



PJSC “PhosAgro”

**Consolidated Interim Condensed
Financial Statements
for the three months ended
31 March 2023**

Contents

Report on Review of Consolidated Interim Condensed Financial Statements

Consolidated Interim Condensed Statement of Profit or Loss and Other Comprehensive Income	1
Consolidated Interim Condensed Statement of Financial Position	2
Consolidated Interim Condensed Statement of Cash Flows	3
Consolidated Interim Condensed Statement of Changes in Equity.....	4

Notes to the Consolidated Interim Condensed Financial Statements

1	Background	5
2	Basis of preparation	5
3	Fair values determination	6
4	Seasonality	7
5	Revenues	7
6	Cost of Group products sold.....	8
7	Administrative and selling overhead expenses	8
8	Taxes, other than income tax, net	9
9	Other expenses, net.....	9
10	Finance income and finance costs.....	9
11	Income tax expense	10
12	Property, plant and equipment.....	10
13	Right-of-use assets	11
14	Other non-current assets	12
15	Other financial assets	12
16	Inventories.....	13
17	Trade and other receivables.....	13
18	Cash and cash equivalents	14
19	Earnings per share	14
20	Loans and borrowings.....	15
21	Leases	16
22	Trade and other payables.....	16
23	Commitments	17
24	Related party transactions	17
25	Foreign currency risk.....	17
26	Significant subsidiaries	18
27	Subsequent events	18

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 31 March 2023 and the related consolidated interim condensed statements of profit or loss and other comprehensive income, cash flows and changes in equity for the three-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 three months ended 31 March 2023 and for the comparative period three months ended 31 March 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.

18 May 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 months ended 31 March 2023**

<i>RUB million</i>	Note	Three months ended 31 March	
		2023	2022
Revenues	5	116,178	180,678
Cost of Group products sold	6	(56,678)	(71,017)
Cost of products for resale		(7,643)	(5,040)
Gross profit		51,857	104,621
Administrative and selling overhead expenses	7	(6,932)	(21,573)
Taxes, other than income tax, net	8	(3,064)	(2,684)
Other expenses, net	9	(709)	(763)
Foreign exchange gain from operating activities, net	25	6,417	680
Operating profit		47,569	80,281
Finance income	10	568	351
Finance costs	10	(1,670)	(8,415)
Foreign exchange loss from financing activities, net	25	(12,255)	(16,471)
Profit before tax		34,212	55,746
Income tax expense	11	(6,153)	(12,284)
Profit/(loss) for the period		28,059	43,462
Attributable to:			
Non-controlling interests*		4	(4)
Shareholders of the Company		28,055	43,466
Basic and diluted earnings per share (in RUB)	19	217	336
Other comprehensive loss			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation difference		-	(2,929)
Foreign currency translation difference reclassified to profit or loss upon loss of control over foreign subsidiaries		-	(6,302)
Actuarial losses reclassified to profit or loss upon loss of control over foreign subsidiaries		-	61
Other comprehensive loss for the period		-	(9,170)
Total comprehensive income/(loss) for the period		28,059	34,292
Attributable to:			
Non-controlling interests*		4	(4)
Shareholders of the Company		28,055	34,296

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

The consolidated interim condensed financial statements were approved on 18 May 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 18.

PJSC "PhosAgro"**Consolidated Interim Condensed Statement of Financial Position as at 31 March 2023**

<i>RUB million</i>	Note	31 March 2023	31 December 2022
Assets			
Property, plant and equipment	12	277,480	274,522
Other non-current assets	14	9,550	8,546
Advances issued for property, plant and equipment		9,183	9,270
Deferred tax assets		8,812	7,903
Non-current spare parts		6,199	5,125
Right-of-use assets	13	4,721	4,277
Intangible assets		2,114	2,099
Catalysts		2,046	1,965
Investments in associates		611	592
Non-current assets		320,716	314,299
Cash and cash equivalents	18	72,358	13,356
Trade and other receivables	17	65,281	75,741
Inventories	16	38,053	39,349
VAT and other taxes receivable		10,233	12,565
Other financial assets	15	303	210
Income tax receivable		72	93
Current assets		186,300	141,314
Total assets		507,016	455,613
Equity			
Share capital		372	372
Share premium		7,494	7,494
Retained earnings		158,501	190,664
Actuarial losses		(968)	(968)
Equity attributable to shareholders of the Company		165,399	197,562
Equity attributable to non-controlling interests		162	158
Total equity		165,561	197,720
Liabilities			
Loans and borrowings	20	121,694	109,784
Deferred tax liabilities		14,579	17,820
Lease liabilities	21	1,695	1,660
Defined benefit obligations		1,062	1,050
Non-current liabilities		139,030	130,314
Loans and borrowings	20	90,101	80,974
Dividends payable		67,443	82
Trade and other payables	22	31,711	39,412
Income tax payable		7,253	203
VAT and other taxes payable		4,614	5,632
Lease liabilities	21	1,303	1,276
Current liabilities		202,425	127,579
Total equity and liabilities		507,016	455,613

