PUBLIC JOINT STOCK COMPANY “ACRON”

Consolidated Financial Statements for the year ended 31 December 2023 and Independent Auditors’ Report

Contents

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Independent Auditors' Report

To the Shareholders and Board of Directors of PJSC "Acron"

Qualified Opinion

We have audited the consolidated financial statements of PJSC "Acron" (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2023, the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, including material accounting policy information and other explanatory information.

In our opinion, except for the effects of the matter described in the first paragraph of the Basis for Qualified Opinion section of our report and except for the possible effects on the corresponding figures as at and for the year ended 31 December 2022 of the matter described in the second paragraph of the Basis for Qualified Opinion section of our report, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Qualified Opinion

The Group has not disclosed the name of its ultimate controlling party as at 31 December 2023, which is required by International Financial Reporting Standard IAS 24 Related Party Disclosures. It is not possible for us to provide this information.

As at 31 December 2022 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 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. Our opinions on the consolidated financial statements as at and for the year ended 31 December 2022 and on the current year's figures have been modified accordingly

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the independence requirements that are relevant to our audit of the consolidated financial statements in the Russian Federation and with the International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the requirements in the Russian Federation and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Fair value of derivative financial instruments	
Please refer to the Note 11, 13, 28 in the consolidated financial statements.	
The key audit matter	**How the matter was addressed in our audit**
The Group has derivative financial instruments - call and put options for ordinary shares of JSC Verkhnekamsk Potash Company, a subsidiary of the Group that holds a license to develop a potash deposit. The primary input for determining the fair value of the options recognised in the Group’s consolidated financial statements is the fair value of the underlying asset - shares of JSC Verkhnekamsk Potash Company, which is estimated using the discounted cash flow model. We focused our attention on the issue of assessing the fair value of options due to the following: • there is an inherent risk of uncertainty in forecasting and discounting future cash flows; • the use of significant unobservable valuation inputs increases the degree of uncertainty in the calculations; • financial model includes specific parameters and subjective estimates, requiring management to apply significant professional judgment.	We have gained an understanding of the Group’s internal controls over the valuation process. We assessed independence and professional competence of the appraiser engaged by the Group to perform fair value calculation of the underlying asset. We involved our valuation specialists and conducted a critical analysis of the key assumptions underlying the discounted cash flow forecast used to determine the fair value of JSC Verkhnekamsk Potash Company’s shares by comparing them to external industry, economic and financial data and other available information. We checked the mathematical accuracy of the calculations. We assessed whether the applied methodology is in line with the specific conditions of the Group, as well as the generally accepted valuation practice. We checked the accuracy and completeness of the relevant disclosures in the consolidated financial statements.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual report, but does not include the consolidated financial statements and our auditors' report thereon. The Annual report is expected to be made available to us after the date of this auditors' report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Responsibilities of Management and Audit Committee of Board of Directors for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Audit Committee of Board of Directors is responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our

auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with Audit Committee of Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with Audit Committee of Board of Directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditors' report is:

АКЦИОНЕРНОЕ ОБЩЕСТВО ОГРН 1027700125628
Кэпт
Kept
МОСКВА

Ryazantsev Andrei Viktorovich

Principal registration number of the entry in the Register of Auditors and Audit Organizations No 21906100282, acts on behalf of the audit organization based on the power of attorney No. 402/22 as of 1 July 2022

JSC "Kept"

Principal registration number of the entry in the Register of Auditors and Audit Organizations No. 12006020351

Moscow, Russia

26 March 2024

(in millions of Russian Roubles)

	Note	31 December 2023	31 December 2022
ASSETS			
Non-current assets			
Property, plant and equipment	10	174,290	139,097
Subsoil licences and related costs	11	46,383	43,146
Investment in equity instruments measured at fair value through other comprehensive income	12	9,432	12,924
Right-of-use assets		1,985	1,411
Deferred tax assets	24	923	204
Other non-current assets		4,516	4,259
Total non-current assets		**237,529**	**201,041**
Current assets			
Inventories	9	33,659	29,561
Accounts receivable	8	37,796	51,524
Cash and cash equivalents	7	78,421	38,473
Other current assets		287	233
Total current assets		**150,163**	**119,791**
TOTAL ASSETS		**387,692**	**320,832**
EQUITY			
Share capital	16	2,758	2,758
Retained earnings		206,307	170,578
Revaluation reserve		(16,495)	(13,003)
Other reserves		(488)	852
Cumulative currency translation difference		11,432	7,052
Equity attributable to the Company’s owners		**203,514**	**168,237**
Non-controlling interests	17	27,207	26,778
TOTAL EQUITY		**230,721**	**195,015**
LIABILITIES			
Non-current liabilities			
Long-term borrowings	15	45,903	68,677
Long-term derivative financial instruments	13	4,128	3,020
Long-term lease liabilities		1,649	1,392
Deferred tax liabilities	24	4,895	7,594
Other non-current liabilities		6,132	4,819
Total non-current liabilities		**62,707**	**85,502**
Current liabilities			
Accounts payable	14	23,483	16,652
Short-term borrowings	15	57,616	9,220
Short-term derivative financial instruments	13	5,273	3,254
Advances received		7,029	6,794
Income tax payable		-	3,576
Short-term lease liabilities		698	285
Other current liabilities		165	534
Total current liabilities		**94,264**	**40,315**
TOTAL LIABILITIES		**156,971**	**125,817**
TOTAL LIABILITIES AND EQUITY		**387,692**	**320,832**

The Consolidated Financial Statements were approved for issue on 26 March 2024.

V.Y. Kunitskiy
President

A.V. Milenkov
Finance Director

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

	Note	2023	2022
Revenue	4	179,458	257,195
Cost of sales	18	(90,535)	(91,475)
Gross profit		**88,923**	**165,720**
Transportation expenses	20	(16,859)	(23,302)
Selling, general and administrative expenses	19	(17,017)	(11,272)
Other operating income / (expenses), net	22	18,070	(10,884)
Operating profit		**73,117**	**120,262**
Finance (expenses) / income, net	21	(15,057)	6,729
Interest expense		(3,944)	(2,973)
Loss on derivatives, net		(3,127)	(9,556)
Profit before taxation		**50,989**	**114,462**
Income tax expense	24	(15,123)	(23,428)
Profit for the year		**35,866**	**91,034**
Other comprehensive (loss) / income on items that will not be reclassified to profit or loss:			
Investment in equity instruments measured at fair value through other comprehensive income:			
- (Loss) / gain arising during the year	12	(3,492)	300
Other comprehensive income / (loss) on items that are or may be reclassified to profit or loss:			
Currency translation differences		4,677	(1,932)
Other comprehensive income / (loss) for the year		**1,185**	**(1,632)**
Total comprehensive income for the year		**37,051**	**89,402**
Profit is attributable to:			
Owners of the Company		35,721	90,434
Non-controlling interests		145	600
Profit for the year		**35,866**	**91,034**
Total comprehensive income is attributable to:			
Owners of the Company		36,609	88,928
Non-controlling interests		442	474
Total comprehensive income for the year		**37,051**	**89,402**
Earnings per share			
Basic (expressed in Russian Roubles)	23	973.26	2,460.68
Diluted (expressed in Russian Roubles)	23	971.24	2,454.61

(in millions of Russian Roubles)

	Note	2023	2022
Cash flows from operating activities			
Profit for the period		**35,866**	**91,034**
Adjustments for:			
Income tax expense	24	15,123	23,428
Depreciation and amortisation	10	12,506	12,050
Provision for inventory obsolescence	9	-	101
(Reversal of provision) / provision for impairment of accounts receivable	22	(798)	6,074
Loss on disposal of property, plant and equipment	22	65	157
Interest expense		3,944	2,973
Interest income	21	(3,663)	(1,038)
Loss on derivatives, net		3,127	9,556
Non-current assets impairment	22	782	1,185
Unrealised foreign exchange effect on non-operating balances		6,399	(6,790)
Operating cash flows before working capital changes		**73,351**	**138,730**
Decrease / (increase) in gross trade receivables		18,659	(35,671)
Increase in advances to suppliers		(4,193)	(111)
Decrease / (increase) in other receivables		2,259	(323)
Increase in inventories		(4,029)	(2,231)
(Increase) / decrease in other current assets		(54)	91
(Decrease) / increase in deferred income		(2,370)	1,085
Increase / (decrease) in trade payables		4,549	(939)
Increase in other payables		2,796	1,119
Increase / (decrease) in advances from customers		235	(10,465)
Cash generated from operations		**91,203**	**91,285**
Income taxes paid		(22,493)	(23,755)
Interest paid		(6,333)	(2,083)
Net cash from operating activities		**62,377**	**65,447**
Cash flows from investing activities			
Purchase of property, plant and equipment and intangible assets		(45,275)	(29,460)
Interest received		948	561
Net change in other non-current assets and liabilities		(704)	92
Net cash used in investing activities		**(45,031)**	**(28,807)**
Cash flows from financing activities			
Acquisition and redemption of treasury shares		(1,340)	(478)
Contribution of non-controlling interest		-	170
Dividend paid to shareholders	16	-	(5,747)
Dividend paid to non-controlling interest		(138)	(329)
Proceeds from borrowings	15	30,308	2,148
Repayment of borrowings	15	(16,778)	(8,741)
Repurchase of bonds issued	15	(365)	(5,807)
Payment of lease liabilities		(740)	(604)
Net cash received from / (used in) financing activities		**10,947**	**(19,388)**
Net increase in cash and cash equivalents		**28,293**	**17,252**
Cash and cash equivalents at 1 January		38,473	23,377
Effect of movements in exchange rates on cash and cash equivalents		11,655	(2,156)
Cash and cash equivalents at 31 December	7	**78,421**	**38,473**

