

**PUBLIC JOINT STOCK COMPANY
“ACRON”**

**Consolidated Condensed Interim
Financial Information for the three months
ended 31 March 2020**



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Public Joint Stock Company "Acron"
Consolidated Condensed Interim Statement of Financial Position at 31 March 2020
(unaudited)
(in millions of Russian Roubles)



	Note	31 March 2020	31 December 2019
ASSETS			
Non-current assets			
Property, plant and equipment	10	104,062	102,157
Subsoil licences and related costs	11	41,189	39,502
Investment in equity instruments measured at fair value through other comprehensive income	12	8,075	9,784
Right-of-use assets		2,541	2,690
Deferred tax assets		245	201
Other non-current assets		3,346	3,224
Total non-current assets		159,458	157,558
Current assets			
Inventories	9	16,064	16,378
Accounts receivable	8	13,417	10,878
Cash and cash equivalents	7	22,497	11,356
Short-term derivative financial instruments	13	3,159	3,093
Other current assets		957	1,092
Total current assets		56,094	42,797
TOTAL ASSETS		215,552	200,355
EQUITY			
Share capital	16	3,046	3,046
Treasury shares		(14)	(8)
Retained earnings		62,954	73,157
Revaluation reserve		(17,792)	(16,083)
Other reserves		(11,507)	(5,291)
Cumulative currency translation difference		8,813	6,180
Equity attributable to the Company's owners		45,500	61,001
Non-controlling interests		21,031	20,964
TOTAL EQUITY		66,531	81,965
LIABILITIES			
Non-current liabilities			
Long-term borrowings	15	106,209	73,253
Long-term lease liabilities		2,295	2,047
Deferred tax liabilities		8,565	8,658
Other long-term liabilities		772	743
Total non-current liabilities		117,841	84,701
Current liabilities			
Accounts payable	14	8,517	10,517
Short-term derivative financial instruments	13	1,723	679
Short-term borrowings	15	14,091	13,288
Advances received		4,235	6,968
Short-term lease liabilities		596	547
Other current liabilities		2,018	1,690
Total current liabilities		31,180	33,689
TOTAL LIABILITIES		149,021	118,390
TOTAL LIABILITIES AND EQUITY		215,552	200,355

The Consolidated Condensed Interim Financial Information was approved for issue on 20 May 2020.


V.Y. Kunitskiy
President




A.V. Milenkov
Finance Director

Public Joint Stock Company “Acron”
Consolidated Condensed Interim Statement of Profit or Loss and Other Comprehensive
Income for the three months ended 31 March 2020 (unaudited)



(in millions of Russian Roubles, except for per share amounts)

	Note	Three months ended	
		31 March 2020	31 March 2019
Revenue	5	28,079	29,504
Cost of sales		(17,574)	(15,388)
Gross profit		10,505	14,116
Transportation expenses		(4,428)	(4,786)
Selling, general and administrative expenses		(2,183)	(2,214)
Other operating income / (expenses), net	18	1,816	(435)
Operating profit		5,710	6,681
Finance (costs) / income, net	17	(14,345)	4,788
Interest expense		(335)	(148)
Loss on derivatives, net		(978)	(82)
(Loss) / profit before taxation		(9,948)	11,239
Income tax expense	20	(178)	(2,465)
(Loss) / profit for the period		(10,126)	8,774
<i>Other comprehensive (loss) / income on items that will not be reclassified to profit or loss:</i>			
Investment in equity instruments measured at fair value through other comprehensive income:			
- (Loss) / gain arising during the period	12	(1,709)	2,373
<i>Other comprehensive income / (loss) on items that are or may be reclassified to profit or loss:</i>			
Currency translation differences		2,629	(935)
Other comprehensive income for the period		920	1,438
Total comprehensive (loss) / (income) for the period		(9,206)	10,212
(Loss) / profit is attributable to:			
Owners of the Company		(10,250)	8,609
Non-controlling interest		124	165
(Loss) / profit for the period		(10,126)	8,774
Total comprehensive (loss) / income is attributable to:			
Owners of the Company		(9,326)	10,087
Non-controlling interest		120	125
Total comprehensive (loss) / income for the period		(9,206)	10,212
(Loss) / earnings per share			
Basic (expressed in RUB per share)	19	(268.13)	223.33
Diluted (expressed in RUB per share)	19	(261.13)	223.25

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

Public Joint Stock Company “Acron”
Consolidated Condensed Interim Statement of Cash Flows for the three months
ended 31 March 2020 (unaudited)
(in millions of Russian Roubles)



