

**PUBLIC JOINT STOCK COMPANY
“ACRON”**

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



Contents

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

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

Notes to the Consolidated Condensed Interim Financial Information

1	Acron Group and its Operations	5
2	Basis of Preparation	5
3	Significant Accounting Policies	5
4	Seasonality	5
5	Segment Information	5
6	Balances and Transactions with Related Parties	7
7	Cash and Cash Equivalents	7
8	Accounts Receivable	8
9	Inventories	8
10	Property, Plant and Equipment	8
11	Subsoil licences and related costs	9
12	Investment in Equity Instruments Measured at Fair Value through Other Comprehensive Income ...	9
13	Derivative Financial Assets and Liabilities	9
14	Accounts Payable	10
15	Short-Term and Long-Term Borrowings	10
16	Share Capital	12
17	Finance (Costs) / Income, net.....	12
18	Other Operating Income / (Expenses), net	12
19	Earnings per Share	12
20	Income Taxes	13
21	Contingencies, Commitments and Operating Risks.....	13
22	Fair Value of Financial Instruments	15
23	Subsequent Events.....	15

JSC “Kept”

Naberezhnaya Tower Complex, Block C
10 Presnenskaya Naberezhnaya
Moscow, Russia 123112
Telephone +7 (495) 937 4477
Fax +7 (495) 937 4499



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

**To the Shareholders and Board of Directors
Public Joint Stock Company “Acron”**

Introduction

We have reviewed the accompanying consolidated condensed interim statement of financial position of PJSC “Acron” and its subsidiaries (the “Group”) as at 30 June 2023, and the related consolidated condensed interim statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six - month period then ended, and notes to the consolidated condensed interim financial information (the “consolidated condensed 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 interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Opinion

There are indications that the Group may have an ultimate controlling party. International Financial Reporting Standard IAS 24 Related Party Disclosures requires an entity to disclose the name of its ultimate controlling party. Management has not disclosed the name of its ultimate controlling party, if any, as at 30 June 2023 and as at 31 December 2022 and did not provide us with appropriate representations and documentation to conclude whether such a party exists. We were unable to satisfy ourselves as to whether the Group has an ultimate controlling party by alternative means. As a result, we were unable to determine whether the disclosure requirements of International Financial Reporting Standard IAS 24 Related Party Disclosures have been complied with.

Qualified Conclusion

Based on our review, except for the possible effect of the matter described in the Basis for Qualified Conclusion paragraph, nothing has come to our attention that causes us to believe that the consolidated condensed interim financial statements as at 30 June 2023 and for the six-month period then ended is not prepared, in all material respects, in accordance with IAS 34 *Interim Financial Reporting*.

Other matter

Our audit opinion on the consolidated financial statements as at and for the year ended 31 December 2022 from 28 March 2023 was qualified due to the effect of the matter described in the Basis for Qualified Conclusion paragraph.

The consolidated condensed interim financial statement of profit or loss and other comprehensive income for the three-month period ended 30 June 2023 and the corresponding figures for the three-month period ended 30 June 2022 are not reviewed.