(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 interests**	**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 year	-	-	90,434	-	-	-	600	91,034
Other comprehensive loss								
Gain on investment in equity instruments measured at fair value through other comprehensive income (Note 12)		-	-	300	-	-	-	300
Currency translation differences	-	-	-	-	-	(1,806)	(126)	(1,932)
Total other comprehensive loss	**-**	**-**	**-**	**300**	**-**	**(1,806)**	**(126)**	**(1,632)**
Total comprehensive income for the year	**-**	**-**	**90,434**	**300**	**-**	**(1,806)**	**474**	**89,402**
Dividend declared	-	-	(8,822)	-	-	-	(329)	(9,151)
Redemption of treasury shares (Note 16)	(288)	19	(16,842)	-	17,111	-	-	-
Acquisition of treasury shares		-	-	-	(478)	-	-	(478)
Other	-	-	-	-	26	-	170	196
Total transactions with Company's owners	**(288)**	**19**	**(25,664)**	**-**	**16,659**	**-**	**(159)**	**(9,433)**
Balance at 31 December 2022	**2,758**	**-**	**170,578**	**(13,003)**	**852**	**7,052**	**26,778**	**195,015**
Balance at 1 January 2023	**2,758**	**-**	**170,578**	**(13,003)**	**852**	**7,052**	**26,778**	**195,015**
Total comprehensive income	-	-						
Profit for the year	-	-	35,721	-	-	-	145	35,866
Other comprehensive income								
Loss on investment in equity instruments measured at fair value through other comprehensive income (Note 12)	-	-	-	(3,492)	-	-	-	(3,492)
Currency translation differences	-	-	-	-	-	4,380	297	4,677
Total other comprehensive income	**-**	**-**	**-**	**(3,492)**	**-**	**4,380**	**297**	**1,185**
Total comprehensive income for the year	**-**	**-**	**35,721**	**(3,492)**	**-**	**4,380**	**442**	**37,051**
Dividend declared	-	-	-	-	(1,340)	-	-	(1,340)
Other	-	-	8	-	-	-	(13)	(5)
Total transactions with Company's owners	**-**	**-**	**8**	**-**	**(1,340)**	**-**	**(13)**	**(1,345)**
Balance at 31 December 2023	**2,758**	**-**	**206,307**	**(16,495)**	**(488)**	**11,432**	**27,207**	**230,721**

1 Acron Group and its Operations

These consolidated financial statements for the year ended 31 December 2023 comprise 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 Russia.

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

2 Basis of accounting

Basis of preparation. These consolidated financial statements have been prepared in accordance with, and comply with, International Financial Reporting Standards (“IFRS”) under the historical cost convention except as modified by the fair value revaluation of derivative financial instruments, investments in equity instruments measured at fair value through other comprehensive income.

Functional and presentation currency. Functional currency of the Group's consolidated financial statements is the currency of the primary economic environment in which the Group operates. Company's functional currency and presentation currency is the national currency of the Russian Federation - Russian Rouble (RUB).

Unless otherwise indicated, all financial information presented in these consolidated financial statements are presented in millions of Russian Roubles (RUB). These consolidated financial statements have been prepared based on the statutory records, with adjustments and reclassifications recorded for the fair presentation in accordance with IFRS.

Material accounting policy information. The Group also adopted Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement №2) from 1 January 2023. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in the financial statements. The amendments require the disclosure of “material”, rather than “significant”, accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements. Management reviewed the accounting policies and made updates to the information disclosed in Note 28 Material accounting policies (2022: Significant accounting policies) in certain instances in line with the amendments.

3 Critical Accounting Estimates and Judgments in Applying Accounting Policies

The preparation of consolidated financial statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from those estimates.

Estimates and judgements are continually evaluated and are based on management’s experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Management also makes certain judgements, apart from those involving estimations, in the process of applying the accounting policies. Judgements that have the most significant effect on the amounts recognised in the financial statements and estimates that can cause a significant adjustment to the carrying amount of assets and liabilities within the next financial year.

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements is included in the following notes:

Evaluation of put/call options for JSC Verkhnekamsk potash company (JSC VPC) shares. The fair value of stock options is estimated based on Black–Scholes Option Pricing Model which was developed for use in estimating the fair value of options on quoted shares. Option pricing method requires use of subjective inputs and assumptions including expected volatility of the share price and share spot price at the date of valuation. Since JSC VPC shares are not publicly traded, expected volatility was determined based on historical stock quotes of companies in the same industry and estimates. The estimate of the current fair value price of the shares was made on the basis of discounted cash flows attributable to JSC VPC adjusted for non-controlling discount (Notes 13 and 27).

Accounting treatment for put options, that will be settled by the Company’s shares. In 2017, 2018, and 2020, the Group sold shares of JSC VPC to the non-controlling shareholders linked to put options, which gave the right to the non-controlling shareholders to sell their shares back to the Group in exchange for the variable amount of shares in PJSC Acron. Because at the option exercise date the Group does not have obligation to deliver cash or another financial asset, the subsidiary’s shares that are held by non-controlling interest holders were presented in equity as non-controlling interests and the put options were recognised as derivative financial liabilities.

Impairment of subsoil licences and related costs. The Group performed annual impairment test of mining licence and related costs of JSC VPC. The recoverable amount of the cash-generating unit (CGU) was determined based on value in use calculations as at 31 December 2023. These calculations used cash flow projections based on financial budgets approved by management and incorporating expected market prices for key fertilisers for the same period according to leading industry publications. The growth rate did not exceed the long-term average growth rate for the business sector of the economy in which the CGU operates. The discount rate used reflected the risks inherent in this CGU, as further disclosed in Note 11.

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

Capitalisation of borrowing costs for subsoil licences. Subsoil licences represent part of investment projects for development of mineral deposits that necessarily take a substantial time to get ready for intended use. Accordingly, management considers exploration rights as qualifying assets for capitalisation of borrowing costs. Management assesses whether capitalisation of borrowing costs shall be continued during periods when active development is interrupted while substantial design or technical work is carried out (Note 11).

Functional currency of foreign subsidiaries. Operations of related foreign subsidiaries registered in Switzerland, USA, Latin America, and Luxembourg in substance represent a passive activity related to holding investment portfolio within the economic environment of the Company. With regard to the above, management concluded that the functional currency of these entities should be the Russian Rouble.

4 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 capable to 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;
- Trading – representing overseas & domestic distribution companies of the Group;
- Mining NWPC – representing production of apatite-nepheline ore and subsequent processing in apatite concentrate;
- Other – representing transportation and logistic services, agriculture and management operations, also 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.

Restrictive measures have been introduced with respect to a number of assets included in the Trading segments, details are disclosed in Note 25 (iii) Business environment.

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

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

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

Information for the reportable segments for the year ended 31 December 2023 is set out below:

	Segment sales	**Eliminable intersegment sales**	**External sales**	**EBITDA**
Acron	125,798	(12,593)	113,205	53,519
Dorogobuzh	44,593	(26,585)	18,008	9,464
Trading	43,426	(350)	43,076	(2,859)
Mining NWPC	20,597	(17,578)	3,019	8,364
Other	3,287	(1,137)	2,150	252
Total	**237,701**	**(58,243)**	**179,458**	**68,740**

Information for the reportable segments for the year ended 31 December 2022 is set out below:

	Segment sales	**Eliminable intersegment sales**	**External sales**	**EBITDA**
Acron	180,422	(84,329)	96,093	111,195
Dorogobuzh	43,711	(36,191)	7,520	11,941
Trading	158,687	(9,658)	149,029	4,264
Mining NWPC	19,963	(16,838)	3,125	8,407
Other	2,901	(1,473)	1,428	515
Total	**405,684**	**(148,489)**	**257,195**	**136,322**

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

Reconciliation of EBITDA to Profit Before Tax:

	2023	2022
Operating Profit	**73,117**	**120,262**
Depreciation and amortisation	12,506	12,050
Foreign currency (profit) / loss on operating transactions, net	(17,730)	2,668
Non-current assets impairment (Note 10)	782	1,185
Loss on disposal of property, plant and equipment	65	157
Total consolidated EBITDA	**68,740**	**136,322**

Information about geographical areas:

The geographic information below analyses the Group's revenue on external sales and non-current assets. In presenting the following information, segment revenue has been based on the geographic location of customers and segment assets were based on the geographic location of the assets.

	2023	2022
Revenue		
Latin America	43,615	69,935
Russia	38,695	56,069
Asia (excluding PRC)	36,267	41,591
USA and Canada	27,923	37,735
PRC	14,358	9,508
Africa	9,872	9,845
Commonwealth of Independent States	4,400	5,090
Australia	-	3,960
Other	4,328	23,462
Total	**179,458**	**257,195**

	2023	2022
Non-current assets		
Russia	215,724	178,333
Canada	7,226	5,376
Estonia	3,199	3,182
Total	**226,149**	**186,891**

Non-current assets represent non-current assets other than financial instruments and deferred tax assets.

For 2023, revenues from logistics activities representing a separate performance obligation under IFRS 15 amounted to RUB 4,820 (2022: RUB 9,971).

This revenue was accounted for as part of the Trading in Information for the reportable segments for the year ended 31 December 2023.

In the reporting period, there are two customers individually contributing more than 10% to the total revenue (2022: two individual customers).

5 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.

i Key management personnel compensation

Total key management personnel compensation in the amount of RUB 2,495 (2022: RUB 2,399) was recorded in general and administrative expenses. Related state social and pension costs included in this amount equalled to RUB 336 (2022: RUB 321).

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

6 Main Subsidiaries

The following is the list of the most significant subsidiaries and actual interests in their authorised capital.