	Note	Three months ended	
		31 March 2020	31 March 2019
Cash flows from operating activities			
(Loss) / profit before taxation for the period		(9,948)	11,239
<i>Adjustments for:</i>			
Depreciation and amortisation		3,490	2,760
Provision / (reversal of provision) for impairment of accounts receivable		2	(6)
(Reversal of) / (provision for) obsolescence of inventory		(68)	3
Loss on disposal of property, plant and equipment		40	440
Interest expense		335	148
Interest income		(15)	(42)
Loss on derivatives, net		978	82
Unrealised foreign exchange effect on non-operating balances		12,599	(4,313)
Operating cash flows before working capital changes		7,413	10,311
Increase in gross trade receivables		(2,642)	(540)
(Increase)/decrease in advances to suppliers		(1,308)	856
Decrease/(increase) in other receivables		1,459	(1,108)
Decrease/(increase) in inventories		178	(467)
Decrease in trade payables		(1,749)	(225)
Decrease in other payables		(310)	(77)
(Decrease)/increase in advances from customers		(2,733)	707
Decrease in other current assets		135	266
Increase/(decrease) in other current liabilities		1,142	(173)
Cash generated from operations		1,585	9,550
Income tax paid		(269)	(1,392)
Interest paid		(542)	(813)
Net cash generated from operating activities		774	7,345
Cash flows from investing activities			
Purchase of property, plant and equipment and intangible assets		(3,708)	(4,340)
Interest received		10	27
Net change in other non-current assets and liabilities		(93)	(45)
Net cash used in investing activities		(3,791)	(4,358)
Cash flows from financing activities			
Acquisition of non-controlling interest		(6)	(12)
Dividend paid		(102)	-
Acquisition of treasury shares		(6,222)	(297)
Proceeds from borrowings	15	22,041	4,749
Repayment of borrowings	15	(4,112)	(2,593)
Payment of lease liabilities		(149)	-
Net cash from financing activities		11,450	1,847
Net increase in cash and cash equivalents		8,433	4,834
Effect of exchange rate changes on cash and cash equivalents		2,708	(732)
Cash and cash equivalents at the beginning of the period	7	11,356	10,460
Cash and cash equivalents at the end of the period	7	22,497	14,562

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

Public Joint Stock Company “Acron”
Consolidated Condensed Interim Statement of Changes in Equity for the three months ended 31 March 2020 (unaudited)
(in millions of Russian Roubles)



	Capital and reserves attributable to the Company's owners							
	Share capital	Treasury shares	Retained earnings	Revaluation reserve	Other reserves	Cumulative currency translation difference	Non-controlling interest	Total equity
Balance at 1 January 2019	3,046	(6)	65,253	(14,137)	(3,963)	7,400	20,572	78,165
Comprehensive income								
Profit for the period	-	-	8,609	-	-	-	165	8,774
<i>Other comprehensive income</i>								
Gain on revaluation of investment in equity instruments measured at fair value through other comprehensive income	-	-	-	2,373	-	-	-	2,373
Currency translation differences	-	-	-	-	-	(895)	(40)	(935)
Total other comprehensive income	-	-	-	2,373	-	(895)	(40)	1,438
Total comprehensive income	-	-	8,609	2,373	-	(895)	125	10,212
Dividend declared	-	-	(5,111)	-	-	-	-	(5,111)
Acquisition of treasury shares	-	-	-	-	(297)	-	-	(297)
Acquisition of non-controlling interest	-	-	16	-	-	-	(4)	12
Total transactions with Company's owners	-	-	(5,095)	-	(297)	-	(4)	(5,396)
Balance at 31 March 2019	3,046	(6)	68,767	(11,764)	(4,260)	6,505	20,693	82,981
Balance at 1 January 2020	3,046	(8)	73,157	(16,083)	(5,291)	6,180	20,964	81,965
Comprehensive loss								
Loss for the period	-	-	(10,250)	-	-	-	124	(10,126)
<i>Other comprehensive income</i>								
Loss on revaluation of investment in equity instruments measured at fair value through other comprehensive income	-	-	-	(1,709)	-	-	-	(1,709)
Currency translation differences	-	-	-	-	-	2,633	(4)	2,629
Total other comprehensive income	-	-	-	(1,709)	-	2,633	(4)	920
Total comprehensive loss	-	-	(10,250)	(1,709)	-	2,633	120	(9,206)
Acquisition of non-controlling interest	-	-	47	-	-	-	(53)	(6)
Acquisition of treasury shares	-	(6)	-	-	(6,216)	-	-	(6,222)
Total transactions with Company's owners	-	(6)	47	-	(6,216)	-	67	(15,434)
Balance at 31 March 2020	3,046	(14)	62,954	(17,792)	(11,507)	8,813	21,031	66,531

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



1 Acron Group and its Operations

This consolidated condensed interim financial information has been prepared in accordance with International Financial Reporting Standard IAS 34 Interim Financial Reporting for the three months ended 31 March 2020 for Public Joint Stock Company "Acron" (the "Company" or "Acron") and its subsidiaries (together referred to as the "Group" or "Acron Group"). The Company's shares are traded on the Moscow and London Stock Exchange.