Andrei V. Ryazantsev

JSC "Kept"
Moscow, Russia
25 August 2023





	Note	30 June 2023	31 December 2022
ASSETS			
Non-current assets			
Property, plant and equipment	10	152,214	139,097
Subsoil licences and related costs	11	45,670	43,146
Investment in equity instruments measured at fair value through other comprehensive income	12	11,502	12,924
Right-of-use assets		2,019	1,411
Deferred tax assets		208	204
Other non-current assets		4,821	4,259
Total non-current assets		216,434	201,041
Current assets			
Inventories	9	35,548	29,561
Accounts receivable	8	42,038	51,524
Cash and cash equivalents	7	58,784	38,473
Other current assets		296	233
Total current assets		136,666	119,791
TOTAL ASSETS		353,100	320,832
EQUITY			
Share capital	16	2,758	2,758
Retained earnings		189,517	170,578
Revaluation reserve		(14,415)	(13,003)
Other reserves		168	852
Cumulative currency translation difference		10,748	7,052
Equity attributable to the Company's owners		188,776	168,237
Non-controlling interest		27,137	26,778
TOTAL EQUITY		215,913	195,015
LIABILITIES			
Non-current liabilities			
Long-term borrowings	15	84,478	68,677
Long-term derivative financial instruments	13	4,872	3,020
Long-term lease liabilities		1,730	1,392
Deferred tax liabilities		5,101	7,594
Other long-term liabilities		5,510	4,819
Total non-current liabilities		101,691	85,502
Current liabilities			
Accounts payable	14	18,517	20,228
Short-term borrowings	15	6,294	9,220
Short-term derivative financial instruments	13	6,127	3,254
Advances received		3,587	6,794
Short-term lease liabilities		626	285
Other current liabilities		345	534
Total current liabilities		35,496	40,315
TOTAL LIABILITIES		137,187	125,817
TOTAL LIABILITIES AND EQUITY		353,100	320,832

The Consolidated Condensed Interim Financial Information was approved on 25 August 2023.

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 six months ended 30 June 2023
(in millions of Russian Roubles, except for per share amounts)



	Note	Six months ended		Three months ended	
		30 June 2023	30 June 2022	30 June 2023	30 June 2022
Revenue	5	87,957	147,529	34,993	49,374
Cost of sales		(43,645)	(49,319)	(21,221)	(18,895)
Gross profit		44,312	98,210	13,772	30,479
Transportation expenses		(7,358)	(15,410)	(3,823)	(5,385)
Selling, general and administrative expenses		(6,967)	(7,263)	(2,491)	(2,417)
Other operating income / (expenses), net	18	13,855	(11,702)	10,838	(8,828)
Operating profit		43,842	63,835	18,296	13,849
Finance (costs) / income, net	17	(14,416)	26,771	(13,379)	31,687
Interest expense		(648)	(1,239)	520	(648)
(Loss) / gain on derivatives, net		(4,725)	429	(2,290)	648
Profit before taxation		24,053	89,796	3,147	45,536
Income tax expense	20	(5,010)	(15,466)	14	(7,098)
Profit for the period		19,043	74,330	3,161	38,438
<i>Other comprehensive loss on items that will never be reclassified to profit or loss:</i>					
Investment in equity instruments measured at fair value through other comprehensive income:					
- Loss arising during the period	12	(1,422)	(2,004)	(1,619)	(6,770)
<i>Other comprehensive income / (loss) on items that are or may be reclassified subsequently to profit or loss:</i>					
Currency translation differences		3,959	(5,937)	2,400	(8,445)
Other comprehensive income / (loss) for the period		2,537	(7,941)	781	(15,215)
Total comprehensive income for the period		21,580	66,389	3,942	23,223
Profit is attributable to:					
Owners of the Company		18,939	74,003	3,172	38,318
Non-controlling interest		104	327	(11)	120
Profit for the period		19,043	74,330	3,161	38,438
Total comprehensive income is attributable to:					
Owners of the Company		21,223	66,425	3,647	23,646
Non-controlling interest		357	(36)	295	(423)
Total comprehensive income for the period		21,580	66,389	3,942	23,223
Earnings per share					
Basic (expressed in RUB)	19	515.62	2,013.30	86.51	1,042.46
Diluted (expressed in RUB)	19	511.07	2,011.73	82.45	1,041.65

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 six months
ended 30 June 2023
(in millions of Russian Roubles)