Name	Country of registration	Share in authorised capital	
		2023	2022
Subsidiary			
PJSC Dorogobuzh	Russia	96.73%	96.73%
JSC NWPC	Russia	100%	100%
JSC VPC	Russia	50.1%	50.1%
North Atlantic Potash Inc.	Canada	100%	100%
Norica Holding S.a.r.l.	Luxembourg	100%	100%
AS DBT	Estonia	100%	100%
JSC Agronova	Russia	100%	100%
Acron Trading Switzerland AG	Switzerland	100%	100%
Acron USA Inc.	USA	100%	100%
Beijing Yong Sheng Feng AMP CO. LTD.	PRC	100%	100%
Acron Argentina S.R.L.	Argentina	100%	100%
Acron Colombia S.A.S.	Colombia	100%	100%
Acron Importacao E Comercio De Fertilizantes Brasil LTDA.	Brasil	100%	100%
LLC Plodorodie	Russia	100%	100%

7 Cash and Cash Equivalents

	2023	2022
Cash on hand and bank balances denominated in RUB	13,164	3,674
Bank balances denominated CNY	52,134	19,364
Bank balances denominated in USD	10,648	12,390
Bank balances denominated in other foreign currencies	2,475	3,045
Total cash and cash equivalents	**78,421**	**38,473**

Cash and cash equivalents include term deposits in the amount of RUB 58,806 (2022: RUB 2,783).

The fair value of cash and cash equivalents 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 8,674 are restricted in use as of the reporting date (Note 25 (iii)).

Analysis of the credit quality of bank balances and term deposits is as follows:

	2023	2022
AAA(RU)* rated	52,840	13,671
A - AAA** rated	11,429	15,810
A+(RU)* rated	9,465	4
AA+(RU)* rated	1,730	624
BBB- - BBB+** rated	1,236	889
AA(RU)* rated	50	56
BBB(RU)* rated	16	4,955
Unrated	1,655	2,464
Total	**78,421**	**38,473**

* Based on the credit ratings of ACRA, an independent rating agency.

** Based on the credit ratings of Fitch Ratings, an independent rating agency.

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

8 Accounts Receivable

	2023	2022
Trade accounts receivable	26,140	44,799
Notes receivable	542	280
Other accounts receivable	424	279
Impairment provision	(4,042)	(6,108)
Total financial assets	**23,064**	**39,250**
Advances to suppliers	8,210	4,909
Value-added tax recoverable	6,479	7,047
Income tax prepayments	209	13
Other taxes receivable	757	336
Impairment provision	(923)	(31)
Total accounts receivable	**37,796**	**51,524**

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

As at 31 December 2023, trade and other accounts receivable of RUB 4,042 (31 December 2022: RUB 6,108) were fully impaired. The overdue receivable arise as a result on the restrictive measures on the use of bank accounts. Not past due receivables are not credit-impaired under IFRS 9. Exposure to credit risk is minimal due to high turnover.

The aging of trade and other accounts receivable is as follows:

	Gross 2023	Impairment 2023	Gross 2022	Impairment 2022
Not past due	22,522	-	35,072	-
Past due for less than 3 months	-	-	-	-
Past due from 3 to 9 months	-	-	9,965	(6,067)
Past due from 9 to 12 months	-	-	-	-
Past due over 12 months	4,042	(4,042)	41	(41)
Total	**26,564**	**(4,042)**	**45,078**	**(6,108)**

The movements in the impairment of trade and other accounts receivable are as follows:

	2023	2022
Impairment at 1 January	**(6,108)**	**(34)**
Increase	(376)	(6,074)
Decrease	2,442	-
Impairment at 31 December	**(4,042)**	**(6,108)**

As at 31 December 2023 and 31 December 2022, the Group hold no collateral as security for trade receivable.

Besides trade accounts receivable and advances to suppliers, the other classes within accounts receivable do not contain impaired assets.

9 Inventories

	2023	2022
Raw materials and spare parts	20,572	19,478
Finished products	12,192	9,428
Work in progress	895	655
	33,659	**29,561**

Raw materials are shown net of obsolescence provision of RUB 393 (2022: RUB 393).

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

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

10 Property, Plant and Equipment

	Buildings and constructions	Plant and equipment	Transport	Other	Land	Mining and primary ore dressing assets	Mining assets under construction	Assets under construction	Total
Cost									
Balance at 1 January 2023	**54,491**	**68,781**	**5,201**	**4,111**	**2,560**	**58,968**	**25,862**	**22,281**	**242,255**
Impairment	(782)	-	-	-	-	-	-	-	**(782)**
Reclassification	(1,770)	3,142	(757)	(184)	-	(431)	-	-	**-**
Additions	-	-	-	-	-	-	25,878	21,214	**47,092**
Reclassification	4,425	6,443	1,222	532	17	3,784	(3,784)	(12,639)	**-**
Disposals	(21)	(466)	(15)	(19)	(10)	(456)	-	-	**(987)**
Translation difference	1,705	970	86	33	-	-	-	-	**2,794**
Balance at 31 December 2023	**58,048**	**78,870**	**5,737**	**4,473**	**2,567**	**61,865**	**47,956**	**30,856**	**290,372**
Accumulated Depreciation									
Balance at 1 January 2023	**29,481**	**45,646**	**3,169**	**2,425**	**-**	**22,437**	**-**	**-**	**103,158**
Depreciation charge	2,358	5,529	296	210	-	3,557	-	-	**11,950**
Disposals	(22)	(461)	(26)	(11)	-	(402)	-	-	**(922)**
Translation difference	974	812	80	30	-	-	-	-	**1,896**
Balance at 31 December 2023	**32,791**	**51,526**	**3,519**	**2,654**	**-**	**25,592**	**-**	**-**	**116,082**
Net Book Value									
Balance at 1 January 2023	**25,010**	**23,135**	**2,032**	**1,686**	**2,560**	**36,531**	**25,862**	**22,281**	**139,097**
Balance at 31 December 2023	**25,257**	**27,344**	**2,218**	**1,819**	**2,567**	**36,273**	**47,956**	**30,856**	**174,290**

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

	Buildings and constructions	Plant and equipment	Transport	Other	Land	Mining and primary ore dressing assets	Mining assets under construction	Assets under construction	Total
Cost									
Balance at 1 January 2022	**53,136**	**64,278**	**5,094**	**4,024**	**2,480**	**46,411**	**26,633**	**14,114**	**216,170**
Impairment	(940)	-	-	-	-	-	-	-	**(940)**
Reclassification	-	-	-	-	-	(399)	399	-	**-**
Additions	-	-	-	-	-	-	12,966	16,737	**29,703**
Reclassification	3,063	5,109	163	112	123	14,136	(14,136)	(8,570)	**-**
Disposals	(158)	(254)	(28)	(14)	(43)	(1,180)	-	-	**(1,677)**
Translation difference	(610)	(352)	(28)	(11)	-	-	-	-	**(1,001)**
Balance at 31 December 2022	**54,491**	**68,781**	**5,201**	**4,111**	**2,560**	**58,968**	**25,862**	**22,281**	**242,255**
Accumulated Depreciation									
Balance at 1 January 2022	**27,855**	**40,356**	**2,957**	**2,221**	**-**	**20,617**	**-**	**-**	**94,006**
Depreciation charge	2,067	5,768	264	224	-	2,996	-	-	**11,319**
Disposals	(114)	(193)	(28)	(9)	-	(1,176)	-	-	**(1,520)**
Translation difference	(327)	(285)	(24)	(11)	-	-	-	-	**(647)**
Balance at 31 December 2022	**29,481**	**45,646**	**3,169**	**2,425**	**-**	**22,437**	**-**	**-**	**103,158**
Net Book Value									
Balance at 1 January 2022	**25,281**	**23,922**	**2,137**	**1,803**	**2,480**	**25,794**	**26,633**	**14,114**	**122,164**
Balance at 31 December 2022	**25,010**	**23,135**	**2,032**	**1,686**	**2,560**	**36,531**	**25,862**	**22,281**	**139,097**

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

Included in the 2023 additions to assets under construction and mining assets under construction, related to JSC VPC and JSC NWPC, is approximately RUB 2,010 of capitalised borrowing costs in accordance with IAS 23, Borrowing costs (2022: RUB 394) at the borrowing rate from 6.8% to 7.22% (2022: from 2.8% to 4.03%).

At 31 December 2023 and 31 December 2022, no pledges over property, plant and equipment.

Non-current assets impairment test. Cash-generating units (CGUs) represent the lowest level within the Group at which the goodwill is monitored for internal management purposes and which are not larger than a segment.

Management concluded that there were no impairment indicators for CGUs as at 31 December 2023, except for JSC VPC (Note 11), where development phase determines the necessity to perform impairment testing and AS DBT – the necessity to perform impairment testing as a result of the restrictive measures introduced with respect to its assets.

11 Subsoil Licences and Related Costs

Licence of JSC Verkhnekamsk potash company (JSC VPC)

In May 2008, the Group's subsidiary, JSC VPC, following an auction process, acquired a licence for the exploration and development of the Talitsky section of the Verkhnekamsk potash deposit, located in Perm region, Russian Federation. The licence expires in April 2053. In 2016, JSC VPC agreed on a technical project for the development of the Talitsky section. In accordance with the amended conditions of the licence changed in 2016 JSC VPC has the commitment that no later than 2028 the mine output shall be brought to a designed capacity levels.

The Group continued construction of the mining and processing enterprise JSC VPC. Therefore capitalised borrowing costs in the amount of RUB 1,399 in 2023 applying borrowing rate of 6.8%. Mining assets under construction related to JSC VPC also include capitalised borrowing costs in the amount of RUB 1,384. In 2022, the Group did not capitalise borrowing costs.