The consolidated interim condensed statement of financial position is to be read in conjunction with the notes to, and forming part of, the consolidated interim condensed financial statements set out on pages 5 to 18.

PJSC “PhosAgro”**Consolidated Interim Condensed Statement of Cash Flows for the three months ended 31 March 2023**

<i>RUB million</i>	Note	Three months ended	
		31 March	
		2023	2023
Cash flows from operating activities			
Operating profit		47,569	80,281
<i>Adjustments for:</i>			
Depreciation and amortisation	6, 7	7,826	7,391
Loss on disposal of property, plant and equipment and intangible assets	9	94	166
Operating profit before changes in working capital and provisions		55,489	87,838
Decrease/(increase) in inventories, catalysts and non-current spare parts		428	(11,585)
Decrease/(increase) in trade and other receivables ¹		12,060	(4,912)
Decrease in trade and other payables ¹		(9,235)	(14,453)
Cash flows from operations before income taxes and interest paid		58,742	56,888
Income tax paid		(3,234)	(9,887)
Finance costs paid		(1,605)	(1,547)
Cash flows from operating activities		53,903	45,454
Cash flows from investing activities			
Acquisition of property, plant and equipment and intangible assets		(10,433)	(10,571)
Cash and cash equivalents disposed as a result of loss of control over foreign subsidiaries		-	(36,729)
Loans issued		-	(3,130)
Borrowing cost capitalised paid	12	(248)	(215)
Proceeds from disposal of financial assets measured at fair value through profit or loss		-	1,778
Advances issued for right-of-use assets		(63)	-
Other		260	352
Cash flows used in investing activities		(10,484)	(48,515)
Cash flows from financing activities			
Proceeds from borrowings, net of transaction costs	20	14,773	18,400
Repayment of borrowings	20	(8,131)	(7,443)
Refund of dividends paid ²		7,143	-
Lease payments	21	(332)	(515)
Cash flows from financing activities		13,453	10,442
Net increase in cash and cash equivalents		56,872	7,381
Cash and cash equivalents at 1 January		13,356	21,710
Effect of exchange rates fluctuations		2,130	5,472
Cash and cash equivalents at 31 December	18	72,358	34,563

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 (according to the shareholders' extraordinary general meeting decision of PJSC “PhosAgro” dated 21 September 2022), but didn't receive dividends due to reasons beyond the depositories' control.

PJSC “PhosAgro”

Consolidated Interim Condensed Statement of Changes in Equity for the three months ended 31 March 2023

<i>RUB million</i>	Attributable to shareholders of the Company					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
Total comprehensive income								
Profit/(loss) for the period	-	-	43,466	-	-	43,466	(4)	43,462
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
Transactions with owners recognised directly in equity								
Dividends to shareholders of the Company	-	-	-	-	-	-	-	-
Balance at 31 March 2022	372	7,494	191,659	(692)	-	198,833	102	198,935
Balance at 1 January 2023	372	7,494	190,664	(968)	-	197,562	158	197,720
Total comprehensive income								
Profit for the period	-	-	28,055	-	-	28,055	4	28,059
Transactions with owners recognised directly in equity								
Dividends to shareholders of the Company	-	-	(60,218)	-	-	(60,218)	-	(60,218)
Balance at 31 March 2023	372	7,494	158,501	(968)	-	165,399	162	165,561

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 18.

