

**PUBLIC JOINT STOCK COMPANY
“ACRON”**

**Consolidated Condensed Interim
Financial Information for the nine months
ended 30 September 2020**



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Independent Auditors' Report on Review of Consolidated Condensed Interim Financial Information

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

Introduction

We have reviewed the accompanying consolidated condensed interim statement of financial position of Public Joint Stock Company "Acron" and its subsidiaries (the "Group") as at 30 September 2020, and the related consolidated condensed interim statements of profit or loss and other comprehensive income for the three- and nine-month periods ended 30 September 2020 and the related consolidated condensed interim statements of changes in equity and cash flows for the nine-month period then ended, and notes to the consolidated condensed interim financial information (the "condensed consolidated interim financial information"). Management is responsible for the preparation and presentation of this consolidated condensed interim financial information in accordance with IAS 34 Interim Financial Reporting. Our responsibility is to express a conclusion on this consolidated condensed interim financial information based on our review.

Scope of Review

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

Reviewed entity PJSC "Acron"
Registration No. in the Unified State Register of Legal Entities
No. 1025300786610
Veliky Novgorod, Russia

Audit firm JSC "KPMG" a company incorporated under the Laws of the Russian Federation, a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited ("KPMG International"), a private English company limited by guarantee.

Registration number in the Unified State Register of Legal Entities No. 1027700125628.

Member of the Self-regulatory Organization of Auditors Association "Sodruzhestvo" (SRO AAS). Principal registration number of the entry in the Register of Auditors and Audit Organizations No. 12006020351.



PJSC "Acron"

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Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the consolidated condensed interim financial information as at 30 September 2020, and for the three- and nine-month periods ended 30 September 2020 is not prepared, in all material respects, in accordance with IAS 34 Interim Financial Reporting.

Andrey V. Ryazanisev

JSC "KPMG"
Moscow, Russia


27 November 2020





	Note	30 September 2020	31 December 2019
ASSETS			
Non-current assets			
Property, plant and equipment	10	107,346	102,157
Subsoil licences and related costs	11	42,043	39,502
Investment in equity instruments measured at fair value through other comprehensive income	12	10,192	9,784
Right-of-use assets		2,389	2,690
Long-term derivative financial instruments	13	3,192	-
Deferred tax assets		206	201
Other non-current assets		3,685	3,224
Total non-current assets		169,053	157,558
Current assets			
Inventories	9	19,532	16,378
Accounts receivable	8	13,755	10,878
Cash and cash equivalents	7	21,260	11,356
Short-term derivative financial instruments	13	-	3,093
Other current assets		298	1,092
Total current assets		54,845	42,797
TOTAL ASSETS		223,898	200,355
EQUITY			
Share capital	16	3,046	3,046
Treasury shares		(16)	(8)
Retained earnings		50,007	73,157
Revaluation reserve		(15,735)	(16,083)
Other reserves		(12,485)	(5,291)
Cumulative currency translation difference		9,628	6,180
Equity attributable to the Company's owners		34,445	61,001
Non-controlling interest		26,269	20,964
TOTAL EQUITY		60,714	81,965
LIABILITIES			
Non-current liabilities			
Long-term borrowings	15	96,938	73,253
Long-term lease liabilities		2,237	2,047
Long-term derivative financial instruments	13	874	-
Deferred tax liabilities		6,341	8,658
Other long-term liabilities		1,291	743
Total non-current liabilities		107,681	84,701
Current liabilities			
Accounts payable	14	10,231	10,517
Short-term derivative financial instruments	13	-	679
Short-term borrowings	15	38,005	13,288
Advances received		4,318	6,968
Short-term lease liabilities		561	547
Other current liabilities		2,388	1,690
Total current liabilities		55,503	33,689
TOTAL LIABILITIES		163,184	118,390
TOTAL LIABILITIES AND EQUITY		223,898	200,355

The Consolidated Condensed Interim Financial Information was approved on 27 November 2020.