Exploration Licences in Canada

In 2023, the Group continued exploration of potash deposits in the Canadian province of Saskatchewan. The term of permits expired in 2016, and the Group exercised the pre-emptive right for registration of exploration licences. As of 31 December 2023, the Group held exploration licences and permit on 10 potash deposits for RUB 7,221 (31 December 2022: RUB 5,371).

	2023	2022
Cost		
Balance at 1 January	**44,370**	**44,837**
Additions	1,592	151
Currency translation difference	1,657	(618)
Balance at 31 December	**47,619**	**44,370**
Accumulated Amortisation and Impairment Loss		
Balance at 1 January	**(1,224)**	**(1,212)**
Amortisation charge	(12)	(12)
Balance at 31 December	**(1,236)**	**(1,224)**
Net Book Value		
Balance at 1 January	**43,146**	**43,625**
Balance at 31 December	**46,383**	**43,146**

Subsoil licences and related costs comprise of:

	2023	2022
Apatite-nepheline deposits (production / development stage)	752	764
Potash deposits (development stage)	36,631	35,232
Exploration licences	7,221	5,371
Licence and expenditure on deposit in exploration and evaluation stage	1,429	1,429
Asset related to the discharge of licence obligations	350	350
	46,383	**43,146**

Impairment test of JSC VPC

Since the assets of JSC VPC are under development, Management of the Group performed an annual testing of this cash-generating unit (CGU) for impairment as at 31 December 2023.

The recoverable amount of each CGU is determined as the highest of the fair value less costs to sell and value in use. The management of the Group attracted an independent appraiser JSC NEO Center to determine the fair value of JSC VPC shares as of 31 December 2023. These calculations used cash flow forecast prepared in nominal terms, based on financial budgets approved by management. Growth rates do not exceed the long-term average growth rates projected for the sector of the economy in which the CGU operates.

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

Based on these estimates, management of the Group concluded that no impairment charge is required. The main assumptions for calculating the value in use are presented below:

	31 December 2023	31 December 2022
EBITDA margin range over the forecast period after reaching the designed capacity	79-83%	75-78%
Revenue growth rate beyond forecast period	2.0%	3.0%
Start of production	2026	2026
Discount rate	14.4-15.9%	12.8-14.5%

Management determined the target EBITDA based on its most realistic expectations regarding market development. The weighted average growth rates used in the calculations are in line with the forecast calculations in industry reports. Discount rates used are post-tax rates reflecting the specific risks inherent in the CGU and estimated on the basis of the weighted average cost of capital.

Management identified that the recoverable amount strongly depends on changes in export prices expressed in roubles and discount rates. Decrease of over 10% in the export prices or increase by 1.5 percentage points in the discount rate used would have caused the recoverable amount to equal the carrying amount.

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

	2023	2022
Balance at 1 January	**12,924**	**12,624**
(Loss) / gain at fair value recognised directly in OCI	(3,492)	300
Balance at 31 December	**9,432**	**12,924**

The Group has investments in the following companies:

Name	Activity	Country of registration	31 December 2023	31 December 2022
Non-current				
Grupa Azoty S.A.	Fertilisers manufacture	Poland	8,964	12,456
Other		Russia	468	468
Total non-current			**9,432**	**12,924**
Total			**9,432**	**12,924**

At 31 December 2023, the fair value of investment in Grupa Azoty S.A. was determined by reference to quoted market prices taking into account the discount for lack of liquidity (31 December 2022: to quoted market prices without taking into account the discount for lack of liquidity) (Note 27). At 31 December 2023, the share price of Grupa Azoty S.A. on Warsaw Stock Exchange was RUB 562.97 (31 December 2022: RUB 633.64). At 31 December 2023, investment in Grupa Azoty S.A. is restricted in use as part of the introduction of restrictive measures (Note 25 (iii)).

13 Derivative Financial Assets and Liabilities

In August and December 2023, the Group made decision to extend the participation period of holders of 30% shares of JSC VPC until February and March 2024, respectively. The effect of extension was reflected in consolidated statement of profit or loss and other comprehensive income in line "Loss on derivatives, net".

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 as at 31 December 2023 are represented by four call options, which give to the Group the right to purchase from non-controlling shareholders the 10% stakes in JSC VPC up to February 2024, 19.9% stakes in JSC VPC up to March 2024, 10% stakes in JSC VPC up to April 2024, 9.99% stakes in JSC VPC up to September 2025 and three 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 December 2023 to September 2025.

	31 December 2023			
	Assets		Liabilities	
	Non-Current	Current	Non-Current	Current
Put/call options on JSC VPC shares	-	-	(4,128)	(5,273)
	-	**-**	**(4,128)**	**(5,273)**

	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

	2023	2022
Trade accounts payable	12,119	7,570
Dividend payable	3,109	3,247
Total financial payables	**15,228**	**10,817**
Payables to employees	5,663	3,374
Accrued liabilities and other creditors	141	224
Other taxes payable	2,451	2,237
Total accounts payable and accrued expenses	**23,483**	**16,652**

15 Short-Term and Long-Term Borrowings

Borrowings consist of the following:

	2023	2022
Bonds issued	127	5,767
Term loans	107,900	72,655
	108,027	**78,422**

The Group's borrowings mature as follows:

	2023	2022
Borrowings due:		
- within 1 year	58,649	9,220
- between 1 and 5 years	49,378	69,183
- after 5 years	-	19
	108,027	**78,422**

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

	2023	2022
Borrowings denominated in:		
- RUB	32,095	14,633
- EUR	101	274
- USD	75,831	63,515
	108,027	**78,422**

The Group did not enter into any hedging arrangements in respect of its foreign currency obligations or interest rate exposures.

At 31 December 2023, unused credit lines available under the long-term loan facilities were RUB 87,027 (31 December 2022: RUB 97,854). The terms and conditions of unused credit lines are consistent with other borrowings.

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

	2023	2022
Short-term borrowings		
RUB		
Bonds with fixed interest rate from 5.5% to 7.25% per annum	-	5,648
Loans with floating interest rate from 80% of the key rate of the Bank of Russia +3.4% to the key rate of the Bank of Russia +2.9% (2022: 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	334	1,308
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% (2022: the key rate of the Bank of Russia +2.25%) per annum	17,125	2,067
EUR		
Loans with floating interest rate from 6M EURIBOR +0.65% (2022: from 6M EURIBOR +0.75% to 6M EURIBOR +0.85%) per annum	68	197
USD		
Loans with floating interest rate of CME Term SOFR +0.26161% +1.8% per annum	13,498	-
Loans with floating interest rate of CME 1M Term SOFR +0.11448% +3.5% per annum	27,624	-
Total short-term borrowings	**58,649**	**9,220**
Borrowings fair value recognition effect	**(1,033)**	**-**
Total short-term liabilities	**57,616**	**9,220**

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

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

	2023	2022
Long-term borrowings		
RUB		
Bonds with fixed interest rate from 3.0% to 5.0% (2022: 3.0%) per annum	127	119
Loans with floating interest rate: from 70% of the key rate of the Bank of Russia +4.45% to 90% of the key rate of the Bank of Russia +2.1% (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	402	463
Loans with floating interest rate: the key rate of the Bank of Russia +1.85% (2022: the key rate of the bank of Russia +2.25%) per annum	14,107	5,028
EUR		
Loans with floating interest rate of 6M EURIBOR +0.65% per annum	33	77
USD		
Loans with floating interest rate of CME Term SOFR +0.26161% +1.8% (2022: 1M LIBOR +1.8%) per annum	34,709	41,851
Loans with floating interest rate of 1M LIBOR +3.5% per annum	-	21,664
Total long-term borrowings	**49,378**	**69,202**
Borrowings fair value recognition effect	**(3,475)**	**(525)**
Total long-term liabilities	**45,903**	**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 5.0% per annum with the option of early redemption. In December 2021 and December 2023, the Group redeemed bonds in the amount of RUB 4,627 and RUB 365, respectively.

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. The part of the bonds in the amount of RUB 4,725 was held by the Group's subsidiary PJSC Dorogobuzh. In April 2023, the Group redeemed the bonds in the full amount.

All of the above bonds were admitted to the quotation list B and are traded on Moscow Stock Exchange. The fair value of the outstanding bonds as at 31 December 2023 was RUB 105 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. 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 2022	**79,654**	**14,867**	**94,521**
Changes from financing cash flows			
Proceeds from borrowings	2,148	-	2,148
Repayment of borrowings	(5,448)	(3,293)	(8,741)
Repurchase of bonds issued	-	(5,807)	(5,807)
Total changes from financing cash flows	**(3,300)**	**(9,100)**	**(12,400)**
The effect of changes in foreign exchange rates	(5,380)	-	(5,380)
Bank commission	1,156	-	1,156
Balance at 31 December 2022	**72,130**	**5,767**	**77,897**
Balance at 1 January 2023	**72,130**	**5,767**	**77,897**
Changes from financing cash flows			
Proceeds from borrowings	30,308	-	30,308
Repayment of borrowings	(11,503)	(5,275)	(16,778)
Repurchase of bonds issued	-	(365)	(365)
Total changes from financing cash flows	**18,805**	**(5,640)**	**13,165**
The effect of changes in foreign exchange rates	16,440	-	16,440
Borrowings fair value recognition effect	(3,983)	-	(3,983)
Balance at 31 December 2023	**103,392**	**127**	**103,519**

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

16 Capital and Reserves

The total authorised number of ordinary shares is 36,757,156 shares (31 December 2022: 36,757,156 shares) with a par value of RUB 5 per share. 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
At 1 January 2022	**40,534,000**	**(3,776,844)**	**3,046**	**(19)**	**3,027**
Redemption	(3,776,844)	3,776,844	(288)	19	(269)
Acquisition of treasury shares	-	(28,000)	-	-	-
At 31 December 2022	**36,757,156**	**(28,000)**	**2,758**	**-**	**2,758**
Acquisition of treasury shares	-	(43,490)	-	-	-
At 31 December 2023	**36,757,156**	**(71,490)**	**2,758**	**-**	**2,758**

Shares issue to non-controlling interest

In accordance with the agreements with the banks the Group has unconditional right to discharge of 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 31 December 2023, related financing received by the Group was recorded in the Group's equity as non-controlling interest in amount of RUB 24,847 (31 December 2022: RUB 24,877).