1 BACKGROUND

(a) Organisation and operations

PJSC “PhosAgro” (the “Parent” or the “Company”) 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 Parent’s location 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 of 31 March 2023 and 31 December 2022, the Parent’s key shareholders are entities registered in Russia (ILLC Chlodwig Enterprises holding approximately 20.3% of Parent’s ordinary shares, ILLC Adorabella holding approximately 23.3% of Parent’s ordinary shares) and T.P. Litvinenko holding approximately 21% of the Parent’s ordinary shares. As of 31 March 2023 and 31 December 2022, the Parent doesn’t have any 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 6).

(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 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:

Until the loss of control over Phosint Limited (currently PUREFERT LIMITED), assets and liabilities of foreign subsidiaries denominated in USD and EUR were translated at the following closing exchange rates:

Closing exchange rate	RUB to USD 1	RUB to EUR 1
31 March 2022	84,0851	93,6960

Until the loss of control over Phosint Limited (currently PUREFERT LIMITED), profit and loss items of foreign subsidiaries denominated in USD and EUR for the three months ended 31 March 2022 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).

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.

3 FAIR VALUES DETERMINATION (CONTINUED)

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 Eurobondss 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.

5 REVENUES

<i>RUB million</i>	Three months ended	
	31 March	
	2023	2022
Phosphate-based and nitrogen-based products	107,887	174,799
Other revenue	8,291	5,879
Revenues	116,178	180,678

PJSC “PhosAgro”

Notes to the Consolidated Interim Condensed Financial Statements for the three months ended 31 March 2023

6 COST OF GROUP PRODUCTS SOLD

<i>RUB million</i>	Three months ended 31 March	
	2023	2022
Production expense for Group goods sold	(47,979)	(55,585)
Depreciation	(7,098)	(6,652)
Materials and services	(7,075)	(6,418)
Salaries and social contributions	(5,736)	(4,280)
Potash	(5,676)	(6,828)
Natural gas	(4,017)	(3,874)
Sulphur and sulphuric acid	(3,858)	(7,876)
Repair and maintenance expenses	(3,357)	(2,671)
Transportation of phosphate rock	(3,283)	(2,435)
Ammonia	(3,251)	(7,757)
Electricity	(1,664)	(1,793)
Fuel	(1,485)	(1,831)
Drilling and blasting operations expenses	(865)	(754)
Ammonium sulphate	(614)	(2,416)
Logistics expenses for Group goods sold	(8,699)	(15,432)
Russian Railways infrastructure tariff and operators' fees	(3,265)	(3,404)
Customs duties	(3,173)	(1,420)
Freight, port and stevedoring expenses	(2,154)	(10,267)
Other services and materials	(107)	(341)
Cost of Group products sold	(56,678)	(71,017)

7 ADMINISTRATIVE AND SELLING OVERHEAD EXPENSES

<i>RUB million</i>	Three months ended 31 March	
	2023	2022
Administrative overhead expenses:	(5,904)	(19,809)
Salaries and social contributions	(4,092)	(17,821)
Professional services	(397)	(577)
Depreciation and amortisation	(382)	(375)
Security and fire safety services	(305)	(283)
Other	(728)	(753)
Selling overhead expenses:	(1,028)	(1,764)
Salaries and social contributions	(489)	(1,185)
Depreciation and amortization	(346)	(364)
Materials and services	(193)	(215)
Administrative and selling overhead expenses	(6,932)	(21,573)

PJSC “PhosAgro”

Notes to the Consolidated Interim Condensed Financial Statements for the three months ended 31 March 2023

8 TAXES, OTHER THAN INCOME TAX, NET

<i>RUB million</i>	Three months ended 31 March	
	2023	2022
Mineral extraction tax	(2,343)	(2,083)
Property tax	(514)	(434)
Land tax	(90)	(57)
Environment pollution payment	(58)	(50)
VAT included in expenses	(35)	(27)
Using water objects payment	(17)	(15)
Other taxes	(7)	(18)
Taxes, other than income tax, net	(3,064)	(2,684)

9 OTHER EXPENSES, NET

<i>RUB million</i>	Three months ended 31 March	
	2023	2022
Fines and penalties received	335	44
Gain on disposal of inventories	77	69
Decrease/(increase) in provision for inventory obsolescence	16	(11)
Social expenditures	(976)	(715)
Loss on disposal of property, plant and equipment and intangible assets	(94)	(166)
Increase in provision for bad debt and expected credit losses allowance	(37)	(86)
(Accrual)/reversal of contingent liabilities	(13)	57
Other (expenses)/income, net	(17)	45
Other expenses, net	(709)	(763)

