciation expense on right-of-use assets	510	752	266	286
Expenses relating to leases with variable payments	256	262	137	137
Expenses relating to short-term leases	180	222	95	103
Interest expense on lease liabilities	105	147	56	58

Amounts recognised in the consolidated interim condensed statement of cash flows:

<i>RUB million</i>	Six months ended 30 June	
	2023	2022
Principal lease payments (note 20)	(692)	(854)
Expenses relating to leases with variable payments	(256)	(262)
Expenses relating to short-term leases	(180)	(222)
Interest lease payments (note 20)	(105)	(147)
Total payments	(1,233)	(1,485)

13 OTHER NON-CURRENT ASSETS

<i>RUB million.</i>	30 June	31 December
	2023	2022
Receivable accrued as a result of Phosint Group disposal	10,940	8,454
Allowance for expected credit losses	(109)	(85)
Receivable accrued as a result of Phosint Group disposal, net	10,831	8,369
Long-term accounts receivable	51	58
Long-term accounts receivable, net	51	58
Loans issued to third parties, at amortised cost	42	38
Loans issued to third parties, at amortised cost, net	42	38
Loans issued to employees, at amortised cost	66	69
Financial assets, at fair value through profit or loss	11	12
Total other non-current assets	11,001	8,546

The following information shows the movements of the Group’s receivables recognised as a result of Phosint Group disposal during the reporting period:

<i>RUB million</i>	2023	2022
Balance at 1 January	8,454	-
Foreign currency translation difference	2,063	(3,728)
Unwind of discount (note 9)	423	183
Receivable accrued	-	12,189
Discount on extension of payment terms (note 9)	-	(2,777)
Balance at 30 June	10,940	5,867

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14 OTHER FINANCIAL ASSETS

<i>RUB million</i>	30 June 2023	31 December 2022
Loans issued to employees, at amortised cost	125	101
Interest receivable	101	76
Loans issued to third parties, at amortised cost	55	51
Provision for doubtful accounts and expected credit losses allowance	(18)	(18)
Total other financial assets	263	210

The movements in provision for doubtful accounts and expected credit losses allowance are as follows:

<i>RUB million</i>	2023	2022
Balance at 1 January	(18)	(113)
Disposal of foreign subsidiaries	-	4,235
Use of allowance	-	6
Increase in provision for doubtful accounts and expected credit losses allowance	-	(4,135)
Effect of foreign currency translation reserve	-	(11)
Balance at 30 June	(18)	(18)

In February 2022, the Group provided cash of RUB 3,130 million (USD 40 million) to the investment broker at 0.25% and received securities as a collateral for the funds deposited (reverse repo transaction). As a result of negative economic situation, significant market disruptions to broker cross-border operations led to his liquidity problems and inability to repurchase securities back from the Group. As a result, the Group loan issued under this transaction was fully impaired and loss of RUB 4,124 million was recognised as a part of finance costs.

15 INVENTORIES

<i>RUB million</i>	30 June 2023	31 December 2022
Raw materials and spare parts	19,008	15,109
<i>Finished goods:</i>		
Chemical fertilisers	12,132	10,388
Apatite concentrate	735	801
Other products	817	1,379
<i>Work-in-progress:</i>		
Chemical fertilisers and other products	6,441	5,685
Chemical fertilisers and other products for resale, purchased from third parties	2,361	5,941
Other goods	140	148
Provision for inventory obsolescence	(50)	(102)
Total inventories	41,584	39,349

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16 TRADE AND OTHER RECEIVABLES

<i>RUB million</i>	30 June 2023	31 December 2022
Financial assets		
Trade accounts receivable	43,708	61,997
Other receivables	480	1,479
Provision for doubtful accounts and expected credit losses allowance	(646)	(482)
Non-financial assets		
Advances issued	7,762	8,634
Advances issued on custom duties	1,848	3,901
Deferred expenses	254	202
Receivables from employees	96	20
Provision for doubtful accounts and expected credit losses allowance	(8)	(10)
Total trade and other receivables	53,494	75,741

As of 30 June 2023, the Group performed revaluation of receivables under provisionally priced sales agreements measured at fair value through profit or loss and recognised adjustment in revenue.