V.Y. Kunitski
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 and nine months ended 30 September 2020



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

	Note	Nine months ended		Three months ended	
		30 September 2020	30 September 2019	30 September 2020	30 September 2019
Revenue	5	86,088	89,615	29,656	29,143
Cost of sales		(47,017)	(46,223)	(15,081)	(15,843)
Gross profit		39,071	43,392	14,575	13,300
Transportation expenses		(16,850)	(15,047)	(6,477)	(5,328)
Selling, general and administrative expenses		(6,676)	(6,520)	(2,011)	(2,003)
Profit on sale of potash leases	11	891	-	-	-
Other operating income / (expense), net	19	3,023	(744)	2,940	90
Operating profit		19,459	21,081	9,027	6,059
Finance (costs) / income, net	18	(19,298)	6,307	(11,922)	(433)
Interest expense		(2,581)	(1,970)	(760)	(623)
(Loss) / profit on derivatives, net		(2,551)	3,060	(109)	2,119
(Loss) / profit before taxation		(4,971)	28,478	(3,764)	7,122
Income tax benefit / (expense)	21	810	(5,490)	589	(1,330)
(Loss) / profit for the period		(4,161)	22,988	(3,175)	5,792
<i>Other comprehensive income / (loss) on items that will never be reclassified to profit or loss:</i>					
<i>Investment in equity instruments measured at fair value through other comprehensive income:</i>					
- Income / (loss) arising during the period	12	348	(644)	(914)	(3,242)
<i>Other comprehensive income / (loss) on items that are or may be reclassified to profit or loss:</i>					
Currency translation differences		3,640	(1,202)	2,331	(91)
Other comprehensive income / (loss) for the period		3,988	(1,846)	1,417	(3,333)
Total comprehensive (loss) / income for the period		(173)	21,142	(1,758)	2,459
(Loss) / profit is attributable to:					
Owners of the Company		(4,562)	22,462	(3,267)	5,635
Non-controlling interest		401	526	92	157
(Loss) / profit for the period		(4,161)	22,988	(3,175)	5,792
Total comprehensive (loss) / income is attributable to:					
Owners of the Company		(766)	20,650	(1,984)	2,296
Non-controlling interest		593	492	226	163
Total comprehensive (loss) / income for the period		(173)	21,242	(1,758)	2,459
(Loss) / earnings per share					
Basic (expressed in RUB)	20	(119.82)	573.84	(85.81)	143.96
Diluted (expressed in RUB)	20	(119.82)	573.02	(85.81)	143.75

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 nine months
ended 30 September 2020
(in millions of Russian Roubles)