	Note	Six months ended	
		30 June 2023	30 June 2022
Cash flows from operating activities			
Profit for the period		19,043	74,330
<i>Adjustments for:</i>			
Income tax expense	20	5,010	15,466
Depreciation and amortisation		6,383	6,112
(Reversal of provision) / provision for impairment of accounts receivable		(9)	3
Reversal of provision for inventory obsolescence		-	(73)
Loss on disposal of property, plant and equipment		106	110
Interest expense		648	1,239
Interest income	17	(286)	(746)
Loss / (gain) on derivatives, net		4,725	(429)
Foreign exchange effect on non-operating balances		6,381	(23,636)
Operating cash flows before working capital changes		42,001	72,376
Decrease / (increase) in gross trade receivables		9,781	(10,595)
Increase in advances to suppliers		(1,030)	(58)
Decrease in other receivables		789	805
Increase in inventories		(6,069)	(4,242)
Increase in trade payables		2,464	760
(Decrease) / increase in other payables		(722)	383
Decrease in advances from customers		(3,207)	(15,298)
(Increase) / decrease in other current assets		(63)	29
Cash generated from operations		43,944	44,160
Income taxes paid		(10,876)	(15,279)
Interest paid		(1,596)	(1,021)
Net cash generated from operating activities		31,472	27,860
Cash flows from investing activities			
Acquisition of property, plant and equipment and intangible assets		(17,553)	(14,243)
Interest received		241	466
Net change in other non-current assets and liabilities		(189)	(14)
Net cash used in investing activities		(17,501)	(13,791)
Cash flows from financing activities			
Contribution of non-controlling interest		-	170
Acquisition of treasury shares		(684)	-
Dividend paid to shareholders		-	(5,787)
Dividend paid to non-controlling interest		(84)	(329)
Proceeds from borrowings	15	13,145	1,584
Repayment of borrowings	15	(14,135)	(5,199)
Repurchase of bonds issued	15	-	(5,807)
Payment of lease liabilities		(389)	(332)
Net cash used in financing activities		(2,147)	(15,700)
Net increase / (decrease) in cash and cash equivalents		11,824	(1,631)
Effect of exchange rate changes on cash and cash equivalents		8,487	(5,490)
Cash and cash equivalents at the beginning of the period	7	38,473	23,377
Cash and cash equivalents at the end of the period	7	58,784	16,256

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 six months ended 30 June 2023
(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 2022	3,046	(19)	105,808	(13,303)	(15,807)	8,858	26,463	115,046	
Total comprehensive income									
Profit for the period	-	-	74,003	-	-	-	327	74,330	
<i>Other comprehensive loss</i>									
Loss on investment in equity instruments measured at fair value through other comprehensive income (Note 12)	-	-	-	(2,004)	-	-	-	(2,004)	
Currency translation differences	-	-	-	-	-	(5,574)	(363)	(5,937)	
Total other comprehensive loss	-	-	-	(2,004)	-	(5,574)	(363)	(7,941)	
Total comprehensive income for the period	-	-	74,003	(2,004)	-	(5,574)	(36)	66,389	
Dividend declared	-	-	(8,823)	-	-	-	(329)	(9,152)	
Other	-	-	-	-	-	-	170	170	
Total transactions with Company's owners	-	-	(8,823)	-	-	-	(159)	(8,982)	
Balance at 30 June 2022	3,046	(19)	170,988	(15,307)	(15,807)	3,284	26,268	172,453	
Balance at 1 January 2023	2,758	-	170,578	(13,003)	852	7,052	26,778	195,015	
Total comprehensive income									
Profit for the period	-	-	18,939	-	-	-	104	19,043	
<i>Other comprehensive income</i>									
Loss on investment in equity instruments measured at fair value through other comprehensive income (Note 12)	-	-	-	(1,422)	-	-	-	(1,422)	
Currency translation differences	-	-	-	-	-	3,706	253	3,959	
Total other comprehensive income	-	-	-	(1,422)	-	3,706	253	2,537	
Total comprehensive income for the period	-	-	18,939	(1,422)	-	3,706	357	21,580	
Acquisition of treasury shares	-	-	-	-	(684)	-	-	(684)	
Other	-	-	-	-	-	-	2	2	
Total transactions with Company's owners	-	-	-	-	(684)	-	2	(682)	
Balance at 30 June 2023	2,758	-	189,517	(14,425)	168	10,758	27,137	215,913	

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 six months ended 30 June 2023 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 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.