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

17 Non-controlling Interests

The following table summarises the information relating to each of the Group's subsidiaries that has material non-controlling interest, before any intra group eliminations.

As at 31 December 2023

	JSC VPC	PJSC Dorogobuzh	Other individually immaterial subsidiaries	Intra-group elimination	Total
Non-controlling interest percentage	**49.9%**	**3.27%**			
Non-current assets	65,980	18,104			
Current assets	3,824	20,573			
Long-term liabilities	(3,170)	(872)			
Current liabilities	(16,841)	(6,096)			
Net assets	**49,793**	**31,709**			
Carrying amount of non-control interests	24,847	1,037	1,323	-	27,207
Revenue	-	44,593			
(Loss) / profit and total comprehensive income	(60)	6,516			
(Loss) / profit attributed to non-controlling interest	(30)	213	(38)	-	145
Cash flows (used in) / from operating activities	(792)	2,835			
Cash flows (used in) / from investment activities	(12,843)	3,555			
Cash flows from / (used in) financing activities	14,600	(2,885)			
Net change in cash and cash equivalents	965	3,505			
Effect of exchange rate changes	1	541			

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

As at 31 December 2022

	JSC VPC	PJSC Dorogobuzh	Other individually immaterial subsidiaries	Intra-group elimination	Total
Non-controlling interest percentage	**49.9%**	**3.27%**			
Non-current assets	52,134	17,167			
Current assets	1,190	19,774			
Long-term liabilities	(2,418)	(1,553)			
Current liabilities	(1,053)	(9,792)			
Net assets	**49,853**	**25,596**			
Carrying amount of non-control interests	24,877	837	1,064	-	26,778
Revenue	-	43,711			
Profit and total comprehensive income	796	9,606			
Profit attributed to non-controlling interest	397	314	(121)	-	590
Cash flows (used in) / from operating activities	(442)	7,611			
Cash flows from / (used in) investment activities	428	(2,087)			
Cash flows used in financing activities (dividend to non-controlling interests PJSC Dorogobuzh: 329)	-	(8,659)			
Net change in cash and cash equivalents	(14)	(3,135)			
Effect of exchange rate changes	1	(101)			

18 Cost of Sales

	2023	2022
Natural gas	20,846	17,616
Potash used in production	14,543	16,833
Depreciation and amortisation	12,506	12,050
Staff costs	11,641	8,961
Fuel and energy	11,205	10,621
Other materials and components	9,676	16,947
Repairs and maintenance	4,377	3,631
Mineral extraction tax	1,733	1,600
Production overheads	1,290	894
Services	1,095	732
Social expenditure	937	882
Drilling and blasting	686	708
	90,535	**91,475**

19 Selling, General and Administrative Expenses

	2023	2022
Staff costs	8,660	7,826
Export duties (Note 25 (iii))	4,171	-
Taxes other than income tax	1,722	559
Security	493	443
Audit, legal and consulting services	421	338
Other expenses	311	359
Business trip expenses	259	142
Insurance	258	238
Buildings maintenance and rent	209	298
Bank services	200	196
Representation expenses	144	192
Telecommunication costs	75	82
Marketing services	51	73
Research and Development	43	378
Commission fees	-	148
	17,017	**11,272**

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

20 Transportation Expenses

	2023	2022
Railway tariff	7,326	6,207
Handling of goods	5,724	4,512
Railcar lease	2,235	2,234
Ocean freight	783	8,562
Maintenance of rolling stock	484	608
Container transportation	-	702
Other	307	477
	16,859	**23,302**

21 Finance (Costs) / Income, net

	2023	2022
Interest income from loans provided and term deposits	3,663	1,038
Other finance (costs) / income, net	(666)	402
Foreign exchange (loss) / gain on financial transactions, net	(18,054)	5,289
	(15,057)	**6,729**

22 Other Operating Income / (Expenses) , net

	2023	2022
Foreign exchange profit / (loss) on operating transactions, net	17,730	(2,668)
Other operating income, net	905	100
Reversal of provision / (provision) for impairment of accounts receivable and advances given	798	(6,074)
Loss on disposal of property, plant and equipment and other assets, net	(65)	(157)
Charity expenses	(516)	(900)
Non-current assets impairment (Note 10)	(782)	(1,185)
	18,070	**(10,884)**

23 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. As at 31 December 2023 and 31 December 2022, 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 (Note 16).

	2023	2022
Weighted average number of shares outstanding	36,757,156	39,778,631
Adjusted for weighted average number of treasury shares	(54,871)	(3,027,075)
Weighted average number of shares outstanding (basic)	**36,702,285**	**36,751,556**
Effect of right to settle in own ordinary shares	76,404	91,008
Weighted average number of shares outstanding (diluted)	**36,778,688**	**36,842,564**
Profit attributable to the equity holders of the Company	35,721	90,434
Basic (in Russian Roubles)	**973.26**	**2,460.68**
Diluted (in Russian Roubles)	**971.24**	**2,454.61**

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

24 Income Tax

	2023	2022
Income tax expense – current	18,541	24,156
Deferred tax charge – origination and reversal of temporary differences	(3,418)	(728)
Income tax charge	**15,123**	**23,428**

Profit before taxation for financial reporting purposes is reconciled to tax charge as follows:

	2023	2023	2022	2022
Profit before taxation	**50,989**	**100%**	**114,462**	**100%**
Theoretical tax charge at statutory rate of 20%	10,198	20%	22,892	20%
Excess profit tax	4,687	9%	-	-
Effects of different tax rates	652	1%	792	0%
Tax effect of items which are not deductible or assessable for taxation purposes	(538)	(1)%	(330)	0%
Change in unrecognised deductible temporary differences	124	0%	74	0%
Income tax charge	**15,123**	**29%**	**23,428**	**20%**

In August 2023, Federal Law No. 414-FZ introduced a windfall tax on excess profits. The base windfall tax rate is 10% f the difference between average taxable profits for 2021-2022 and taxable profits for 2018-2019. The amount of tax expense can be reduced to an effective rate of 5% subject to the conditions provided by the Federal Law No. 414-FZ (if the payment is made during the period from 1 October 2023 to 30 November 2023 and it is not subsequently claimed back by a taxpayer). In November 2023 the Group paid using an early payment option and recognised in Current income tax expense a windfall tax on excess profits in the amount of RUB 4,687.

In the context of the Group's current structure, tax losses and current tax assets of different group subsidiaries may not be offset against current tax liabilities and taxable profits of other group companies and, accordingly, taxes may accrue even where there is a consolidated tax loss. Therefore, deferred tax assets and liabilities are offset only when they relate to the same taxable entity. Differences between IFRS and Russian and other countries statutory taxation regulations give rise to temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and their tax bases. The tax effect of the movements in these temporary differences is detailed below and is recorded for major Russian subsidiaries at the rate of 20% (2022: 20%).

Unrecognised deferred tax liabilities

At 31 December 2023, a deferred tax liability of RUB 13,220 (31 December 2022: RUB 12,006) for temporary differences of RUB 66,102 (31 December 2022: RUB 60,028) related to an investment in a subsidiary was not recognised because the Company controls whether the liability will be incurred and it is satisfied that it will not be incurred in the foreseeable future.

Unrecognised deferred tax assets

At 31 December 2020, a deferred tax asset of RUB 1,147 for recognised tax losses of RUB 5,736 related to the sale of shares in a subsidiary was not recognised because that it is not probable that future tax profits will be available from which the Group could use these tax benefits. Deductible temporary differences do not expire under applicable tax laws.

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

Movement in deferred tax balances

	1 January 2022	Charged to profit or loss	31 December 2022	Charged to profit or loss	31 December 2023
Property, plant and equipment	2,841	316	3,157	(897)	2,260
Subsoil licences and related costs	6,627	(65)	6,562	692	7,254
Inventory	(1,093)	750	(343)	345	2
Financial instruments	151	(1,911)	(1,760)	(626)	(2,386)
Tax loss carry-forwards	(8)	32	24	(116)	(92)
Accounts receivable	(98)	(6)	(104)	(4)	(108)
Accounts payable	(385)	(66)	(451)	(418)	(869)
Borrowings	-	583	583	(2,944)	(2,361)
Staff costs payable	(30)	-	(30)	-	(30)
Other temporary differences	113	(361)	(248)	550	302
Net deferred tax liability / (asset)	**8,118**	**(728)**	**7,390**	**(3,418)**	**3,972**
Recognised deferred tax asset	(148)	(56)	(204)	(719)	(923)
Recognised deferred tax liability	8,266	(672)	7,594	(2,699)	4,895
Net deferred tax liability / (asset)	**8,118**	**(728)**	**7,390**	**(3,418)**	**3,972**

Substantially all deferred assets and liabilities presented in the consolidated statement of financial position are expected to be realised after more than 12 months from the reporting date.

25 Contingencies, Commitments and Operating Risks

i Contractual commitments and guarantees

As at 31 December 2023, the Group had outstanding capital commitments in relation to property, plant and equipment for the amount of RUB 14,380 (31 December 2022: RUB 94,877).