	Note	Nine months ended	
		30 September 2020	30 September 2019
Cash flows from operating activities			
(Loss)/profit for the period		(4,161)	22,988
<i>Adjustments for:</i>			
Income tax (benefit)/expense	21	(810)	5,490
Depreciation and amortisation		8,944	7,834
Provision for impairment of accounts receivable		1	26
(Reversal of)/provision for inventory obsolescence		(17)	6
Loss on disposal of property, plant and equipment		158	64
Interest expense		2,581	1,545
Interest income	18	(70)	(186)
Loss/(gain) on derivatives, net		2,551	(3,060)
Profit on disposal of potash leases		(891)	-
Foreign exchange effect on non-operating balances		15,665	(5,431)
Operating cash flows before working capital changes		23,951	29,276
Increase in gross trade receivables		(3,534)	(369)
(Increase)/decrease in advances to suppliers		(707)	539
Decrease/(increase) in other receivables		1,250	(2,410)
Increase in inventories		(3,286)	(1,031)
(Decrease)/increase in trade payables		(1,012)	1,038
Increase/(decrease) in other payables		175	(485)
Decrease in advances from customers		(2,650)	(2,506)
Increase in other current assets		(160)	(214)
Decrease in other current liabilities		(725)	(491)
Cash generated from operations		13,302	23,347
Income taxes paid		(1,507)	(3,844)
Interest paid		(2,846)	(3,047)
Net cash generated from operating activities		8,949	16,456
Cash flows from investing activities			
Acquisition of property, plant and equipment and intangible assets		(11,667)	(12,696)
Proceeds from sale of potash leases	11	1,067	-
Interest received		15	54
Purchase of investment in equity instruments measured at fair value through other comprehensive income		(60)	(60)
Net change in other non-current assets and liabilities		87	123
Net cash used in investing activities		(10,558)	(12,579)
Cash flows from financing activities			
Acquisition of non-controlling interest		(10)	(13)
Purchase of shares of subsidiary		(8,105)	-
Proceeds from sale of shares of subsidiary		11,883	-
Extension of options on shares of subsidiary		(776)	-
Acquisition of treasury shares		(8,919)	(1,714)
Dividend paid to shareholders		(16,448)	(10,394)
Dividend paid to non-controlling interest		(186)	(149)
Contribution of non-controlling interest		86	101
Proceeds from borrowings	15	37,021	13,148
Repayment of borrowings		(6,238)	(7,948)
Payment of lease liabilities		(447)	(343)
Net cash generated from / (used in) financing activities		7,861	(7,312)
Net increase / (decrease) in cash and cash equivalents		6,252	(3,435)
Effect of exchange rate changes on cash and cash equivalents		3,652	(718)
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	21,260	6,307

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 nine months ended 30 September 2020
(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
Total comprehensive income								
Profit for the period	-	-	22,462	-	-	-	526	22,988
<i>Other comprehensive loss</i>								
Loss on investment measured at fair value through other comprehensive income	-	-	-	(644)	-	-	-	(644)
Currency translation differences	-	-	-	-	-	(1,168)	(34)	(1,202)
Total other comprehensive loss	-	-	-	(644)	-	(1,168)	(34)	(1,846)
Total comprehensive income for the period	-	-	22,462	(644)	-	(1,168)	492	21,142
Dividend declared	-	-	(10,394)	-	-	-	(296)	(10,690)
Acquisition of treasury shares	-	(2)	-	-	(1,712)	-	-	(1,714)
Contribution of non-controlling interest	-	-	-	-	-	-	101	101
Acquisition of non-controlling interest	-	-	14	-	-	-	(4)	10
Provision for previous years obligations	-	-	(1,150)	-	-	-	-	(1,150)
Other	-	-	(900)	-	-	-	-	(900)
Balance at 30 September 2019	3,046	(8)	75,285	(14,781)	(5,675)	6,232	20,865	84,964
Balance at 1 January 2020	3,046	(8)	73,157	(16,083)	(5,291)	6,180	20,964	81,965
Total comprehensive loss								
Loss for the period	-	-	(4,562)	-	-	-	401	(4,161)
<i>Other comprehensive income</i>								
Gain on investment measured at fair value through other comprehensive income	-	-	-	348	-	-	-	348
Currency translation differences	-	-	-	-	-	3,448	192	3,640
Total other comprehensive income	-	-	-	348	-	3,448	192	3,988
Total comprehensive loss for the period	-	-	(4,562)	348	-	3,448	593	(173)
Dividend declared	-	-	(16,364)	-	-	-	(186)	(16,550)
Acquisition of treasury shares	-	(8)	-	-	(8,911)	-	-	(8,919)
Sale of non-controlling interest (Note 17)	-	-	2,203	-	1,717	-	4,812	8,732
Acquisition of non-controlling interest (Note 17)	-	-	(3,276)	-	-	-	-	(3,276)
Provision for previous years obligations	-	-	(892)	-	-	-	-	(892)
Other	-	-	(259)	-	-	-	86	(173)
Balance at 30 September 2020	3,046	(16)	50,007	(15,735)	(12,485)	9,628	26,269	60,714

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 nine months ended 30 September 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 mineral primary and by-products. The Group's manufacturing facilities are primarily based in the Novgorodskaya, Smolenskaya and Murmanskaya regions of Russian Federation.