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.

Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the last annual consolidated financial statements as at and for the year ended 31 December 2022. This consolidated condensed interim financial information does not include all the information required for full annual financial statements prepared in accordance with International Financial Reporting Standards (“IFRSs”).

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 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 2022.

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 2022. New Standards and Interpretations effective from 1 January 2023 have no material effect on this consolidated condensed interim financial information. Due to the changes in classification of individual items in accounts receivable note, the comparative figures have been restated.

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;
- 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;



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

- 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 - comprises 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.

Restrictive measures have been introduced with respect to a number of assets included in the Logistics and Trading segments.

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 six months ended 30 June 2023 is set out below:

	Segment sales	Intersegment sales	External sales	EBITDA
Acron	65,078	(5,520)	59,558	28,580
Dorogobuzh	20,454	(15,075)	5,379	4,934
Trading	22,233	(2,132)	20,101	(751)
Mining NWPC	10,781	(8,773)	2,008	4,052
Other	1,426	(515)	911	(32)
Total	119,972	(32,015)	87,957	36,783

Information for the reportable segments for the six months ended 30 June 2022 is set out below:

	Segment sales	Intersegment sales	External sales	EBITDA
Acron	98,633	(77,794)	20,839	68,783
Dorogobuzh	22,992	(20,582)	2,410	5,037
Trading	133,764	(10,962)	122,802	3,007
Mining NWPC	9,716	(9,448)	268	4,338
Other	2,193	(983)	1,210	274
Total	267,298	(119,769)	147,529	81,439

Reconciliation of EBITDA to Operating Profit:

	Six months ended	
	30 June 2023	30 June 2022
Operating Profit	43,842	63,835
Depreciation and amortisation	6,383	6,112
Loss on disposal of property, plant and equipment	106	110
Foreign currency (income) / loss on operating activities, net	(13,548)	11,382
Total consolidated EBITDA	36,783	81,439



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

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.

	Six months ended	
	30 June 2023	30 June 2022
Revenue		
Latin America	21,627	40,945
Russian Federation	20,756	35,637
Asia (excluding PRC)	16,278	16,629
USA and Canada	13,684	15,541
PRC	7,465	5,043
Africa	3,129	7,285
Commonwealth of Independent States	2,674	1,685
European Union and UK	2,344	20,738
Australia	-	4,026
Total	87,957	147,529

Revenue from sales of chemical fertilisers accounts for 88% of total revenues (for the six months ended 30 June 2022: 85%).

For the six months ended 30 June 2023, revenues from logistics activities representing a separate performance obligation under IFRS 15 amounted to RUB 1,868 (for the six months ended 30 June 2022: RUB 8,209). This revenue was accounted for as part of the Trading segment in Information for the reportable segments for the six months ended 30 June 2023 and 30 June 2022.

There are two individual customers contributing more than 10% to the total revenues (for the six months ended 30 June 2022: no individual customer contributing more than 10% to the total revenues).

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 except for the dividend payable in the amount of RUB 3,013 (Note 14).

7 Cash and Cash Equivalents

	30 June 2023	31 December 2022
Cash on hand and bank balances denominated in RUB	5,828	3,674
Bank balances denominated CNY	36,299	19,364
Bank balances denominated in USD	14,527	12,390
Bank balances denominated in other foreign currencies	2,130	3,045
Total cash and cash equivalents	58,784	38,473

Cash and cash equivalents include term deposits of RUB 41,152 (31 December 2022: RUB 2,783).

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.

Some bank balances denominated in foreign currencies in the amount of RUB 9,061 are restricted in use as of the reporting date (Note 21 (iii)).