In accordance with the conditions of the exploration licences the Group has to commence the extraction of certain mineral resources by certain dates as stipulated by licence agreements (Note 11).

The Group has already allocated the necessary resources in respect of these commitments. The Group believes that future net income and funding will be sufficient to cover this and any similar such commitments.

Guarantees are irrevocable assurances that the Group will make payments in the event that another party cannot meet its obligations. As at 31 December 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, the Group also has a sales network in the countries of the European Union, the USA, Asia and Latin America. Consequently, the Group is exposed not only to the economic and financial markets of the Russian Federation, which display the characteristics of an emerging market, but also the impact of both macroeconomic indicators and the specific requirements of local regulators in other countries where the Group operates.

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, after the start of a special military operation in Ukraine by the Russian Federation and the incorporation of the territories of republics of Donetsk and Lugansk, as well as Zaporozhye and Kherson regions into the Russian Federation after referendums in the second half of 2022, the above countries have imposed additional tough sanctions 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 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 response to the increasing pressure on the Russian economy, the Government of the Russian Federation and Central Bank of the Russian Federation have 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 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.

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.

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

In 2023, the Russian Government amended the export duty rates for goods exported from the Russian Federation. From 1 January 2023, a duty of 23.5 percent of the difference between the customs value and the cut-off price of USD 450 per ton was introduced for the export of fertilizers from Russia. From 1 September 2023 the export customs duty rate on mineral fertilizers is applied in the amount of 7 percent, but at least 1,100 rubles per ton.

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 financial statements reflect 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. The legitimacy of forming tax losses formed in previous tax periods may be checked in the period(s) when the tax base is reduced by the amount of such losses. 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 though such communication is limited to a certain extent. 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 consolidated financial statements, if the tax authorities are successful in enforcing their interpretations, could be significant.

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

v Environmental matters

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

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

26 Financial and Capital Risk Management

26.1. Financial risk management

The following table provides a reconciliation of financial assets with these measurement categories as at 31 December 2023:

	Financial assets at amortised cost	Fair value through other comprehensive income - equity instruments	Total
ASSETS			
Cash and cash equivalents (Note 7)			
- Cash on hand and bank balances	78,421	-	78,421
Trade and other receivables (Note 8)			
- Trade receivables, net of provision	22,098	-	22,098
- Notes receivable	542	-	542
- Other financial receivables	424	-	424
Investments in equity instruments (Note 12)			
- Corporate shares	-	9,432	9,432
TOTAL FINANCIAL ASSETS	**101,485**	**9,432**	**110,917**

All of the Group's financial liabilities except for derivatives are carried at amortised cost.

The following table provides a reconciliation of financial assets with these measurement categories as at 31 December 2022:

	Financial assets at amortised cost	Fair value through other comprehensive income - equity instruments	Total
ASSETS			
Cash and cash equivalents (Note 7)			
- Cash on hand and bank balances	38,473	-	38,473
Trade and other receivables (Note 8)			
- Trade receivables, net of provision	38,691	-	38,691
- Notes receivable	280	-	280
- Other financial receivables	279	-	279
Investments in equity instruments (Note 12)			
- Corporate shares	-	12,924	12,924
TOTAL FINANCIAL ASSETS	**77,723**	**12,924**	**90,647**

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The overall risk management programme seeks to minimise potential adverse effects on the financial performance of the Group.

(a) Market risk

(i) Foreign currency risk

Foreign currency risk is the risk of losses resulting from adverse movements in different currency exchange rates against the Group functional currency. Foreign currency risk arises from the international operations of the Group, future commercial transactions in foreign currencies, including repayment of foreign currency denominated borrowings and recognition of assets and liabilities denominated in a currency which is not a functional currency of the Group.

The objective of the Group's foreign exchange risk management activities is to minimise the volatility of the Group's financial results by matching the same foreign currency denominated assets and liabilities.

The Group relies on export sales to generate foreign currency earnings. As the Group sells approximately 78% of its production outside the Russian Federation, it is exposed to foreign currency risk arising primarily on volatility of USD rate. Since the Group's major operational expenses are denominated in Russian Roubles the benefit from the weak Rouble exchange rate is partially offset by the growth of borrowing costs and foreign exchange differences on the Group's loans which presumably denominated in USD. In addition, the currency control measures introduced by the Russian government in February 2022 require mandatory sale of 80% of foreign currency receipts from export sales. This may result in additional costs for the Group to obtain foreign currency in order to settle its obligations as they fall due.

Group's policies for attracting foreign exchange denominated borrowings depend on current and forward rates of foreign currencies to Russian Rouble. Credit lines denominated in various currencies allow the Group to be flexible in reaction to foreign currency rate shocks and minimise foreign currency exposure.

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

The tables below summarise the Group's exposure to foreign currency exchange rate risk at the reporting date:

At 31 December 2023	USD	EUR	CNY
Financial assets:			
Cash and cash equivalents	10,648	467	52,134
Accounts receivable	21,074	-	4,564
	31,722	**467**	**56,698**
Financial liabilities:			
Accounts payable and other liabilities	(550)	-	-
Borrowings and notes payable	(75,831)	(101)	-
	(76,381)	**(101)**	**-**
Net position	**(44,659)**	**366**	**56,698**

At 31 December 2022	USD	EUR	CNY
Financial assets:			
Cash and cash equivalents	12,390	590	19,364
Accounts receivable	16,874	218	19,748
	29,264	**808**	**39,112**
Financial liabilities:			
Accounts payable and other liabilities	(1,240)	-	-
Borrowings and notes payable	(63,515)	(274)	-
	(64,755)	**(274)**	**-**
Net position	**(35,491)**	**534**	**39,112**

The foreign exchange rate sensitivity is calculated by aggregation of the net foreign exchange risk exposure and primarily arises from accounts receivable, cash and cash equivalents, borrowings, accounts payable, derivative financial assets and liabilities denominated in US dollars and CNY. The Group calculates the foreign exchange rate sensitivity in case of a 20% weakening of the Russian Rouble against USD and 10% weakening of the Russian Rouble against CNY based on currency exposure as at 31 December 2023.

	2023	2022
Impact on post-tax profit and on equity of:		
USD strengthening by 20%	(7,145)	(5,679)
USD weakening by 20%	7,145	5,679
CNY strengthening by 10%	4,536	3,129
CNY weakening by 10%	(4,536)	(3,129)

Since the Group does not hold any foreign currency denominated equity securities and other financial instruments revalued through equity, the effect of a change in the exchange rate on equity would be the same as that on the post-tax profit.

(ii) Interest rate risk

Interest rate risk arises from movements in interest rates which could affect the Group's financial results or the value of the Group's equity. A change in interest rates may cause variations in interest income and expense. The primary objective of the Group's interest rate management is to protect the net interest result. Interest risk management is carried out by the corporate finance and corporate treasury functions of the Group.

All entities of the Group obtain any required financing through the corporate treasury function of the Group in the form of loans. Generally, the same concept is adopted for deposits of cash generated by the units.

Monitoring of current market interest rates and analysis of the Group's interest-bearing position is performed by the corporate treasury and corporate finance functions as a part of interest rate risk management procedures. Monitoring is performed taking into consideration refinancing, renewal of existing positions and alternative financing.

The Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group interest rate risk arises from various debt facilities. Borrowings at variable rates expose the Group's cash flow to an interest rate risk. At 31 December 2023, borrowings at variable rates amounted to RUB 107,900 (31 December 2022: RUB 72,655) (Note 15).

At 31 December 2023, if interest rates at that date had been 10 percentage points higher with all other variables held constant, profit for the year would have been RUB 7,573 lower, mainly as a result of higher interest expense on variable interest liabilities. At 31 December 2022, if interest rates at that date had been 10 percentage points higher with all other variables held constant, profit for the year would have been RUB 6,351 lower, mainly as a result of higher interest expense on variable interest liabilities. The effect of a change for the year in the interest rate on equity would be the same as that on post-tax profit.

A significant portion of borrowings, amounting to RUB 31,969 as at 31 December 2023 (31 December 2022: RUB 8,866), is linked to Russian Central Bank’s key rate. The increase in the key rate to 20% will result in significant increase in interest expense.

(iii) Price risk

From time to time the Group makes investments in entities with high upside market potential. Investments are assessed by corporate treasury department and accepted provided that internal rate of return for investment exceeds current weighted average cost of capital.

The Group does not enter into any transactions with financial instruments whose value is exposed to the value of any commodities traded on a public market.

(b) Credit risk

Credit risk arises from the possibility that counterparties to transactions may default on their obligations, causing financial losses for the Group. Financial assets, which potentially subject Group entities to credit risk, consist principally of trade receivables, cash and bank deposits. The objective of managing credit risk is to prevent losses of liquid funds deposited with or invested in financial institutions or the loss in value of receivables.

The maximum exposure to credit risk of RUB 101,485 (31 December 2022: RUB 77,723) resulting from financial assets is equal to the carrying amount of the Group’s financial assets, including loans receivable, cash and cash equivalents. The amount does not include equity investments and derivative financial instruments disclosed in Note 26.1.

At 31 December 2023, cash and cash equivalents in the amount of RUB 16 was held in Russian banks with credit rating BBB(RU) based on the Russian credit ratings of ACRA (31 December 2022: RUB 4,955), RUB 1,236 was held in Russian banks with credit rating BB based on the credit ratings of Fitch Ratings (31 December 2022: RUB 232), and RUB 1,655 was held in banks without credit rating (31 December 2022: RUB 2,464). The Group has no significant concentrations of credit risk for other financial assets.