The Group's principal activities include the manufacture, distribution and sale of chemical fertilisers and related by-products. The Group's manufacturing facilities are primarily based in the Novgorod, Smolensk and Murmansk regions of Russia.

The Company's registered office is at Veliky Novgorod, 173012, Russian Federation.

As at 31 March 2020, the Group's immediate parent company is Redbrick Investments S.a.r.l. (Luxembourg). The Group's ultimate parent is Terasta Enterprises Limited (The Republic of Cyprus). During the reporting and comparable periods the Group is ultimately controlled by Mr. Viatcheslav Kantor.

2 Basis of Preparation

2.1 Statement of compliance

This consolidated condensed interim financial information has been prepared in accordance with IAS 34, Interim Financial Reporting. It does not include all the information required for full annual financial statements and should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 December 2019.

2.2 Judgements and estimates

Preparing the consolidated condensed interim financial information requires Management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this consolidated condensed interim financial information for the three months ended 31 March 2020, significant judgments made by Management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2019.

3 Significant Accounting Policies

The accounting policies and judgments applied by the Group in this consolidated condensed interim financial information are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 31 December 2019.

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. However, the effect of seasonality on the Group's revenue is partially offset by the facts that the Group sells its fertilisers globally and fertiliser application and purchases vary by region. The seasonality does not significantly influence production, and inventory levels are adjusted for movements in demand. Seasonality does not impact the revenue or cost recognition policies of the Group.

5 Segment Information

The Group prepares its segment analysis in accordance with IFRS 8, Operating Segments. Operating segments are components that engage in business activities that may earn revenues or incur expenses, whose operating results are regularly reviewed by the chief operating decision maker(s) ("CODM") and for which discrete financial information is available. The CODM is the person or group of persons who allocates resources and assesses the performance for the entity. The functions of CODM are performed by the Management Board of the Group.

The development and approval of strategies, market situation analysis, the risk assessment, investment focus, technological process changes, goals and priorities are set and assessed in line with the current segment structure of the Group:

- Acron – representing manufacturing and distribution of chemical fertilisers by PJSC Acron;
- Dorogobuzh – representing manufacturing and distribution of chemical fertilisers by PJSC Dorogobuzh;
- Mining NWPC – representing production of apatite-nepheline ore and subsequent processing in apatite concentrate;
- Mining excluding NWPC - comprise mining entities JSC VPC and North Atlantic Potash Inc., both under being at the stage of development, exploration and evaluation;
- Logistics – representing transportation and logistics services rendered by Estonian ports of the Group and some minor transportation companies in Russia. Constitutes an aggregation of a number of operating segments;
- Trading – representing overseas and domestic distribution companies of the Group;
- Other – representing certain logistic (other than included in logistic segment), service, agriculture and management operations.



(in millions of Russian Roubles, except for per share amounts)

The Group's segments are strategic business units that focus on different customers. They are managed separately because each business unit has distinctive business and risk profile.

Segment financial information is presented and reviewed by the CODM based on the IFRS and includes revenues from sales and EBITDA.

The CODM evaluates performance of each segment based on measure of operating profit adjusted by depreciation and amortisation, foreign exchange gain or loss, other non-cash and extraordinary items (EBITDA). Since this term is not a standard IFRS measure Acron Group's definition of EBITDA may differ from that of other companies.

Information for the reportable segments for the three months ended 31 March 2020 is set out below:

	Segment sales	Intersegment sales	External sales	EBITDA
Acron	14,920	(12,961)	1,959	3,248
Dorogobuzh	6,432	(6,117)	315	1,256
Logistics	710	(627)	83	182
Trading	26,409	(967)	25,442	2,365
Mining NWPC	2,367	(2,353)	14	245
Mining excluding NWPC	-	-	-	(7)
Other	490	(224)	266	(10)
Total	51,328	(23,249)	28,079	7,279

Information for the reportable segments for the three months ended 31 March 2019 is set out below:

	Segment sales	Intersegment sales	External sales	EBITDA
Acron	19,876	(16,726)	3,150	7,718
Dorogobuzh	6,982	(6,185)	797	1,770
Logistics	1,067	(984)	83	329
Trading	25,784	(468)	25,316	(74)
Mining NWPC	2,681	(2,671)	10	771
Mining excluding NWPC	-	-	-	10
Other	308	(160)	148	(68)
Total	56,698	(27,194)	29,504	10,456

Reconciliation of EBITDA to Profit Before Tax:

	Three months ended	
	31 March 2020	31 March 2019
Operating Profit	5,710	6,681
Depreciation and amortisation	3,490	2,760
Net foreign currency (income) / loss on operating activities	(1,961)	575
Loss on disposal of property, plant and equipment	40	440
Total consolidated EBITDA	7,279	10,456

Information about geographical areas:

The geographic information below analyses the Group's revenue. In presenting the following information, segment revenue has been based on the geographic location of customers.