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

8 Accounts Receivable

	30 June 2023	31 December 2022
Trade accounts receivable	35,018	44,799
Notes receivable	389	280
Other accounts receivable	321	279
Less: impairment provision	(6,098)	(6,108)
Total financial assets	29,630	39,250
Advances to suppliers	5,939	4,909
Value-added tax recoverable	5,982	7,047
Income tax prepayment	296	13
Other taxes receivable	223	336
Less: impairment provision	(32)	(31)
Total accounts receivable	42,038	51,524

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

At 30 June 2023 and 31 December 2022, the Group hold no collateral as security for trade receivable.

At 30 June 2023, there are three customers with individual accounts receivable balance more than 10% of the total amount (31 December 2022: two customers).

The overdue credit-impaired receivable arose as a result on the restrictive measures on the use of bank accounts. Not past due receivables are not credit-impaired under IFRS 9.

9 Inventories

	30 June 2023	31 December 2022
Raw materials and spare parts	19,747	19,478
Work in progress	14,355	9,428
Finished products	1,446	655
	35,548	29,561

Raw materials are shown net of obsolescence provision in the amount of RUB 393 (31 December 2022: RUB 393).

No inventory was pledged as security at 30 June 2023 and 31 December 2022.

10 Property, Plant and Equipment

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

	2023	2022
Carrying amount at 1 January	139,097	122,164
Acquisitions	18,478	14,305
Disposals	(106)	(110)
Depreciation charge	(5,999)	(5,765)
Currency translation difference	744	(1,266)
Carrying amount at 30 June	152,214	129,328

Included in the six months ended 30 June 2023 additions to assets under constructions is approximately RUB 1,095 of capitalised borrowing costs in accordance with IAS 23, Borrowing costs at the borrowing rate from 3.42% to 5.31% (for the six months ended 30 June 2022: RUB 164 - from 3.4% to 8.0%).

At 30 June 2023 and 31 December 2022, there were no pledges over property, plant and equipment.

At 30 June 2023, the Group did not identify impairment indicators, as the decrease in revenue and profit in the reporting period was due to temporary volatility in prices for finished goods, cash generated from operating activities remains at a comparable level to the same period of the prior year.



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

11 Subsoil licences and related costs

Subsoil licences and related costs comprise of:

	30 June 2023	31 December 2022
Apatite-nepheline deposits (production / development stage)	758	764
Potash deposits (development stage)	36,165	35,232
Potash leases and exploration permits	6,968	5,371
Licence and expenditure on deposit in exploration and evaluation stage	1,429	1,429
Asset related to the discharge of license obligations	350	350
	45,670	43,146

The Group capitalised RUB 933 of borrowing costs for the six months ended 30 June 2023 applying average borrowing rate of 5.31% (for the six months ended 30 June 2022: the Group did not capitalise borrowing costs).

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

	2023	2022
Carrying amount at 1 January	12,924	12,624
Loss fair value recognised directly in OCI	(1,422)	(2,004)
Carrying amount at 30 June	11,502	10,620

The Group has investment in the following companies:

Name	Activity	Country of registration	30 June 2023	31 December 2022
Non-current				
Grupa Azoty S.A.	Fertilisers manufacture	Poland	11,034	12,456
Other		Russian Federation	468	468
Total non-current			11,502	12,924
Total			11,502	12,924

Fair value of investment in Grupa Azoty S.A was determined by reference to the current market value at the reporting date. At 30 June 2023, the share price quoted at Warsaw Stock Exchange for Grupa Azoty S.A. amounted to RUB 561.36 per share (31 December 2022: RUB 633.64 per share). In July 2023, subsequent to the reporting date, the Polish Ministry of Economic Development and Technology announced the compulsory administration for equity stake in Grupa Azoty S.A in order to enable further sale and reregistration of the securities (Note 23).

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 liabilities at 30 June 2023 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. The subsequent changes are disclosed in Note 23.