Cash and cash equivalents. Cash and short-term deposits are placed in major multinational and Russian banks with independent credit ratings and Chinese banks with top internal credit ratings. All bank balances and term deposits are neither past due nor impaired. See analysis by credit quality of bank balances and term deposits in Note 7.

Trade receivables. Trade receivables and loans receivable are subject to a policy of active credit risk management which focuses on an assessment of ongoing credit evaluation and account monitoring procedures. The objective of the management of receivables is to sustain the growth and profitability of the Group by optimising asset utilisation whilst maintaining risk at an acceptable level.

The monitoring and controlling of credit risk is performed by the corporate treasury function of the Group. The credit policy requires the performance of credit evaluations and ratings of customers or borrowers. The credit quality of each new customer is analysed before the Group provides it with the standard terms of goods supply and payments. The credit quality of new borrowers is analysed before the Group provides it with the loan. The credit quality of customers and borrowers is assessed taking into account their financial position, past experience and other factors. Customers which do not meet the credit quality requirements are supplied on a prepayment basis only.

Management monitors and discloses concentrations of credit risk by obtaining reports listing exposures to counterparties with aggregated balances in excess of 10% of the Group’s gross accounts receivable balances. At 31 December 2023, the Group has two counterparties with individual receivable balance in excess of 10% of the Group’s gross accounts receivable balance (31 December 2022: three counterparties).

Although the collection of receivables could be influenced by economic factors, management believes that there is no significant risk of loss to the Group beyond the provision already recorded (Note 8).

(c) Liquidity risk

Liquidity risk results from the Group’s potential inability to meet its financial liabilities, such as settlements of financial debt and payments to suppliers. The Group’s approach to liquidity risk management is to maintain sufficient readily available reserves in order to meet its liquidity requirements at any point in time.

The Group seeks to maintain a stable funding base primarily consisting of borrowing, trade and other payables and debt securities. The Group invests the funds in diversified portfolios of liquid assets, in order to be able to respond quickly and smoothly to unforeseen liquidity requirements. The Group’s liquidity portfolio comprises cash and cash equivalents (Note 7), investment in equity instruments measured at fair value through other comprehensive income (Note 12). Management estimates that the liquidity portfolio can be realised in cash within a day in order to meet unforeseen liquidity requirements.

Weekly liquidity planning is performed by the corporate treasury function and reported to the management of the Group. Beyond cash management, the Group mitigates liquidity risk by keeping committed credit lines available.

The table below analyses the Group’s financial liabilities into the relevant maturity groupings based on the time remaining from the reporting date to the contractual maturity date.

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

	Carrying amount	On demand and less than 3 months	From 3 to 12 months	From 1 to 2 years	From 2 to 5 years	Over 5 years	Total
As at 31 December 2023							
Bonds issued*	127	1	3	4	131	-	**139**
Term loans*	107,900	2,396	63,197	25,532	26,179	-	**117,304**
Lease liabilities	2,347	181	517	145	239	1,265	**2,347**
Trade payables	21,032	21,032	-	-	-	-	**21,032**
Derivatives	9,401	2,980	2,293	4,128	-	-	**9,401**
Total	**140,807**	**26,590**	**66,010**	**29,809**	**26,549**	**1,265**	**150,223**

	Carrying amount	On demand and less than 3 months	From 3 to 12 months	From 1 to 2 years	From 2 to 5 years	Over 5 years	Total
As at 31 December 2022							
Bonds issued*	5,767	100	5,687	4	125	-	**5,916**
Term loans*	72,655	1,573	5,448	17,575	56,353	22	**80,971**
Lease liabilities	1,677	107	178	237	152	1,003	**1,677**
Trade payables	14,415	14,415	-	-	-	-	**14,415**
Derivatives	6,274	-	3,254	-	3,020	-	**6,274**
Total	**100,788**	**16,195**	**14,567**	**17,816**	**59,650**	**1,025**	**109,253**

*The table above shows undiscounted cash outflows for financial liabilities (including interest together with the borrowings) based on conditions existing as at 31 December 2023 and 31 December 2022.

The Group controls the minimum required level of cash balances available for short-term payments in accordance with the financial policy of the Group. Such cash balances are represented by current cash balances on bank accounts and bank deposits. Group's policy for financing its working capital is aimed at maximum reliance on own operating cash flows, availability of short-term bank and other external financing to maintain sufficient liquidity.

At 31 December 2023, the Group's current liabilities do not exceed current assets (31 December 2022: current liabilities do not exceed current assets).

26.2. Capital risk management

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern, to provide returns for shareholders and benefits for other stakeholders, to have available the necessary financial resources for investing activities and to maintain an optimal capital structure in order to reduce the cost of capital.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as total debt divided by total capital under management. The Group considers total capital under management to be equity as shown in the IFRS consolidated statement of financial position. This is considered more appropriate than alternative methods available, such as the value of equity shown in the Company's statutory financial (accounting) reports. In 2023, the Group's strategy, as in 2022, was to maintain the reasonable gearing ratio.

The gearing ratio as at 31 December 2023 and 31 December 2022 is shown in the table below:

	2023	2022
Long-term borrowings	45,903	68,677
Short-term borrowings	57,616	9,220
Total debt	**103,519**	**77,897**
Shareholders' equity	**230,721**	**195,015**
Gearing ratio	**45%**	**40%**

The Group also maintains an optimal capital structure by tracing certain capital requirements based on the minimum level of EBITDA/net interest expense ratio.

In 2023, the Group's strategy, which was unchanged from 2010, was to maintain EBITDA/net interest expense ratio at the level not lower than 3.5:1. For this purpose EBITDA is defined as earnings before tax, interest, depreciation and amortisation adjusted for operating foreign exchange gain or loss, result on disposal of property, plant and equipment and investments and extraordinary items. Net interest expense is defined as interest expense less interest income. This ratio is included as a covenant in the loan agreements (Note 15).

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

The ratios of EBITDA over net interest expense are shown in the table below:

	2023	2022
EBITDA	**68,740**	**136,322**
Interest income (Note 21)	(3,663)	(1,038)
Interest expense	3,944	2,973
Interest expense capitalised (Note 10 and Note 11)	3,409	394
Net interest expense	**3,690**	**2,329**
EBITDA / Net interest expense	**18.6:1**	**58.5:1**

The Group's capital management includes compliance with the externally imposed minimum capital requirements arising from the Group's borrowings (Note 15) and imposed by the statutory legislation of the Russian Federation and Estonia. Since EBITDA is not standard IFRS measure the Group's definition of EBITDA may differ from that of other companies.

27 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.

As at 31 December 2023 investments in Equity Instruments Measured at Fair Value through Other Comprehensive Income with a carrying amount of RUB 8,964 (2022: RUB 12,456) were transferred from Level 1 to Level 3 because quoted prices in the market for such equity instruments were no longer applicable due to certain restrictions (Note 25 (iii)). To determine the fair value of such equity instruments, management used a valuation technique in which all significant inputs were based on observable and unobservable market data.

The 31 December 2023 valuation contains a 'material valuation uncertainty' clause due to the current geopolitical situation and imposed sanctions, which resulted in the temporary compulsory administration for equity stake. This clause does not invalidate the valuation but implies that there is substantially more uncertainty than under normal market conditions. Accordingly, the valuer cannot attach the same value to previous market data for comparison purposes as before, and there is an increased risk that the price realised in an actual transaction would differ from the value conclusion. As a result of this increased uncertainty, the assumptions may be revised significantly in future.

There were no transfers from Level 3 to Level 1 in 2023 and no transfers in either direction in 2022.

Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
The model determined by reference to quoted market prices taking into account the discount for lack of liquidity	• Liquidity-free period: up to 5 years • Volatility: 28-37%. • Dividends are not expected	The estimated fair value would increase (decrease) if: • The liquidity-free period will decrease (lower); • The volatility was higher (lower).

Other investments are included in Category Level 3.

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

All liabilities on bonds issued were included in Level 1 category in the amount of RUB 127 (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 using of unobservable inputs, and included in Level 3.

The spot price of JSC VPC is one of the inputs to the valuation using Black–Scholes Option Pricing Model. Since the shares are not quoted, management applied discounted cash flows method attracting an independent appraiser. The appraisal model provides for the calculation of the present value of the JSC VPC CGU using the risk-adjusted discount rate.

The calculation was based on the cash flow forecast prepared in nominal terms and derived from financial budgets.

Significant unobservable inputs	Inter-relationship between significant unobservable inputs data and fair value measurement
• Forecast annual revenue growth rate: 2.0%. • Forecast EBITDA margin after reaching the designed capacity: 79-83%. • Risk-adjusted discount rate: 14.4-15.9%. • Production start year: 2026. • Non-controlling discount: 15.97%.	The estimated fair value of the shares of JSC VPC would increase (decrease) if: • The annual revenue growth rate were higher (lower); • The EBITDA margin were higher (lower); or • risk-adjusted discount rate were lower (higher) ; • production began earlier (later); • non-controlling discount were lower (higher). Generally, EBITDA margin follows any changes in the trend set by the annual revenue growth rate.

Significant unobservable inputs of Black–Scholes Option Pricing Model are shown in the following table:

Financial instrument	Significant unobservable inputs	Inter-relationship between significant unobservable inputs data and estimate of fair value
Put option on shares of JSC VPC (liability)	• The current fair value of the shares (calculated as above) • Volatility: 33-43%. • Risk-free rate of return: 1.8-2.6%. • No dividend assumed	The estimated fair value would increase (decrease) if: • current fair value of the shares were lower (higher); • volatility were higher (lower); • the risk-free rate of return were lower (higher).