	Three months ended	
	31 March 2020	31 March 2019
Revenue		
Russia	7,852	5,977
Latin America	6,084	4,593
European Union	4,675	5,720
Asia (excluding PRC)	3,117	4,191
USA and Canada	3,097	3,968
PRC	1,580	1,503
Other regions	1,166	2,471
Commonwealth of Independent States	508	1,081
Total	28,079	29,504



(in millions of Russian Roubles, except for per share amounts)

Revenue from sales of chemical fertilisers accounts for 83% of total revenues (for the three months ended 31 March 2019: 82%).

For the three months ended 31 March 2020, revenues from logistics activities representing a separate performance obligation under IFRS 15 amounted to RUB 1,523 (for the three months ended 31 March 2019: RUB 1,393). Adjustment associated with price changes is not significant.

This revenue was accounted for as part of the Trading in Information for the reportable segments for the three months ended 31 March 2020.

There is none individual customer contributing more than 10% to the total revenues (for the three months ended 31 March 2019: one customer).

6 Balances and Transactions with Related Parties

Related parties are defined in IAS 24, Related Party Disclosures. Parties are generally considered to be related if one party has the ability to control the other party, is under common control, 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.

The nature of the related party relationships for those related parties with whom the Group entered into significant transactions or had significant balances outstanding at 31 March 2020 and 31 December 2019 are detailed below.

The following turnovers and balances arise from transactions with related parties:

i Balances with related parties

Statement of financial position caption	Note	Relationship	31 March 2020	31 December 2019
Trade receivables, gross	8	Companies under common control	2	5
Trade payables	14	Companies under common control	(5)	(8)

ii Transactions with related parties

	Note	Relationship	Three months ended	
			31 March 2020	31 March 2019
Sales of chemical fertilisers	5	Companies under common control	2	2
Purchases of raw materials		Companies under common control	(15)	(16)

7 Cash and Cash Equivalents

	31 March 2020	31 December 2019
Cash on hand and bank balances denominated in RUB	6,520	2,157
Bank balances denominated in USD	13,649	5,570
Bank balances denominated in EUR	1,844	3,291
Bank balances denominated in CNY	250	143
Bank balances denominated in other foreign currencies	234	195
Total cash and cash equivalents	22,497	11,356

Cash and cash equivalents include term deposits of RUB 271 (31 December 2019: RUB 3,338).

The fair value of cash, cash equivalents and irrevocable deposits is equal to their carrying amount. All bank balances and term deposits are neither past due nor impaired.

8 Accounts Receivable

	31 March 2020	31 December 2019
Trade accounts receivable	5,793	3,151
Notes receivable	504	262
Other accounts receivable	340	378
Less: impairment provision	(40)	(39)
Total financial assets	6,597	3,752
Advances to suppliers	2,762	1,454
Value-added tax recoverable	2,451	4,194
Income tax prepayment	767	722
Other taxes receivable	872	787
Less: impairment provision	(32)	(31)
Total accounts receivable	13,417	10,878

The fair value of accounts receivable does not differ significantly from their carrying amount.

As at 31 March 2020 and 31 December 2019 the Group hold no collateral as security for trade receivable.



(in millions of Russian Roubles, except for per share amounts)

9 Inventories

	31 March 2020	31 December 2019
Raw materials and spare parts	8,094	8,560
Work in progress	799	779
Finished products	7,171	7,039
	16,064	16,378

Raw materials are shown net of obsolescence provision RUB 212 (31 December 2019: RUB 280).

No inventory was pledged as security at 31 March 2020 and 31 December 2019.

10 Property, Plant and Equipment

Property, plant and equipment and related accumulated depreciation consist of the following:

	2020	2019
Carrying amount at 1 January	102,157	93,532
Acquisitions	4,270	4,299
Disposals	(40)	(440)
Depreciation charge	(3,134)	(2,569)
Currency translation difference	809	(349)
Carrying amount at 31 March	104,062	94,473

Included in the three months 2020 additions to assets under constructions are approximately RUB 629 of capitalised borrowing costs in accordance with IAS 23, Borrowing costs (for the three months 2019: RUB 428) at the average borrowing rate from 9.13% to 10.2% (for the three months 2019: 9.13% to 10.2%).

At 31 March 2020 and 31 December 2019, no pledges over property, plant and equipment.