10 FINANCE INCOME AND FINANCE COSTS

<i>RUB million</i>	Three months ended 31 March	
	2023	2022
Interest income	339	302
Unwinding of discount on financial assets (note 14)	200	-
Other finance income	29	49
Finance income	568	351
Interest expense on loans and borrowings (note 20)	(1,526)	(1,151)
Interest expense on lease liabilities (note 21)	(49)	(89)
Bank fees	(47)	(78)
Interest expense on defined benefit obligations	(26)	(15)
Provision for impairment of loans issued (note 15)	-	(4,124)
Discount on extension of payment terms (note 14)	-	(2,777)
Loss from revaluation of financial instruments	-	(55)
Securitization fees	-	(47)
Other finance costs	(22)	(79)
Finance costs	(1,670)	(8,415)

PJSC “PhosAgro”

Notes to the Consolidated Interim Condensed Financial Statements for the three months ended 31 March 2023

11 INCOME TAX EXPENSE

The Company’s applicable corporate income tax rate is 20% (three months ended 31 March 2022: 20%).

<i>RUB million</i>	Three months ended 31 March	
	2023	2022
Current tax expense	(10,305)	(12,623)
Deferred income tax - origination and reversal of temporary differences, including change in unrecognised tax assets	4,152	339
Income tax expense	(6,153)	(12,284)

Reconciliation of income tax:

<i>RUB million</i>	Three months ended 31 March	
	2023	2022
Profit before tax	34,212	55,746
Income tax at applicable tax rate	(6,842)	(11,149)
Effect of reduction in tax rate	834	878
Tax effect on foreign exchange differences on receivables recognised from disposal of Phosint Group	165	-
Tax effect of items which are not deductible or assessable for taxation purposes	(272)	(73)
Tax effect on receivables recognised from disposal of Phosint Group	(38)	(1,541)
Tax effect on provision for loans issued	-	(517)
Effect of tax rates in foreign jurisdictions	-	118
Income tax expense	(6,153)	(12,284)

12 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	351	1,135	663	8,185	10,334
Transfers	1,591	1,868	-	(3,459)	-
Disposals	(7)	(137)	(51)	(25)	(220)
Disposal of foreign subsidiaries	(772)	(1,650)	(16)	-	(2,438)
Depreciation	(1,702)	(4,562)	(484)	-	(6,748)
Effect of foreign currency translation reserve	49	197	2	-	248
Net book value at 31 March 2022	85,301	97,241	7,883	48,195	238,620
Net book value at 1 January 2023	101,112	120,468	8,941	44,001	274,522
Additions	461	2,293	909	7,173	10,836
Transfers	1,332	3,068	-	(4,400)	-
Disposals	(9)	(102)	(2)	(1)	(114)
Depreciation	(2,087)	(5,147)	(530)	-	(7,764)
Net book value at 31 March 2023	100,809	120,580	9,318	46,773	277,480

During the three months ended 31 March 2023, the Group capitalised borrowing costs of RUB 248 million (215 million during the three months ended 31 March 2022) in the value of property, plant and equipment using the weighted average interest rate of 2.49% per year (2.75% per year during the three months ended 31 March 2022).

PJSC “PhosAgro”

Notes to the Consolidated Interim Condensed Financial Statements for the three months ended 31 March 2023

12 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

As at 31 March 2023, the most significant balances of the construction in progress related to the following investment projects:

- Kirovsk branch of Apatit, JSC: Kirovsk mine extension and modernization. As at 31 March 2023, the Group has capitalised expenses of RUB 14,538 million (as at 31 December 2022: RUB 13,458 million);
- Kirovsk branch of Apatit, JSC: Rasvumchorrskiy mine extension and modernization. As at 31 March 2023, the Group capitalised expenses of RUB 5,195 million (as at 31 December 2022: RUB 4,821 million);
- Kirovsk branch of Apatit, JSC: apatit-nepheline beneficiation plants extension and modernization. As at 31 March 2023, the Group capitalised expenses of RUB 4,399 million (as at 31 December 2022: RUB 4,575 million);
- Volkhov branch of Apatit, JSC: MAP facilities construction. As at 31 March 2023, the Group has capitalised expenses of RUB 3,046 million (as at 31 December 2022: RUB 3,385 million);
- Balakovo branch of Apatit, JSC: granulated ammonium sulphate facilities construction. As at 31 March 2023, the Group has capitalised expenses of RUB 2,530 million (as at 31 December 2022: RUB 2,616 million);
- Apatit, JSC, Cherepovets: ammonia production facilities support and modernization. As at 31 March 2023, the Group has capitalised expenses of RUB 1,952 million (as at 31 December 2022: RUB 1,724 million).