	At 30 June 2023			
	Assets		Liabilities	
	Non-Current	Current	Non-Current	Current
Put/call options on JSC VPC shares	-	-	(4,872)	(6,127)
	-	-	(4,872)	(6,127)

	At 31 December 2022			
	Assets		Liabilities	
	Non-Current	Current	Non-Current	Current
Put/call options on JSC VPC shares	-	-	(3,020)	(3,254)
	-	-	(3,020)	(3,254)



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

14 Accounts Payable

	30 June 2023	31 December 2022
Trade accounts payable	10,034	7,570
Dividend payable	3,163	3,247
Total financial payables	13,197	10,817
Payables to employees	3,465	3,374
Accrued liabilities and other creditors	195	224
Taxes payable	1,660	5,813
Total accounts payable and accrued expenses	18,517	20,228

15 Short-Term and Long-Term Borrowings

Borrowings consist of the following:

	30 June 2023	31 December 2022
Bonds issued	492	5,767
Term loans	91,125	72,655
	91,617	78,422

The Group's borrowings mature as follows:

	30 June 2023	31 December 2022
Borrowings due:		
- within 1 year	6,294	9,220
- between 1 and 5 years	85,313	69,183
- after 5 years	10	19
	91,617	78,422

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

	30 June 2023	31 December 2022
Borrowings denominated in:		
- RUB	17,831	14,633
- EUR	199	274
- USD	73,587	63,515
	91,617	78,422

At 30 June 2023, unused credit lines available under the loan facilities were RUB 109,721 (31 December 2022: RUB 97,854).

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

	30 June 2023	31 December 2022
Short-term borrowings		
RUB		
Bonds with fixed interest rate of 5.5% (2022: from 5.5% to 7.25%) per annum	373	5,648
Loans with floating interest rate from 90% of the key rate of the Bank of Russia +2.0% to the key rate of the Bank of Russia +2.3% per annum	1,848	1,308
Loans with floating interest rate: the key rate of the Bank of Russia +1.9% (2022: 50% of the key rate of the Bank of Russia +2.25%) per annum	2,067	2,067
EUR		
Loans with floating interest rate from 6M EURIBOR +0.65% to 6M EURIBOR +0.75% (2022: from 6M EURIBOR +0.75% to 6M EURIBOR +0.85%) per annum	135	197
USD		
Loans with floating interest rate of 1M LIBOR +1.8% per annum	1,871	-
Total short-term borrowings	6,294	9,220
Total short-term liabilities	6,294	9,220



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

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

	30 June 2023	31 December 2022
Long-term borrowings:		
RUB		
Bonds with fixed interest rate of 3.0% per annum	119	119
Loans with floating interest rate: from 90% of the key rate of the Bank of Russia +2.0% to 70% of the key rate of the Bank of Russia +4.45% (2022: from 90% of the key rate of the Bank of Russia +2.0% to 80% of the key rate of the Bank of Russia +3.5%) per annum	416	463
Loans with floating interest rate: from the key rate of the Bank of Russia +1.85% to the key rate of the Bank of Russia +1.9% per annum (2022: 50% of the key rate of the Bank of Russia +2.25%) per annum	13,008	5,028
EUR		
Loans with floating interest rate of 6M EURIBOR +0.65% per annum	64	77
USD		
Loans with floating interest rate of 1M LIBOR +1.8% per annum	44,910	41,851
Loans with floating interest rate of 1M LIBOR +3.5% per annum	26,806	21,664
Total long-term borrowings	85,323	69,202
Bank commission	(845)	(525)
Total long-term liabilities	84,478	68,677

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 3.0% per annum with the option of early redemption. In October 2020 and October 2022, the Group redeemed bonds for RUB 506 and RUB 4,375 respectively. The part of redeemed bonds in the amount of RUB 1,082 was held by the Group's subsidiary, PJSC Dorogobuzh.

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 5.5% per annum with the option of early redemption in December 2023. In December 2021, the Group redeemed bonds in the amount of RUB 4,627.