11 Subsoil Licences and Related Costs

Subsoil licences and related costs comprise of:

	31 March 2020	31 December 2019
Apatite-nepheline deposits (production/development stage)	797	800
Potash deposits (development stage)	33,440	32,608
Exploration licenses	5,512	4,657
License and expenditure on deposit in exploration and evaluation stage	1,134	1,134
Asset related to the discharge of license obligations	306	303
	41,189	39,502

The Group capitalised borrowing costs for the three months ended 31 March 2020 in amount of RUB 832 (for the three months 2019: RUB 1,337) applying average borrowing rate of 10.2% (for the three months 2019: 10.2%).

12 Investment in equity instrument measured at fair value through other comprehensive income

	2020	2019
Carrying amount at 1 January	9,784	11,670
Fair value (loss) / gain recognised directly in OCI	(1,709)	2,373
Carrying amount at 31 March	8,075	14,043

The Group has investments in the following companies:

Name	Activity	Country of registration	31 March 2020	31 December 2019
Non-current				
Grupa Azoty S.A.	Fertilisers manufacture	Poland	7,667	9,376
Other		Russia	408	408
Total non-current			8,075	9,784
Total			8,075	9,784

The fair value of investment in Grupa Azoty S.A. was determined by reference to their quoted market prices as at 31 March 2020. At 31 March 2020, the share price of Grupa Azoty S.A. on Warsaw Stock Exchange was RUB 390.11 (31 December 2019: RUB 475.44).

13 Derivative Financial Assets and Liabilities

Options for the purchase and sale of shares are recognised as part of a transaction to sell shares of JSC VPC to holders of non-controlling interests. The net assets as at 31 March 2020 are represented by one call option, which gives the Group the right to purchase from non-controlling shareholders the 19.9% stake in JSC VPC up to June 2020



(in millions of Russian Roubles, except for per share amounts)

and two put options that give non-controlling shareholders the right to sell to the Group their 20% and 19.9% stakes of their interest in JSC VPC correspondingly in June and August 2020.

	31 March 2020			
	Assets		Liabilities	
	Non-Current	Current	Non-Current	Current
Put/call options on JSC VPC shares	-	3,159	-	(1,723)
	-	3,159	-	(1,723)

	31 December 2019			
	Assets		Liabilities	
	Non-Current	Current	Non-Current	Current
Put/call options on JSC VPC shares	-	3,093	-	(679)
	-	3,093	-	(679)

14 Accounts Payable

	31 March 2020	31 December 2019
Trade accounts payable	5,274	7,023
Dividends payable	86	188
Total financial payables	5,360	7,211
Payables to employees	1,360	1,419
Accrued liabilities and other creditors	969	984
Taxes payable	828	903
Total accounts payable and accrued expenses	8,517	10,517

15 Short-Term and Long-Term Borrowings

Borrowings consist of the following:

	31 March 2020	31 December 2019
Bonds issued	23,772	23,772
Credit lines	18,307	3,185
Term loans	78,221	59,584
	120,300	86,541

The Group's borrowings mature as follows:

	31 March 2020	31 December 2019
Borrowings due:		
- within 1 year	14,091	13,288
- between 1 and 5 years	106,083	73,037
- after 5 years	126	216
	120,300	86,541

The Group's borrowings are denominated in currencies as follows:

	31 March 2020	31 December 2019
Borrowings denominated in:		
- RUB	35,167	28,510
- EUR	16,952	8,325
- USD	68,181	49,706
	120,300	86,541

At 31 March 2020, unused credit lines available under loan facilities were RUB 50,772 (31 December 2019: RUB 54,706). Terms and conditions of unused credit lines correspond to the terms and conditions of other borrowings.



The details of the significant short-term loan balances are summarised below:

	31 March 2020	31 December 2019
Short-term borrowings		
RUB		
Bonds with fixed interest rate from 9.55% to 10.2% per annum	8,772	8,772
Loans with floating interest rate from 90% of the key rate of the Bank of Russia +1.8% to the key rate of the Bank of Russia +2% (2019: from 90% of the key rate of the Bank of Russia +1.8% to 90% of the key rate of the Bank of Russia +2.275%) per annum	487	343
Loans with fixed interest rate of 7.35% per annum	2,950	-
EUR		
Loans with floating interest rate of 6M EURIBOR +0.65% to 6M EURIBOR+1.9% per annum	447	361
Loans with floating interest rate of 3M EURIBOR +1.7% per annum	344	1,026
USD		
Loans with floating interest rate from LIBOR O/N +1.56% to LIBOR O/N +1.7% per annum	776	-
Loans with floating interest rate of Mid-Point of FED Target Range +1.6% per annum	315	-
Loans with floating interest rate of 1M LIBOR +2.1% per annum	-	2,786
Total short-term borrowings	14,091	13,288

The details of the significant long-term loan balances are summarised below:

	31 March 2020	31 December 2019
Long-term borrowings		
RUB		
Bonds with fixed interest rate from 7.25% to 8.6% per annum	15,000	15,000
Loans with floating interest rate from the key rate of the Bank of Russia +1.35% to the key rate of the Bank of Russia +2% (2019: the key rate of the Bank of Russia +2%) per annum	1,958	1,445
Loans with fixed interest rate from 8.3% to 8.34% (2019: 7.35%) per annum	6,000	2,950
EUR		
Loans with floating interest rate from 6M EURIBOR +0.65% to 6M EURIBOR +1.9% per annum	1,071	975
Loans with floating interest rate from 3M EURIBOR +1.25% per annum	7,374	5,963
Loans with fixed interest rate from 0.98% to 0.99% per annum	7,716	-
USD		
Loans with floating interest rate from 1M LIBOR +2% to 1M LIBOR +4.5% per annum	59,317	46,920
Loans with fixed interest rate of 2.51% per annum	7,773	-
Total long-term borrowings	106,209	73,253

In May 2011, the Group placed through an offering to the public under an open subscription RUB non-convertible bonds with a face value of RUB 7,500 to be redeemed in May 2021. In 2012, the Group redeemed bonds in the amount of RUB 3,377. The holders of this bond issue were granted an option to redeem the bonds in May 2015 and May 2016 which resulted in early redemption of bonds for RUB 1,354. The Group further placed the bonds of this issue for RUB 1,354. At 31 December 2019, the Group's subsidiary PJSC Dorogobuzh held bonds in the amount of RUB 351.

In October 2016, the Group placed non-convertible interest-bearing documentary bonds in the amount of RUB 5,000 to be redeemed in September 2026. The bonds were placed at 9.55% with the option of early redemption in October 2020.

In June 2017, the Group placed non-convertible interest-bearing documentary bonds in the amount of RUB 5,000 to be redeemed in May 2027. The bonds were placed at 8.6% with the option of early redemption in December 2021.

In October 2019, the Group placed non-convertible interest-bearing documentary bonds in the amount of RUB 10,000 to be redeemed in April 2023. The bonds were placed at 7.25% per annum without the option of early redemption.

All of the above bonds were admitted to the quotation list B and are traded on Moscow Stock Exchange. The fair value of the outstanding bonds as at 31 March 2020 was RUB 23,988 with reference to Moscow Stock Exchange quotations as of this date (31 December 2019: RUB 24,506).

Significant loan agreements contain certain covenants including those which require the Group and Group entities to maintain a minimum level of net assets, net debt/EBITDA ratio and EBITDA/interest expense ratio. The loan agreements provide for the borrower's obligation to maintain the required level of inflows through the accounts opened with the lending banks. The loan agreements also contains a number of covenants and acceleration clause in case of



(in millions of Russian Roubles, except for per share amounts)

the borrower's failure to fulfil its obligations under the loan agreements which include restrictions on significant transactions with assets. Also, these covenants permit the respective banks to directly debit the accounts opened by the debtors with the banks to ensure repayment of the loans. The Group is in compliance with these covenants.

16 Share Capital

The total authorised number of ordinary shares is 40,534,000 (31 December 2019: 40,534,000) with a par value of RUB 5 per shares. All authorised shares have been issued and fully paid.

Total number of outstanding shares comprises (par value is expressed in roubles per one share):

	Number of outstanding ordinary shares	Number of treasury shares	Total share capital	Treasury share capital	Outstanding share capital
1 January 2019	40,534,000	(1,285,800)	3,046	(6)	3,040
Acquisition of treasury shares	-	(64,094)	-	-	-
31 March 2019	40,534,000	(1,349,894)	3,046	(6)	3,040
1 January 2020	40,534,000	(1,576,930)	3,046	(8)	3,038
Acquisition of treasury shares	-	(1,192,712)	-	(6)	(6)
31 March 2020	40,534,000	(2,769,642)	3,046	(14)	3,032

In April 2020, subsequent to the reporting period, the Group declared and paid dividend for previous years in the amount of RUB 157 per ordinary share.

In May 2020, subsequent to the reporting period, the Board of Directors recommended the annual general meeting of PJSC Acron shareholders to declare dividend for 2019 in the amount of RUB 275 per ordinary share.

17 Finance (Costs) / Income, net

	Three months ended	
	31 March 2020	31 March 2019
Interest income from loans provided and term deposits	15	42
Other finance income / (expenses), net	53	(201)
Commission expense	(151)	(263)
Foreign exchange (loss) / gain, net	(14,262)	5,210
	(14,345)	4,788

18 Other Operating Income / (Expenses), net

	Three months ended	
	31 March 2020	31 March 2019
Charity expenses	(162)	(68)
Other operating income, net	17	208
Foreign exchange gain / (loss), net	1,961	(575)
	1,816	(435)

19 Earnings per Share

Basic earnings per share are calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period, excluding treasury shares. At 31 March 2020, ordinary shares of the Company have potential dilutive effect associated with the right to exercise obligations under the redemption put-options by transferring its own ordinary shares.