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

As at 30 September 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. The change in shareholding is disclosed in Note 24.

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 Use of estimates and judgements

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 significant estimates and 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. The impact of COVID-19 on the Group's business is disclosed in Note 22.

3 Significant Accounting Policies

The accounting policies applied in this consolidated condensed interim financial information are the same as those applied in the Group's consolidated financial statements as at and for the year ended 31 December 2019. The comparative information is restated due to changes in classification of individual cost items.

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;



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

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

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 EBITDA and extraordinary items are not standard IFRS measures Acron Group's definitions of EBITDA and of extraordinary items may differ from those of other companies.

Information for the reportable segments for the nine months ended 30 September 2020 is set out below:

	Segment sales	Intersegment sales	External sales	EBITDA
Acron	48,542	(43,402)	5,140	14,657
Dorogobuzh	19,258	(18,452)	806	4,100
Logistics	2,602	(2,480)	122	907
Trading	82,647	(3,533)	79,114	2,114
Mining NWPC	7,962	(7,933)	29	1,732
Other	1,503	(626)	877	606
Total	162,514	(76,426)	86,088	24,116

Information for the reportable segments for the nine months ended 30 September 2019 is set out below:

	Segment sales	Intersegment sales	External sales	EBITDA
Acron	52,159	(44,696)	7,463	18,418
Dorogobuzh	19,849	(18,022)	1,827	4,961
Logistics	3,635	(2,953)	682	1,593
Trading	81,749	(2,664)	79,085	2,530
Mining NWPC	8,220	(8,182)	38	1,705
Other	1,191	(671)	520	296
Total	166,803	(77,188)	89,615	29,503

Reconciliation of EBITDA to Operating Profit:

	Nine months ended	
	30 September 2020	30 September 2019
Operating Profit	19,459	21,081
Depreciation and amortisation	8,944	7,834
Gain on disposal of potash leases	(891)	-
Foreign currency (profit) / loss on operating activities, net	(3,554)	524
Loss on disposal of property, plant and equipment	158	64
Total consolidated EBITDA	24,116	29,503



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.

	Nine months ended	
	30 September 2020	30 September 2019
Revenue		
Latin America	24,656	19,906
Russian Federation	17,029	14,844
European Union	11,684	18,240
USA and Canada	10,977	13,095
Asia (excluding PRC)	9,981	10,310
PRC	5,220	5,337
Other regions	5,177	4,926
Commonwealth of Independent States	1,364	2,957
Total	86,088	89,615

Revenue from sales of chemical fertilisers accounts for 84% of total revenues (for the nine months ended 30 September 2019: 82%).

For the nine months ended 30 September 2020, revenues from logistics activities representing a separate performance obligation under IFRS 15 amounted to RUB 5,914 (for the nine months ended 30 September 2019: RUB 4,858). 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 nine months ended 30 September 2020.

There is no individual customer contributing more than 10% to the total revenues (for the nine months ended 30 September 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.

Balances and transactions with related parties are not significant.

7 Cash and Cash Equivalents

	30 September 2020	31 December 2019
Cash on hand and bank balances denominated in RUB	3,167	2,157
Bank balances denominated in USD	9,702	5,570
Bank balances denominated in EUR	7,910	3,291
Bank balances denominated in CNY	190	143
Bank balances denominated in other currency	291	195
Total cash and cash equivalents	21,260	11,356

Cash and cash equivalents include term deposits of RUB 908 (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.

Credit risks across banks have not changed.



8 Accounts Receivable

	30 September 2020	31 December 2019
Trade accounts receivable	6,685	3,151
Notes receivable	224	262
Other accounts receivable	321	378
Less: impairment provision	(40)	(39)
Total financial assets	7,190	3,752
Advances to suppliers	2,161	1,454
Value-added tax recoverable	3,345	4,194
Income tax prepayment	554	722
Other taxes receivable	536	787
Less: impairment provision	(31)	(31)
Total accounts receivable	13,755	10,878

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

As at 30 September 2020 and 31 December 2019, the Group hold no collateral as security for trade receivable.