In October 2019, the Group placed non-convertible interest-bearing documentary bonds in the amount of RUB 10,000 with redemption in April 2023. The bonds were placed at 7.25% per annum without the option of early redemption. In April 2023, the Group fully redeemed bonds of this issue, including held by the Group's subsidiary, PJSC Dorogobuzh, in the amount of RUB 4,725.

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 30 June 2023 was RUB 479 with reference to Moscow Stock Exchange quotations as of this date (31 December 2022: RUB 5,737).

Significant loan agreements contain certain covenants including those which require the Group and the Group entities to maintain a minimum level of net assets, net debt/EBITDA ratio, and EBITDA/interest expense ratio. One of the loan agreements provides 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 these covenants.

Reconciliation of movements of liabilities to cash flows arising from financing activities:

	Loans	Bonds	Total
Balance at 1 January 2023	72,130	5,767	77,897
Changes from financing cash flows			
Proceeds from borrowings	13,145	-	13,145
Repayment of borrowings	(8,860)	(5,275)	(14,135)
Total changes from financing cash flows	76,415	492	76,907
The effect of changes in foreign exchange rates	14,185	-	14,185
Bank commission	(320)	-	(320)
Balance at 30 June 2023	90,280	492	90,772



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

16 Share Capital

The total authorised number of ordinary shares is 36,757,156 (31 December 2022: 36,757,156) 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 2022	40,534,000	(3,776,844)	3,046	(19)	3,027
30 June 2022	40,534,000	(3,776,844)	3,046	(19)	3,027
1 January 2023	36,757,156	(28,000)	2,758	-	2,758
Acquisition of treasury shares	-	(36,464)	-	-	-
30 June 2023	36,757,156	(64,464)	2,758	-	2,758

17 Finance (Costs) / Income, net

	Six months ended		Three months ended	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
Foreign exchange (loss) / gain on financial transactions, net	(14,411)	25,601	(13,335)	31,732
Interest income from loans provided and term deposits	286	746	153	281
Other finance (costs) / income, net	(291)	424	(197)	(326)
	(14,416)	26,771	(13,379)	31,687

18 Other Operating Income / (Expenses), net

	Six months ended		Three months ended	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
Other operating income, net	534	80	261	26
Charity expenses	(227)	(400)	(100)	(82)
Foreign exchange profit / (loss) on operating activities, net	13,548	(11,382)	10,677	(8,772)
	13,855	(11,702)	10,838	(8,828)

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 year, excluding treasury shares. At 30 June 2023, ordinary shares of the Company have a potential dilutive effect associated with the right to exercise obligations under the redemption put-options by transferring its own ordinary shares.

	Six months ended	
	30 June 2023	30 June 2022
Weighted average number of shares outstanding	36,757,156	40,534,000
Adjusted for weighted average number of treasury shares	(26,443)	(3,776,844)
Weighted average number of shares outstanding (basic)	36,730,713	36,757,156
Effect of settlement in own equity instruments	326,683	28,575
Weighted average number of shares outstanding (diluted)	37,057,396	36,785,731
Profit attributable to the equity holders of the Company	18,939	74,003
Basic per share (in Russian Roubles)	515.62	2,013.30
Diluted per share (in Russian Roubles)	511.07	2,011.73



20 Income Taxes

	Six months ended		Three months ended	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
Income tax expense – current	7,507	11,602	2,356	3,887
Deferred tax charge – origination and reversal of temporary differences	(2,497)	3,864	(2,370)	3,211
Income tax expense	5,010	15,466	(14)	7,098

21 Contingencies, Commitments and Operating Risks

i Contractual commitments and guarantees

At 30 June 2023, the Group had outstanding capital commitments in relation to property, plant and equipment for the amount of RUB 13,823 (31 December 2022: RUB 94,877).

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. At 30 June 2023 and 31 December 2022, 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. Consequently, the Group is exposed to the economic and financial markets of the Russian Federation, which display the characteristics of an emerging market. The legal, tax and regulatory frameworks continue development, but are subject to varying interpretations and frequent changes which contribute together with other legal and fiscal impediments to the challenges faced by entities operating in the Russian Federation.