	Three months ended	
	31 March 2020	31 March 2019
Weighted average number of shares outstanding	40,534,000	40,534,000
Adjusted for weighted average number of treasury shares	(2,769,642)	(1,246,854)
Weighted average number of shares outstanding (basic)	37,764,358	39,287,146
Effect of settlement in own equity instruments	-	-
Weighted average number of shares outstanding (diluted)	38,777,054	39,301,999
(Loss) / profit attributable to the equity holders of the Company	(10,126)	8,774
Basic (loss) / earnings per share (in Russian roubles)	(268.13)	223.33
Diluted (loss) / earnings per share (in Russian roubles)	(261.13)	223.25



20 Income Taxes

	Three months ended	
	31 March 2020	31 March 2019
Income tax expense – current	385	1,958
Deferred tax charge – origination and reversal of temporary differences	(207)	507
Income tax charge	178	2,465

21 Contingencies, Commitments and Operating Risks

i Contractual commitments and guarantees

As at 31 March 2020, the Group had outstanding capital commitments in relation to property, plant and equipment for the amount of RUB 10,533 (31 December 2019: RUB 11,220).

In accordance with the conditions of the exploration licenses the Group has to commence the extraction of certain mineral resources by certain dates as stipulated by license agreements (Note 11). The Group has already allocated the necessary resources in respect of these commitments. The Group believes that future net income and funding will be sufficient to cover this and any similar such commitments.

Guarantees are irrevocable assurances that the Group will make payments in the event that another party cannot meet its obligations. As at 31 March 2020 and 31 December 2019, the Group had no issued guarantees.

ii Legal proceedings

From time to time and in the normal course of business, claims against the Group are received. On the basis of its own estimates and both internal and external professional advice the Management is of the opinion that no material losses will be incurred in respect of claims.

iii Business environment

The Group's operations are primarily located in the Russian Federation, also the Group has distribution companies in the countries of European Union, USA, Asia and Latin America. Consequently, the Group is exposed not only to the economic and financial markets of the Russian Federation which display characteristics of an emerging market, but also is exposed both to macroeconomic indicators and specific requirements of local regulators in other countries where the Group operates.

The legal, tax and regulatory frameworks in the Russian Federation continue development, but are subject to varying interpretations and frequent changes which together with other legal and fiscal impediments contribute to the challenges faced by entities.

Starting in 2014, the United States of America, the European Union and some other countries have imposed and gradually expanded economic sanctions against a number of Russian individuals and legal entities. The imposition of the sanctions has led to increased economic uncertainty, including more volatile equity markets, a depreciation of the Russian rouble, a reduction in both local and foreign direct investment inflows and a significant tightening in the availability of credit. As a result, some Russian entities may experience difficulties accessing the international equity and debt markets and may become increasingly dependent on state support for their operations. The longer-term effects of the imposed and possible additional sanctions are difficult to determine.

The first months of 2020 have seen significant global market turmoil triggered by the outbreak of the coronavirus. Together with other factors, this has resulted in a sharp decrease in the oil price and the stock market indices, as well as a depreciation of the Russian Rouble. These developments are further increasing the level of uncertainty in the Russian business environment. These events may have a potential negative effect on the availability and cost of borrowed funds, as well as on the volatility of assets and liabilities measured at fair value. The situation with the spread of coronavirus and quarantine measures taken by countries does not yet have a significant impact on fertilizer demand. Management believes that if the situation worsens, the need for food security will support the demand for mineral fertilisers worldwide. At the time of approval of this consolidated condensed interim financial information, management is in the process of estimating the impact of the facts and circumstances described above on the operations and financial position of the Group.

The consolidated condensed interim financial information reflects management's assessment of the impact of the Russian business environment on the operations and the financial position of the Group. The future business environment may differ from management's assessment.

iv Taxation contingencies in Russian Federation

The taxation system in the Russian Federation continues to evolve and is characterised by frequent changes in legislation, official pronouncements and court decisions, which are sometimes contradictory and subject to varying interpretation by different tax authorities.

Taxes are subject to review and investigation by a number of authorities, which have the authority to impose severe fines, penalties and interest charges. A tax year generally remains open for review by the tax authorities during the



three subsequent calendar years. Recent events within the Russian Federation suggest that the tax authorities are taking a more assertive and substance-based position in their interpretation and enforcement of tax legislation.

In addition, a number of new laws introducing changes to the Russian tax legislation have been recently adopted. In particular, starting from 1 January 2015 Russian Federal law 376-FZ introduced changes aimed at regulating tax consequences of transactions with foreign companies and their activities. These changes may potentially impact the Group's tax position and create additional tax risks going forward. This legislation is still evolving and the impact of legislative changes should be considered based on the actual circumstances.