9 Inventories

	30 September 2020	31 December 2019
Raw materials and spare parts	9,218	8,560
Work in progress	614	779
Finished products	9,700	7,039
	19,532	16,378

Raw materials are shown net of obsolescence provision in the amount of RUB 263 (31 December 2019: RUB 280).

No inventory was pledged as security at 30 September 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	12,568	13,519
Disposals	(158)	(64)
Depreciation charge	(8,386)	(7,357)
Currency translation difference	1,165	(474)
Carrying amount at 30 September	107,346	99,156

Included in the nine months ended 30 September 2020 additions to assets under constructions is approximately RUB 940 of capitalised borrowing costs in accordance with IAS 23, Borrowing costs (for the nine months ended 30 September 2019: RUB 1,133) at the average borrowing rate from 4.54% to 8.0% (for the nine months ended 30 September 2019: from 5.31% to 10.2%).

As at 30 September 2020 and 31 December 2019, there were no pledges over property, plant and equipment.

11 Subsoil licences and related costs

Subsoil licences and related costs comprise of:

	30 September 2020	31 December 2019
Apatite-nepheline deposits (production / development stage)	791	800
Potash deposits (development stage)	33,928	32,608
Potash leases and exploration permits	5,823	4,657
Licence and expenditure on deposit in exploration and evaluation stage	1,134	1,134
Asset related to the discharge of license obligations	367	303
	42,043	39,502



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

The Group capitalised borrowing costs for the nine months ended 30 September 2020 in the amount of RUB 1,320 applying average borrowing rate of 8.0% (for the nine months ended 30 September 2019: RUB 2,159 applying average borrowing rate of 10.2%).

In May 2020, the Group sold potash leases in the Canadian province of Saskatchewan with carrying amount of RUB 217 resulting profit on sale in the amount of RUB 891.

12 Investment in Equity Instruments Measured at Fair Value through Other Comprehensive Income

	2020	2019
Carrying amount at 1 January	9,784	11,670
Fair value gain / (loss) recognised directly in OCI	348	(644)
Additions	60	60
Carrying amount at 30 September	10,192	11,086

The Group has investment in the following companies:

Name	Activity	Country of registration	30 September 2020	31 December 2019
Non-current				
Grupa Azoty S.A.	Fertilisers manufacture	Poland	9,724	9,376
Other		Russian Federation	468	408
Total non-current			10,192	9,784
Total			10,192	9,784

Fair value of investment in Grupa Azoty S.A. was determined by reference to the current market value at the reporting date. At 30 September 2020, the share price quoted at Warsaw Stock Exchange for Grupa Azoty S.A. amounted to RUB 493.35 per share (31 December 2019: RUB 475.44 per share).

13 Derivative Financial Assets and Liabilities

In June and September 2020, it was decided to extend the term of Sberbank Investments LLC participation in the potash project. At the same time, the Group compensated the partner for the accumulated profitability. The effect from the extension was recognised in the statement of profit or loss.

In June 2020, the Group also sold 10.1% stake in JSC VPC to OTKRITIE Asset Management Ltd. setting up a number of option agreements with conditions similar to existing option agreements. The effect from initial recognition of the options and the effect from the sale of related share were recognised in equity.

In September 2020, in accordance with the option agreement, the Group bought back 10% of the shares of JSC VPC from Sberbank Investments LLC. The Group sold this stake to VTB Bank (Europe) SE, having entered into a number of option agreements on the same terms as the current options. The effect of the initial recognition of options, as well as the effects of the buyback and resale of interest, are reflected in equity.

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 30 September 2020 are represented by four call options, which give to the Group the right to purchase from non-controlling shareholders the 30% stakes in JSC VPC up to June 2023, 10% - September 2024, 9.99% - September 2025 and four put options that give non-controlling shareholders the right to sell to the Group their stakes of interest in JSC VPC in the period from June 2023 to September 2025.