The following information shows the movement of the Group's receivables under provisionally priced sales agreements:

<i>RUB million</i>	2023
Balance at 1 January	2,711
Receivables recognised	33,372
Foreign exchange gain, net	2,646
Receivables redeemed	(20,778)
Loss from revaluation at fair value (unrealised)	(3,869)
Balance at 30 June	14,082

As at 30 June 2023, a 5% increase/(decrease) in forecasted market prices, with all other variables held constant, would have increase/(decrease) fair value of the Group's receivables under provisionally priced sales agreements by RUB 793 million.

The movements in provision for doubtful accounts and expected credit losses allowance are as follows:

<i>RUB million</i>	2023	2022
Balance at 1 January	(492)	(355)
Reversal of allowance	18	4
Use of allowance	1	186
Increase in provision for doubtful accounts and expected credit losses allowance	(181)	-
Disposal of subsidiaries	-	125
Effect of foreign currency translation reserve	-	(20)
Balance at 30 June	(654)	(60)

17 CASH AND CASH EQUIVALENTS

<i>RUB million</i>	30 June 2023	31 December 2022
Cash in bank	21,835	7,438
Call deposits	9,831	5,911
Petty cash	7	7
Total cash and cash equivalents	31,673	13,356

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18 EARNINGS PER SHARE

Basic earnings per share are calculated based on the weighted average number of ordinary shares outstanding during the reporting period. Basic and diluted earnings per share are the same, as there is no effect of dilution.

<i>RUB million</i>	Six months ended		Three months ended	
	30 June	2022	30 June	2022
	2023		2023	2022
Weighted average number of ordinary shares in issue	129,500,000	129,500,000	129,500,000	129,500,000
Profit for the period attributable to shareholders of the Parent, RUB million	41,494	129,044	13,439	85,578
Basic and diluted earnings per share, RUB	320	996	104	661

19 LOANS AND BORROWINGS

This note provides information about the contractual terms of the Group’s loans and borrowings. For more information about the leases, see note 20.

<i>RUB million</i>	30 June	31 December
	2023	2022
Current loans and borrowings		
Unsecured bank loans	47,263	44,648
Interest payable	1,686	1,157
Eurobonds	-	35,169
Total current loans and borrowings	48,949	80,974
Non-current loans and borrowings		
Eurobonds	87,034	70,337
Unsecured bank loans	48,549	39,667
Other bonds	43,979	-
Bank commission (long-term)	(357)	(220)
Total non-current loans and borrowings	179,205	109,784
Total loans and borrowings	228,154	190,758

In January 2018, the Company’s SPV issued a USD 500 million 5,25-year Eurobond with a coupon rate of 3.949%, which is listed on the Irish Stock Exchange, with the fair value at 31 December 2022 of RUB 27,256 million. In April 2023, the Company made payments to repay Eurobonds with a nominal value of USD 500 million. The source of funds for making payments also included funds raised as part of the placement of exchange-traded bonds in April 2023.

In January 2020, the Company’s SPV issued a USD 500 million 5-year Eurobond with a coupon rate of 3.05%, which is listed on the Irish Stock Exchange, with the fair value at the reporting date of RUB 36,985 million (31 December 2022: RUB 18,552 million).

In September 2021, the Company’s SPV issued a USD 500 million 7-year Eurobond with a coupon rate of 2.6%, which is listed on the Irish Stock Exchange, with the fair value at the reporting date of RUB 31,332 million (31 December 2022: RUB 24,407 million).

In April 2023, the Company issued two series of 3-year bonds on the Moscow Stock Exchange:

- CNY 2,000 million, with a coupon period of 91 days and coupon income China Loan prime rate (LPR 1Y) + 1.2%, with the fair value at the reporting date of RUB 24,539 million;
- RUB 20,000 million, with a coupon period of 182 days and coupon income 9.4%, with the fair value at the reporting date of RUB 20,185 million.