Transfer pricing legislation enacted in the Russian Federation starting from 1 January 2012 provides for major modifications making local transfer pricing rules closer to OECD guidelines, but creating additional uncertainty in practical application of tax legislation in certain circumstances.

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

The transfer pricing rules apply to cross-border transactions between related parties, as well as to certain cross-border transactions between independent parties, as determined under the Russian Tax Code (no threshold is set for the purposes of prices control in such transactions). In addition, the rules apply to in-country transactions between related parties if the accumulated annual volume of the transactions between the same parties exceeds a particular threshold (RUB 1 billion in 2014 and thereon).

The compliance of prices with the arm's length level could be as well subject to scrutiny on the basis of unjustified tax benefit concept.

All these circumstances may create tax risks in the Russian Federation that are substantially more significant than in other countries. Management believes that it has provided adequately for tax liabilities based on its interpretations of applicable Russian tax legislation, official pronouncements and court decisions. However, the interpretations of the tax authorities and courts, especially due to reform of the supreme courts that are resolving tax disputes, could differ and the effect on this consolidated condensed interim financial information, if the authorities were successful in enforcing their interpretations, could be significant.

The amount of possible tax liabilities related to uncertainties in practical application of legislation could be material, but cannot be determined with sufficient reliability. However, management believes that its interpretation of the relevant legislation is generally appropriate, and the Group's tax, currency and customs positions will be sustained. Management believes that all necessary provisions in respect of probable tax risks were recognised as liabilities.

v Environmental matters

The environmental regulation in the Russian Federation continues to evolve. The Group periodically evaluates its obligations under environmental regulations. As obligations are determined, they are recognised immediately. Potential liabilities, which might arise as a result of changes in existing regulations, civil litigation or legislation, cannot be estimated but could be material. In the current climate under existing legislation, management believes that there are no significant liabilities for environmental damage.

22 Fair Value of Financial Instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The best evidence of fair value is the price in an active market.

The estimated fair values of financial instruments have been determined by the Group using available market information, where it exists, and appropriate valuation methodologies. However, judgement is necessarily required to interpret market data to determine the estimated fair value. The Russian Federation continues to display some characteristics of an emerging market and economic conditions continue to limit the volume of activity in the financial markets. Market quotations may be outdated or reflect distress sale transactions and therefore not represent fair values of financial instruments. Management has used all available market information in estimating the fair value of financial instruments.

Financial instruments carried at fair value. Investment in equity instruments measured at fair value through other comprehensive income, and derivatives are carried in the consolidated statement of financial position at their fair value.

This Group discloses the value of financial instruments that are measured in the consolidated statement of financial position at fair value by three levels in accordance with IFRS 13, Fair values.

The level in the fair value hierarchy into which the fair values are categorised as one of the three categories:

- Level 1: quoted price in an active market;
- Level 2: valuation technique with inputs observable in markets;
- Level 3: valuation technique with significant non-observable inputs.

All measured at fair value through other comprehensive income financial instruments of the Group were included in level 1 category in the amount of RUB 7,667 (31 December 2019: RUB 9,376).



All liabilities on bonds issued were included in level 1 category in the amount of RUB 23,772 (31 December 2019: RUB 23,772).

The fair value of the call/put options on shares of JSC VPC was determined based on the Black–Scholes Option Pricing Model with the adjustments and using of unobservable inputs, and included in level 3. Determination method is equal to applied in 2019.

Financial assets carried at amortised cost. The fair value of floating rate instruments is normally their carrying amount. The estimated fair value of fixed interest rate instruments is based on estimated future cash flows expected to be received discounted at current interest rates for new instruments with similar credit risk and remaining maturity. Discount rates used depend on credit risk of the counterparty. Carrying amounts of trade receivables and loans receivable approximate fair values.

Liabilities carried at amortised cost. The fair value of floating rate liabilities is normally their carrying amount. The fair value is based on quoted market prices, if available. The estimated fair value of fixed interest rate instruments with stated maturity, for which a quoted market price is not available, was estimated based on expected cash flows discounted at current interest rates for new instruments with similar credit risk and remaining maturity. At 31 March 2020, the fair value of borrowings was RUB 169 lower than their carrying amounts. At 31 December 2019, the fair value of borrowings was RUB 136 higher than their carrying amounts.

The fair value of payables does not differ significantly from their carrying amounts.

23 Subsequent Events

In April 2020, the Group declared and paid dividend on ordinary shares of PJSC Acron for previous years in the amount of RUB 157 per share.

In May 2020, the Board of Directors recommended the annual general meeting of shareholders to declare dividend on ordinary shares of PJSC Acron for 2019 in the amount of RUB 275 per share.