13 RIGHT-OF-USE ASSETS

The Group has the following types of right-of-use assets: railway wagons, production equipment, 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	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	32	20	52
Depreciation	(32)	(434)	(466)
Disposals	(1)	(117)	(118)
Effect of foreign currency translation reserve	28	2	30
Net book value at 31 March 2022	233	5,956	6,189
Net book value at 1 January 2023	148	4,129	4,277
New lease contracts and modification on existing lease contracts	1	703	704
Depreciation	(15)	(229)	(244)
Disposals	(2)	(14)	(16)
Net book value at 31 March 2023	132	4,589	4,721

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

<i>RUB million</i>	Three months ended	
	31 March	2022
Depreciation expense on right-of-use assets	244	466
Interest expense on lease liabilities	49	89
Expenses relating to short-term leases	85	119
Expenses relating to leases with variable payments	119	125

PJSC “PhosAgro”

Notes to the Consolidated Interim Condensed Financial Statements for the three months ended 31 March 2023

13 RIGHT-OF-USE ASSETS (CONTINUED)

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

<i>RUB million</i>	Three months ended	
	31 March	
	2023	2022
Principal lease payments (note 21)	(332)	(515)
Interest lease payments (note 21)	(49)	(89)
Expenses relating to short-term leases	(85)	(119)
Expenses relating to leases with variable payments	(119)	(125)
Total payments	(585)	(848)

14 OTHER NON-CURRENT ASSETS

<i>RUB million</i>	31 March 2023	31 December 2022
Receivable accrued as a result of Phosint Group disposal	9,477	8,454
Provision for receivable accrued as a result of Phosint Group disposal	(95)	(85)
Receivable accrued as a result of Phosint Group disposal, net	9,382	8,369
Long-term accounts receivable	54	58
Long-term accounts receivable, net	54	58
Loans issued to third parties, at amortised cost	39	38
Loans issued to third parties, at amortised cost, net	39	38
Loans issued to employees, at amortised cost	63	69
Financial assets, at fair value through profit or loss	12	12
Total other non-current assets	9,550	8,546

The following information shows the movements of 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	-
Receivables accrued	-	12,189
Discount on extension of payment terms (note 10)	-	(2,777)
Unwinding of discount (note 10)	200	-
Foreign currency translation difference	823	-
Balance at 31 March	9,477	9,412

15 OTHER FINANCIAL ASSETS

<i>RUB million</i>	31 March 2023	31 December 2022
Interest receivable	163	76
Loans issued to employees, at amortised cost	107	101
Loans issued to third parties, at amortised cost	51	51
Provision for doubtful accounts	(18)	(18)
Total other financial assets	303	210

PJSC “PhosAgro”

Notes to the Consolidated Interim Condensed Financial Statements for the three months ended 31 March 2023

15 OTHER FINANCIAL ASSETS (CONTINUED)

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)
Increase in provision for doubtful accounts and expected credit losses allowance	-	(4,124)
Disposal of foreign subsidiaries	-	4,235
Effect of foreign currency translation reserve	-	(11)
Use of allowance	-	5
Balance at 31 March	(18)	(8)

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 economical 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.