	30 September 2020			
	Assets		Liabilities	
	Non-Current	Current	Non-Current	Current
Put/call options on JSC VPC shares	3,192	-	(874)	-
	3,192	-	(874)	-

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



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

14 Accounts Payable

	30 September 2020	31 December 2019
Trade accounts payable	6,011	7,023
Dividend payable	104	188
Total financial payables	6,115	7,211
Payables to employees	1,483	1,419
Accrued liabilities and other creditors	999	984
Taxes payable	1,634	903
Total accounts payable and accrued expenses	10,231	10,517

15 Short-Term and Long-Term Borrowings

Borrowings consist of the following:

	30 September 2020	31 December 2019
Bonds issued	23,772	23,772
Credit lines	29,452	3,185
Term loans	82,673	59,584
	135,897	86,541

The Group's borrowings mature as follows:

	30 September 2020	31 December 2019
Borrowings due:		
- within 1 year	38,035	13,288
- between 1 and 5 years	97,862	73,037
- after 5 years	-	216
	135,897	86,541

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

	30 September 2020	31 December 2019
Borrowings denominated in:		
- RUB	46,866	28,510
- EUR	18,005	8,325
- USD	71,026	49,706
	135,897	86,541

At 30 September 2020, unused credit lines available under the loan facilities were RUB 56,350 (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:

	30 September 2020	31 December 2019
Short-term borrowings		
RUB		
Bonds with fixed interest rate from 6.5% to 9.55% (2019: 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	4,766	343
Loans with fixed interest rate from 7.35% to 8.34% per annum	8,950	-
EUR		
Loans with floating interest rate of 6M EURIBOR +0.65% to 6M EURIBOR+1.9% per annum	485	361
Loans with floating interest rate of 3M EURIBOR +1.7% per annum	229	1,026
Loans with fixed interest rate from 0.98% to 0.99% per annum	8,372	-
USD		
Loans with floating interest rate of 1M LIBOR +2.5% (2019: 1M LIBOR +2.1%) per annum	6,461	2,786
Total short-term borrowings	38,035	13,288
Bank commission	(30)	-
Total short-term liabilities	38,005	13,288



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

	30 September 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% per annum	9,378	1,445
Loans with fixed interest rate 7.35% per annum	-	2,950
EUR		
Loans with floating interest rate from 6M EURIBOR +0.65% to 6M EURIBOR +1.9% per annum	919	975
Loans with floating interest rate from 3M EURIBOR +1,25% per annum	8,000	5,963
USD		
Loans with floating interest rate from 1M LIBOR +2.5% to 1M LIBOR +4.5% per annum	56,597	46,920
Loans with fixed interest rate from 2.51% to 2.6% per annum	7,968	-
Total long-term borrowings	97,862	73,253
Bank commission	(924)	-
Total long-term liabilities	96,938	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 the first quarter of 2012 the Group redeemed bonds in the amount of RUB 3,377. The holders of this bonds issue were granted an option to redeem the bonds in May 2016, which resulted in early redemption of bonds for RUB 1,335. The Group further sold the bonds of this issue for RUB 1,354. At 30 September 2020, 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 have been admitted to the quotation list B and are traded on Moscow Stock Exchange. The fair value of the outstanding bonds balance at 30 September 2020 was RUB 24,420 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 its 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 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 the 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	-	(367,163)	-	(2)	(2)
30 September 2019	40,534,000	(1,652,963)	3,046	(8)	3,038
1 January 2020	40,534,000	(1,576,930)	3,046	(8)	3,038
Acquisition of treasury shares	-	(1,653,391)	-	(8)	(8)
30 September 2020	40,534,000	(3,230,321)	3,046	(16)	3,030



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

In May 2020, the Group declared and paid dividend for 2019 in the amount of RUB 275 per ordinary share.