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. Since February 2022, additional tough sanctions were imposed against the Government of the Russian Federation, as well as large financial institutions, legal entities and individuals in Russia. In particular, restrictions were imposed on the export and import of goods, including capping the price of certain types of raw materials, restrictions were introduced on the provision of certain types of services to Russian enterprises, the assets of a number of Russian individuals and legal entities were blocked, a ban on maintaining correspondent accounts was established, certain large banks were disconnected from the SWIFT international financial messaging system, and other restrictive measures were implemented. Also, in the context of the imposed sanctions, a number of large international companies from the United States, the European Union and some other countries discontinued, significantly reduced or suspended their own activities in the Russian Federation, as well as doing business with Russian citizens and legal entities.

In September 2022 further sanctions were imposed and there is a risk of increasing pressure on the Russian economy. In response to the above, the Government of the Russian Federation and Central Bank of the Russian Federation has introduced a set of measures, which are counter-sanctions, currency control measures, a number of key interest rate decisions and other special economic measures to ensure the security and maintain the stability of the Russian economy, financial sector and citizens.

The imposition and subsequent strengthening of sanctions and the partial mobilization resulted in elevated economic uncertainty, including reduced liquidity and high volatility in the capital markets, volatility of the Rouble exchange rate and the key interest rate, a decrease in foreign and domestic direct investments, difficulties in making payments for Russian Eurobond issuers, and also a significant reduction in the availability of sources of debt financing.

In addition, Russian companies have virtually no access to the international stock market, the debt capital market and other development opportunities, which may lead to their increased dependence on the governmental support. The Russian economy is in the process of adaptation associated with the replacement of retiring export markets, a change in supply markets and technologies, as well as changes in logistics, supply and production chains.

It is difficult to assess the consequences of the imposed and possible additional sanctions in the long term, however, sanctions can have a significant negative impact on the Russian economy.

These restrictions have affected operations of the Group’s companies registered in Switzerland and the European Union. Some bank accounts and assets were frozen and may further be used with a prior permission of the local competent authorities of the country of registration of a respective company or the country of location of a respective asset.



At the end of 2021, the Government of the Russian Federation introduced quotas for the export of nitrogen and complex nitrogen-containing fertilisers.

In May 2022, the Company cancelled the GDRs admission to trading on the London Stock Exchange (LSE) Main Market due to the amendments to Russian laws prohibiting circulation of depositary receipts that represent Russian issuers' shares and prescribing termination of the existing depositary receipt programmes. After the LSE listing cancellation, the Company continues its listing on the regulated market of the Moscow Exchange.

In the beginning of 2023, the Russian Government amended the export duty rates for goods exported from the Russian Federation outside the customs territory of the Eurasian Economic Union.

Management believes that 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.

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. The 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 these condensed consolidated interim financial statements, 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.



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.

Investment in equity instruments is included in Level 1 category in the amount of RUB 11,034 (31 December 2022: RUB 12,456).

All liabilities on bonds issued are included in Level 1 category in the amount of RUB 492 (31 December 2022: RUB 5,767).

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 included in level 3. Determination method is equal to applied in 2022.

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 June 2023, the fair value of borrowings is RUB 17 lower than their carrying amounts. At 31 December 2022, the fair value of borrowings was RUB 22 lower than their carrying amounts.

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

23 Subsequent Events

In July 2023, the Polish Ministry of Economic Development and Technology announced the compulsory administration for equity stake in Grupa Azoty S.A in order to enable further sale and reregistration of the securities (Note 12).

In accordance with 414-FZ "On Excess Profit Tax" dated 4 August 2023, the Group plans to pay RUB 4,700 till the end of 2023.

In August 2023, the existing options to purchase and sell 10% and 19.9% of shares of JSC VPC were extended to February 2024 and December 2023 respectively.