16 INVENTORIES

<i>RUB million</i>	31 March 2023	31 December 2022
Raw materials and spare parts	15,502	15,109
<i>Finished goods:</i>		
Chemical fertilisers	11,001	10,388
Apatite concentrate	738	801
Other products	1,162	1,379
<i>Work-in-progress:</i>		
Chemical fertilisers and other products	5,657	5,685
Chemical fertilisers and other products for resale, purchased from third parties	3,940	5,941
Other goods	139	148
Provision for inventory obsolescence	(86)	(102)
Total inventories	38,053	39,349

17 TRADE AND OTHER RECEIVABLES

<i>RUB million</i>	31 March 2023	31 December 2022
Financial assets		
Trade accounts receivable	56,991	61,997
Other receivables	423	1,479
Provision for doubtful accounts and expected credit losses allowance	(486)	(482)
Non-financial assets		
Advances issued	6,626	8,634
Advances issued on custom duties	1,390	3,901
Deferred expenses	304	202
Receivables from employees	42	20
Provision for doubtful accounts and expected credit losses allowance	(9)	(10)
Total trade and other receivables	65,281	75,741

As of 31 March 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.

PJSC “PhosAgro”

Notes to the Consolidated Interim Condensed Financial Statements for the three months ended 31 March 2023

17 TRADE AND OTHER RECEIVABLES (CONTINUED)

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	15,449
Receivables paid	(6,326)
Foreign exchange gain, net	702
Loss from revaluation at fair value	(2,995)
Balance at 31 March	9,541

As at 31 March 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 570 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)
Use of allowance	-	143
Disposal of foreign subsidiaries	-	125
Reversal of allowance	6	-
Effect of foreign currency translation reserve	-	(20)
Increase in provision for doubtful accounts and expected credit losses allowance	(9)	(1)
Balance at 31 March	(495)	(108)

18 CASH AND CASH EQUIVALENTS

<i>RUB million</i>	31 March 2023	31 December 2022
Cash in bank	70,584	7,438
Call deposits	1,765	5,911
Petty cash	9	7
Total cash and cash equivalents	72,358	13,356

19 EARNINGS PER SHARE

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

<i>RUB million</i>	Three months ended 31 March	
	2023	2022
Weighted average number of ordinary shares in issue	129,500,000	129,500,000
Profit for the period attributable to shareholders of the Company, RUB million	28,055	43,466
Basic and diluted earnings per share, RUB	217	336

PJSC “PhosAgro”

Notes to the Consolidated Interim Condensed Financial Statements for the three months ended 31 March 2023

20 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 21.

<i>RUB million</i>	31 March 2023	31 December 2022
Current loans and borrowings		
Unsecured bank loans	50,271	44,648
Eurobonds	38,543	35,169
Interest payable	1,287	1,157
Total current loans and borrowings	90,101	80,974
Non-current loans and borrowings		
Eurobonds	77,086	70,337
Unsecured bank loans	44,809	39,667
Bank commission (long-term)	(201)	(220)
Total non-current loans and borrowings	121,694	109,784
Total loans and borrowings	211,795	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 the reporting date of RUB 34,916 million (31 December 2022: RUB 27,256 million).

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 24,814 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 24,221 million (31 December 2022: RUB 24,407 million).

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

<i>RUB million</i>	31 March 2023	31 December 2022
USD-denominated	148,892	135,825
RUB-denominated	49,447	42,805
EUR-denominated	13,456	12,128
Total	211,795	190,758

The maturity of the loans and borrowings is as follows:

<i>RUB million</i>	31 March 2023	31 December 2022
Less than 1 year	90,101	80,974
1-2 years	65,306	23,218
2-3 years	4,013	38,824
3-4 years	11,720	10,688
4-5 years	2,313	2,105
More than 5 years	38,543	35,169
Bank commission	(201)	(220)
Total	211,795	190,758

PJSC “PhosAgro”

Notes to the Consolidated Interim Condensed Financial Statements for the three months ended 31 March 2023

20 LOANS AND BORROWINGS (CONTINUED)

Reconciliation of loans and borrowings balances:

<i>RUB million</i>	Three months ended 31 March	
	2023	2022
Balance as at 1 January	190,758	169,791
Cash inflows	14,773	18,400
Cash outflows	(8,131)	(7,443)
Foreign exchange differences	14,338	23,738
Interest expense	1,526	1,151
Interest payments	(1,489)	(1,308)
Amortisation of bank commission	19	20
Other turnovers	1	1
Balance as at 31 March	211,795	204,350