Shares issue to non-controlling interest

In accordance with the agreements with the banks the Group has unconditional right to discharge obligations by transferring to option holders Company's own shares (ordinary shares of PJSC Acron) in amount, calculated based on the total amount of obligation and own shares fair value to be transferred at a future date. As at 30 September 2020, related financing received by the Group was recorded in the Group's equity as non-controlling interest in amount of RUB 23,980 (31 December 2019: RUB 18,873).

Derivative financial instruments related to above share issues are disclosed in Note 13.

17 Change in non-controlling interest

In June 2020, the Group sold 10.1% in JSC VPC, reducing its stake from 60.1% to 50% + 1 share. The Group recognised an increase in non-controlling interest of RUB 4,774 and an increase in retained earnings in the amount of RUB 968 in the line «Sale of non-controlling interest».

In September 2020, the Group bought out 10% in JSC VPC and sold it in the same period, accordingly, the Group's share did not change at the reporting date. The Group recognized a decrease in retained earnings in the line «Acquisition of non-controlling interest» in the amount of RUB 3,276, as well as an increase in the line «Sale of non-controlling interest» in the amount of RUB 1,273.

Below is a summary of the impact of changes in the Group's share in JSC VPC, which did not result in the loss of control, on the capital attributable to the Group:

	2020
The Group's share at 1 January	28,427
Net effect of Group's share decrease	(4,774)
Share in comprehensive income	422
The Group's share at 30 September	24,075

Changes in non-controlling interests in other companies of the Group in the amount of RUB 38 are also reflected in the line «Sale of non-controlling interest».

18 Finance (Costs) / Income, net

	Nine months ended		Three months ended	
	30 September 2020	30 September 2019	30 September 2020	30 September 2019
Foreign exchange (loss) / profit on financial transactions, net	(19,317)	6,149	(11,825)	(587)
Other finance (costs) / income, net	(51)	(28)	(101)	34
Interest income from loans provided and term deposits	70	186	4	120
	(19,298)	6,307	(11,922)	(433)

19 Other Operating Income / (Expense), net

	Nine months ended		Three months ended	
	30 September 2020	30 September 2019	30 September 2020	30 September 2019
Foreign exchange gain / (loss) on operating activities, net	3,554	(524)	3,174	303
Loss on disposal of property, plant and equipment	(158)	(64)	(111)	(45)
Charity expenses	(479)	(322)	(132)	(122)
Other operating income / (expenses), net	106	166	9	(46)
	3,023	(744)	2,940	90

20 (Loss) / 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 year, excluding treasury shares. Ordinary shares of the Company have a potential dilutive effect associated with the right to exercise obligations under the redemption put-options on JSC VPC shares by transferring its own ordinary shares. At 30 September 2020 ordinary shares of the Company do not have a potential dilutive effect associated with the right to exercise obligations under the redemption put-options by transferring its



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

own ordinary shares, also because their inclusion in the calculation would not decrease earnings per share, or increase the loss per share, from continuing operations.

	Nine months ended	
	30 September 2020	30 September 2019
Weighted average number of shares outstanding	40,534,000	40,534,000
Adjusted for weighted average number of treasury shares	(2,461,803)	(1,390,993)
Weighted average number of shares outstanding (basic)	38,072,197	39,143,007
Effect of settlement in own equity instruments	-	56,235
Weighted average number of shares outstanding (diluted)	38,072,197	39,199,242
(Loss) / profit attributable to the equity holders of the Company	(4,562)	22,462
Basic (loss) / earnings per share (in Russian Roubles)	(119.82)	573.84
Diluted (loss) / earnings per share (in Russian Roubles)	(119.82)	573.02

21 Income Taxes

	Nine months ended		Three months ended	
	30 September 2020	30 September 2019	30 September 2020	30 September 2019
Income tax expense – current	1,638	3,923	147	733
Deferred tax charge – origination and reversal of temporary differences	(2,448)	1,567	(736)	597
Income tax (benefit) / expense	(810)	5,490	(589)	1,330

22 Contingencies, Commitments and Operating Risks

i Contractual commitments and guarantees

As at 30 September 2020, the Group had outstanding capital commitments in relation to property, plant and equipment for the amount of RUB 9,505 (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. To the extent necessary, the Group has already allocated the 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 30 September 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 Russian business environment

The Group's operations are primarily located in the Russian Federation. Consequently, the Group is exposed to the economic and financial markets of the Russian Federation which display characteristics of an emerging market. The legal, tax and regulatory frameworks 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 operating in the Russian Federation.