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19 LOANS AND BORROWINGS (CONTINUED)

The breakdown of the loans and borrowings denominated in different currencies is as follows:

<i>RUB million</i>	30 June 2023	31 December 2022
USD-denominated	122,212	135,825
RUB-denominated	57,817	42,805
CNY-denominated	33,223	-
EUR-denominated	14,902	12,128
Total	228,154	190,758

The maturity of the loans and borrowings is as follows:

<i>RUB million</i>	30 June 2023	31 December 2022
Less than 1 year	48,949	80,974
1-2 years	72,438	23,218
2-3 years	58,725	38,824
3-4 years	4,533	10,688
4-5 years	349	2,105
More than 5 years	43,517	35,169
Bank commission	(357)	(220)
Total	228,154	190,758

Reconciliation of loans and borrowings balances:

<i>RUB million</i>	Six months ended	
	30 June 2023	2022
Balance as at 1 January	190,758	169,791
Cash inflows	79,562	29,462
Foreign exchange differences	33,337	(53,638)
Interest expense	3,303	2,103
Amortisation of bank commission	49	39
Cash outflows	(75,854)	(13,798)
Interest payments	(3,001)	(2,626)
Other turnovers	-	(1)
Balance as at 30 June	228,154	131,332

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20 LEASES

<i>RUB million</i>	Lease liability without subsequent asset buyout	Lease liability with subsequent asset buyout	Total
Balance as at 1 January 2022	3,148	2,489	5,637
Interest expense on lease liabilities	74	74	148
Effect of foreign currency translation reserve	33	(198)	(165)
New lease contracts and modification of existing lease contracts	(1,650)	(1)	(1,651)
Principal lease payments	(543)	(311)	(854)
Disposal of foreign subsidiaries	(290)	-	(290)
Interest lease payments	(73)	(74)	(147)
Balance as at 30 June 2022	699	1,979	2,678
Balance as at 1 January 2023	731	2,205	2,936
New lease contracts and modification of existing lease contracts	69	1,270	1,339
Interest expense on lease liabilities	31	74	105
Principal lease payments	(190)	(502)	(692)
Interest lease payments	(31)	(74)	(105)
Foreign exchange differences	-	115	115
Balance as at 30 June 2023	610	3,088	3,698

21 TRADE AND OTHER PAYABLES

<i>RUB million</i>	30 June 2023	31 December 2022
Trade accounts payable including accounts payable for property, plant and equipment and intangible assets	16,121	15,700
Advances received (contract liabilities)	5,144	4,294
Payables to employees	13,280	17,258
Accruals and provisions	6,472	4,620
Other payables	250	241
	539	1,593
Total trade and other payables	36,662	39,412

22 COMMITMENTS

As at 30 June 2023, the Group had contractual commitments for the purchase of property, plant and equipment for RUB 50,571 million (31 December 2022: RUB 35,181 million), including VAT where applicable.

23 RELATED PARTY TRANSACTIONS

Parties are generally considered to be related if the parties are under common control or if one party has the ability to control the other party or can exercise significant influence or joint control over the other party in making financial and operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form. Other related parties include entities controlled by the Company's key shareholders.

The balances and transactions with related parties are usually unsecured and denominated in RUB.

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23 RELATED PARTY TRANSACTIONS (CONTINUED)**a) Transactions with related parties**

<i>RUB million</i>	Nature of relationship	Six months ended 30 June	
		2023	2022
Sales of goods and services	Associates	15	14
Purchases of goods and services	Associates	(434)	(355)
Sales of goods and services	Other related parties	923	912
Other income/(expenses), net	Other related parties	(67)	(36)
Purchases of goods and services	Other related parties	(56)	(103)

In June 2023, the Company declared dividends, including RUB 60,660 million to the shareholders holding more than 20% of the Company’s shares. During the six months ended 30 June 2022, the Company did not declare dividends to its shareholders.