21 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
New lease contracts and modification of existing lease contracts	(80)	(1)	(81)
Disposal of foreign subsidiaries	(290)	-	(290)
Interest expense on lease liabilities	50	39	89
Principal lease payments	(361)	(154)	(515)
Interest lease payments	(50)	(39)	(89)
Effect of foreign currency translation reserve	33	83	116
Balance as at 31 March 2022	2,450	2,417	4,867
Balance as at 1 January 2023	731	2,205	2,936
New lease contracts and modification of existing lease contracts	(24)	370	346
Interest expense on lease liabilities	15	34	49
Principal lease payments	(100)	(232)	(332)
Interest lease payments	(15)	(34)	(49)
Foreign exchange differences	-	48	48
Balance as at 31 March 2023	607	2,391	2,998

22 TRADE AND OTHER PAYABLES

<i>RUB million</i>	31 March 2023	31 December 2022
Trade accounts payable	14,504	15,700
including accounts payable for property, plant and equipment and intangible assets	4,824	4,294
Advances received (contract liabilities)	11,204	17,258
Payables to employees	5,251	4,620
Accruals and provisions	254	241
Other payables	498	1,593
Total trade and other payables	31,711	39,412

PJSC “PhosAgro”

Notes to the Consolidated Interim Condensed Financial Statements for the three months ended 31 March 2023

23 COMMITMENTS

As at 31 March 2023, the Group had contractual commitments for the purchase of property, plant and equipment for RUB 37,955 million (31 December 2022: RUB 35,181 million), including VAT where applicable.

24 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.

(a) Transactions with related parties

<i>RUB million</i>	Nature of relationship	Three months ended 31 March	
		2023	2022
Sales of goods and services	Associates	9	8
Purchases of goods and services	Associates	(233)	(173)
Sales of goods and services	Other related parties	346	256
Other expenses, net	Other related parties	(20)	(12)
Purchases of goods and services	Other related parties	(28)	(49)

In March 2023, the Company declared dividends, including RUB 38,694 million to the shareholders holding more than 20% of the Company’s shares. The Company did not declare dividends to its shareholders.

(b) Balances with related parties

<i>RUB million</i>	Nature of relationship	31 March	31 December
		2023	2022
Trade and other receivables	Associates	82	42
Trade and other payables	Associates	(36)	(39)
Trade and other receivables	Other related parties	9	8
Trade and other payables	Other related parties	(42)	(451)

(c) Remuneration of key management personnel and Board of Directors members

Remuneration of key management personnel consists of monthly compensation, annual performance bonus contingent on operating results, termination benefits 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 778 million (2022: RUB 14,716 million).

25 FOREIGN CURRENCY RISK

The Group’s net monetary position on financial assets and liabilities denominated in foreign currencies is as follows:

<i>RUB million</i>	31 March 2023		31 December 2022	
	USD	EUR	USD	EUR
	denominated	denominated	denominated	denominated
Current assets	98,938	1,395	72,727	1,242
Non-current liabilities	(100,935)	(10,290)	(92,131)	(9,293)
Current liabilities	(49,251)	(4,126)	(46,001)	(3,333)
Total net position	(51,248)	(13,021)	(65,405)	(11,384)

The foreign exchange loss recognised in profit or loss of RUB 5,838 million (15,791 million for the comparative period) resulted from Russian rouble depreciation against major currencies.

PJSC “PhosAgro”

Notes to the Consolidated Interim Condensed Financial Statements for the three months ended 31 March 2023

26 SIGNIFICANT SUBSIDIARIES

Subsidiary	Country of incorporation	Effective ownership interest (rounded)	
		31 March 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%

27 SUBSEQUENT EVENTS

Currently, due to cash refund previously paid as dividends to the depositary (the decision to pay dividends was on the shareholders' extraordinary general meeting dated by 21 September 2022, depositary is targeted as a holder of depositary receipt programme of PJSC “PhosAgro”) the Company together with external consultant are investigating available options of direct payments to shareholders owning the depositary receipts as of the appropriate record date. Based on the results of this investigation, the Company plans to make a decision regarding ways, terms and conditions of making such payments.

In April 2023, the Company issued two three-year exchange bonds on the Moscow Exchange:

- CNY 2,000 million, with a coupon period of 91 days and a coupon rate of (LPR 1Y) + 1.2%;
- RUB 20,000 million, with a coupon period of 180 days and a coupon rate of 9.4%.

In April 2023, the Company redeemed USD 500 million Eurobond issued in January 2018 with a coupon rate of 3.949%. Redemption was also partly financed by the funds raised from the bonds issue in April 2023.