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.

In the current period the global market has experienced significant turmoil triggered by the outbreak of coronavirus. Together with other factors, this has resulted in a sharp decrease in the oil prices, the stock market indices, foreign exchange rates of Russian Rubble and overall decrease of prices on mineral fertilizers. These developments are further increasing the level of uncertainty in the Russian business environment and 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. According to the management estimate, current situation does not have significant impact on the Group's ability to continue as a going concern and meet its obligations in the foreseeable future. At the moment the impact on accounts receivable and its turnover also have not been revealed. The Group does not expect further deterioration triggered by the outbreak of coronavirus.

As of the reporting date, the Group's current liabilities exceed current assets by RUB 658. The Group's approach to liquidity risk management remains unchanged and is to maintain sufficient readily available reserves in order to meet its liquidity requirements at any point in time. At 30 September 2020, unused credit lines available under the loan facilities were RUB 56,350 (31 December 2019: RUB 54,706).

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.

Current Russian transfer pricing legislation requires transfer pricing analysis for the majority of cross-border intercompany and major domestic intercompany transactions. Starting from 2019, transfer pricing control, as a general rule, is applied to domestic transactions only if both criteria are met: the parties apply different tax rates, and the annual turnover of transactions between them exceeds RUB 1 billion.

The Russian transfer pricing rules are close to OECD guidelines, but have certain differences that create uncertainty in practical application of tax legislation in specific circumstances. A very limited number of publicly available transfer pricing court cases in Russia does not provide enough certainty as to the approach to applying transfer pricing rules in Russia. The impact of any transfer pricing assessment may be material to financial statements of the Group, however, the probability of such impact cannot be reliably assessed.

Russian tax authorities may review prices used in intra-group transactions, in addition to transfer pricing audits. They may assess additional taxes if they conclude that taxpayers have received unjustified tax benefits as a result of those transactions.

Russian tax authorities continue to exchange transfer pricing as well as other tax related information with tax authorities of other countries. This information may be used by the tax authorities to identify transactions for additional in-depth analysis.

In addition, changes aimed at regulating tax consequences of transactions with foreign companies have been introduced, such as concept of beneficial ownership of income, taxation of controlled foreign companies, tax residency rules, etc. These changes may potentially impact the Group's tax position and create additional tax risks.

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 the 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 could differ and the effect on this consolidated condensed interim financial information, if the tax authorities are successful in enforcing their interpretations, could be significant.

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.



23 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 Value Measurement.

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.

Investment in equity instruments was included in Level 1 category in the amount of RUB 9,724 (31 December 2019: RUB 9,376). Other investment was included in Level 3 category.

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 similar to 2019 based on the Black-Scholes Option Pricing Model with the adjustments. Thus, the fair value of options was included in Level 3 category (31 December 2019: Level 3 category).

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 30 September 2020, the fair value of borrowings was RUB 17 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.

24 Subsequent Events

In October 2020, there was a partial redemption of non-convertible interest-bearing documentary exchange-traded bonds in the amount of RUB 506.

In November 2020, there was a change in the shareholding in PJSC Acron. JSC Acronagroservis increased its stake from 23.27% to 55.00% by purchasing shares from the parent company - Redbrick Investments S.a.r.l. (Luxembourg), which, accordingly, reduced its ownership interest in PJSC Acron from 62.71% direct to 30.98%. The ultimate controlling shareholder of Acron Group has not changed.