b) Balances with related parties

<i>RUB million</i>	Nature of relationship	30 June	31 December
		2023	2022
Trade and other receivables	Associates	36	42
Trade and other payables	Associates	(9)	(39)
Trade and other receivables	Other related parties	125	8
Trade and other payables	Other related parties	(142)	(451)

c) Key management personnel remuneration

Remuneration of key management personnel consists of monthly compensation, annual performance bonus contingent on operating results, termination payments and contributions to the Russian state pension and social funds. The remuneration of the Board of Directors and key management personnel recognised as part of administrative and selling overhead expenses amounted to RUB 1,523 million (six months ended 30 June 2022: RUB 15,598 million).

24 FOREIGN CURRENCY RISK

The Group has the following net monetary position on financial assets and liabilities denominated in foreign currencies:

<i>RUB million</i>	30 June 2023			31 December 2022	
	USD denominated	EUR denominated	CNY denominated	USD denominated	EUR denominated
Current assets	62,685	2,087	-	72,727	1,242
Non-current liabilities	(107,651)	(11,335)	(23,979)	(92,131)	(9,293)
Current liabilities	(16,804)	(4,388)	(9,244)	(46,001)	(3,333)
Total net position	(61,770)	(13,636)	(33,223)	(65,405)	(11,384)

The foreign exchange loss recognised in profit or loss of RUB 14,275 million (gain in amount of RUB 20,495 million for the comparative period) resulted from Russian rouble depreciation against major currencies during the reporting period (the appreciation of the Russian rouble relative to major currencies during the comparative period).

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25 SIGNIFICANT SUBSIDIARIES

Subsidiary	Country of incorporation	Effective ownership interest (rounded)	
		30 June 2023	31 December 2022
Apatit, JSC (including Balakovo, Volkhov and Kirovsk branches)	Russia	100%	100%
Mekhanik, LLC	Russia	100%	100%
NIUIF, JSC	Russia	94%	94%
PhosAgro-Region, LLC	Russia	100%	100%
PhosAgro-Belgorod, LLC	Russia	100%	100%
PhosAgro-Don, LLC	Russia	100%	100%
PhosAgro-Kuban, LLC	Russia	100%	100%
PhosAgro-Kursk, LLC	Russia	100%	100%
PhosAgro-Lipetsk, LLC	Russia	100%	100%
PhosAgro-Oryol, LLC	Russia	100%	100%
PhosAgro-Stavropol, LLC	Russia	100%	100%
PhosAgro-Volga, LLC	Russia	100%	100%
PhosAgro-SeveroZapad, LLC	Russia	100%	100%
PhosAgro-Tambov, LLC	Russia	100%	100%
PhosAgro-Sibir, LLC	Russia	100%	100%

26 SUBSEQUENT EVENTS

In July 2023, the Company issued substitute bonds of Z025-D series for USD 356.9 million and Z028-D series for USD 383.5 million in exchange for Eurobonds maturing in 2025 and 2028 respectively. The substitute bonds have the same terms as Eurobonds: rate, coupon repayment terms, par value and maturity date.

Bonds repayment during issue was made by Eurobonds issued by PhosAgro Bond Funding Designated Activity Company (ISIN XS2099039542 и ISIN XS2384719402), rights on which are registered by Russian depositaries.

Repayment of Z025-D and Z028-D series bonds and appropriate coupon will be made in Russian roubles at the exchange rate of Bank of Russia at the date of obligation fulfillment.

On 4 August 2023, the Federal Law № 414-FZ *On windfall profit tax* was signed by the Russian President. It will be put into force since 1 January 2024. The law introduced tax at 10% rate on extra profits calculated as the excess of arithmetic average profits for the years of 2021 and 2022 over arithmetic average profits for the years of 2018 and 2019. At the same time, if the taxpayer makes a security payment to the Federal budget during the period from 1 October 2023 till 30 November 2023, tax amount will be reduced by 2 times (to 5% effective tax rate). Taking into consideration the Company’s management intention to conduct a security payment during 2023, the expected amount of tax will not exceed RUB 7 billion.