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

Liabilities carried at amortised cost. The fair value of floating rate liabilities is normally their carrying amount. The fair value is based on quoted market prices, if available. The estimated fair value of fixed interest rate instruments with stated maturity, for which a quoted market price is not available, was estimated based on expected cash flows discounted at current interest rates for new instruments with similar credit risk and remaining maturity. At 31 December 2023, the fair value of borrowings does not differ significantly from 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.

28 Significant Accounting Policies

28.1. Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less. Cash and cash equivalents are carried at amortised cost using the effective interest method. Bank overdrafts are shown within borrowings in the current liabilities statement of financial position. Restricted balances are excluded from cash and cash equivalents for the purposes of the cash flow statement. Balances restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date are included in other non-current assets.

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

28.2. Trade and other receivables

Trade and other receivables are carried at amortised cost using the effective interest method. A trade receivable without a significant financing component is initially measured at the transaction price.

Loss allowances for trade receivables are measured at an amount equal to lifetime expected credit losses (ECLs). Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. ECLs are a probability-weighted estimate. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). The Group takes into account credit risk of each debtor based on data that is determined to be predictive of the risk of loss (including external ratings) applying experienced credit judgement and actual credit loss experience.

Loss allowances for trade and other receivables are deducted from the gross carrying amount of the assets.

28.3. Value added tax

Output value added tax related to sales is payable to tax authorities on the earlier of a) collection of the receivables from customers or b) delivery of goods or services to customers. Input VAT is generally recoverable against output VAT upon receipt of the VAT invoice. The tax authorities permit the settlement of VAT on a net basis. VAT related to sales and purchases is recognised in the statement of financial position on a gross basis and disclosed separately as an asset and liability. Where provision has been made for impairment of receivables, impairment loss is recorded for the gross amount of the debtor, including VAT.

28.4. Property, plant and equipment

Property, plant and equipment are recorded at cost, restated where applicable to the equivalent purchasing power of the Russian Rouble at 31 December 2002 for assets acquired prior to 1 January 2003, less accumulated depreciation and provision for impairment, where required.

At each reporting date management assesses whether there is any indication of impairment of property, plant and equipment. If any such indication exists, the management estimates the recoverable amount, which is determined as the higher of an asset's fair value less cost to sell and its value in use. The carrying amount is reduced to the recoverable amount and the difference is recognised as an expense (impairment loss) in the statement of profit or loss and other comprehensive income. An impairment loss recognised for an asset in prior years is reversed if there has been a change in the estimates used to determine the assets recoverable amount. Gains and losses on disposals determined by comparing proceeds with carrying amount are recognised in the profit or loss.

Land is not depreciated. Depreciation on other items of property, plant and equipment is calculated to allocate cost of property, plant and equipment to their residual values on a straight-line basis. The depreciation periods, which approximate the estimated useful economic lives of the respective assets, are as follows:

	Number of years
Buildings	40 to 50
Plant and machinery	10 to 20
Other equipment and motor vehicles	5 to 20

The residual value of an asset is the estimated amount that the Group would currently obtain from disposal of the asset less the estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

Management assesses the remaining useful life of property, plant and equipment in accordance with the current technical conditions of assets and the estimated period during which these assets will bring economic benefit to the Group.

Repair and maintenance expenditure is expensed as incurred. Major renewals and improvements are capitalised and the assets replaced are retired. Gains and losses arising from the retirement or disposal of property, plant and equipment are included in profit or loss.

Borrowing costs on specific or general funds borrowed to finance the construction of qualifying asset are capitalised, during the period of time that is required to complete and prepare the asset for its intended use. All other borrowing costs are expensed.

28.5. Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease.

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in IFRS 16.

As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group’s incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payment made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group’s estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

The Group has applied judgement to determine the lease term for some lease contracts in which it is a lessee that include renewal options, the assessment of whether the Group is reasonably certain to exercise, such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognised.

In determining the enforceable period (i.e. the maximum lease term), the Group considers whether both it and the lessor has a right to terminate the lease without permission from the other party and, if so, whether that termination would result in more than an insignificantly penalty. If a more than insignificant penalty exists, then the enforceable period extends until the point at which a no more than an insignificant penalty exists.

In accordance with IFRS 16 variable payments which do not depend on index or rate, e. g. which do not reflect changes in market rental rates, should not be included in the measurement of lease liability. In respect of municipal or federal land leases where lease payments are based on cadastral value of the land plot and do not change until the next revision of that value or the applicable rates (or both) by the authorities, the Group has determined that, under the current revision mechanism, the land lease payments cannot be considered as either variable that depend on index or rate or in-substance fixed, and therefore these payments are not included in the measurement of the lease liability.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group’s estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

28.6. Amortisation of exploration and evaluation licences and expenditure

Exploration and evaluation licences and expenditure are amortised on a straight-line basis over expected term of site development, commencing upon readiness of processing facilities to produce ore usable for production of complex mineral fertilizers or for external sale.

28.7. Borrowings

Borrowings are stated at amortised cost using the effective interest method; any difference between fair value of the proceeds (net of transaction costs) and the redemption amount is recognised as interest expense over the period of the borrowings.

Capitalisation of borrowing costs. Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial time to get ready for intended use or sale (qualifying assets) are capitalised as part of the costs of those assets. Capitalisation of borrowing costs continues up to the date when the assets are substantially ready for their use or sale.

The Group capitalises borrowing costs that could have been avoided if it had not made capital expenditure on qualifying assets. Borrowing costs capitalised are calculated at the group’s average funding cost (the weighted average interest cost is applied to the expenditures on the qualifying assets), except to the extent that funds are borrowed specifically for the purpose of obtaining a qualifying asset. Where this occurs, actual borrowing costs incurred less any investment income on the temporary investment of those borrowings are capitalised. Foreign exchange differences regarded as an adjustment to interest costs are included in borrowing costs capitalised in the qualifying asset. The adjustment includes the amount of additional interest that would have been incurred on a borrowing with identical terms in the entity's functional currency.

28.8. Income tax

Income taxes have been provided for in the consolidated financial statements in accordance with the legislation of the countries, where most significant subsidiaries of the Group are located, enacted or substantively enacted by the end of the reporting period. The income tax charge comprises current tax and deferred tax and is recognised in the profit or loss except if it is recognised in other comprehensive income or directly in equity because it relates to transactions that are also recognised, in the same or a different period, in other comprehensive income or directly in equity.

Current income tax is the amount expected to be paid to or recovered from the taxation authorities in respect of taxable profits or losses for the current and prior periods. Taxes, other than on income, are recorded within operating expenses.

Deferred income tax is provided using the balance sheet liability method for tax loss carry forwards and temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. In accordance with the initial recognition exemption, deferred taxes are not recorded for temporary differences on initial recognition of an asset or a liability in a transaction other than a business combination if the transaction, when initially recorded, affects neither accounting nor taxable profit. Deferred tax liabilities are not recorded for temporary differences on initial recognition of goodwill and subsequently for goodwill which is not deductible for tax purposes. Deferred tax balances are measured at tax rates enacted or substantively enacted at the reporting date, which are expected to apply to the period when the temporary differences will reverse or the tax loss carry forwards will be utilised. Deferred tax assets and liabilities are netted only within the individual companies of the Group. Deferred tax assets for deductible temporary differences and tax loss carry forwards are recorded only to the extent that it is probable that future taxable profit will be available against which the deductions can be utilised.

Deferred income tax is provided on post acquisition retained earnings of subsidiaries, except where the Group controls the subsidiary's dividend policy and it is probable that the difference will not reverse through dividends or otherwise in the foreseeable future.

The Group's uncertain tax positions are reassessed by management at the end of each reporting period. Liabilities are recorded for income tax positions that are determined by management as more likely than not to result in additional taxes being levied if the positions were to be challenged by the tax authorities. The assessment is based on the interpretation of tax laws that have been enacted or substantively enacted by the end of the reporting period and any known court or other rulings on such issues. Liabilities for penalties, interest and taxes other than on income are recognised based on management's best estimate of the expenditure required to settle the obligations at the end of the reporting period.

28.9. Foreign currency transactions

Foreign currency translation. For the Company and its subsidiaries monetary assets and liabilities are translated into each entity's functional currency at the official exchange rate of the Central Bank at the respective ends of the reporting periods. Foreign exchange gains and losses resulting from the settlement of the transactions and from the translation of monetary assets and liabilities into each entity's functional currency at year-end official exchange rates of the Central Bank are recognised in profit or loss. Translation at year-end rates does not apply to non-monetary items. Effects of exchange rate changes on the fair value of equity securities are recorded as part of the fair value gain or loss.

Foreign exchange gains and losses on operating items are presented within other operating expenses, foreign exchange gain and losses on finance items are presented within net finance income.

Translation from functional to presentation currency. The results and financial position of each group entity (functional currency of none of which is a currency of a hyperinflationary economy) are translated into the presentation currency as follows:

- (i) assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- (ii) income and expenses for each statement of profit or loss and other comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions);
- (iii) components of equity are translated at the historic rate;
- (iv) all resulting exchange differences are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. When a subsidiary is disposed of through sale, liquidation, repayment of share capital or abandonment of all, or part of, that entity, the exchange differences deferred in equity are reclassified from other comprehensive income to profit or loss.

At 31 December 2023, the principal rate of exchange used for translating foreign currency balances was USD 1 = RUB 89.6883, CNY 1 = RUB 12.5762, EUR 1 = RUB 99.1919 (31 December 2022: USD 1 = RUB 70.3375, CNY 1 = RUB 9.8949, EUR 1 = RUB 75.6553). Exchange restrictions and controls exist relating to converting Russian Roubles into other currencies.

28.10. Provisions for liabilities and charges

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the Group expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

Provisions are evaluated and re-estimated annually, and are included in the financial statements at their expected net present values using discount rates appropriate to the Company or its subsidiaries in applicable economic environment at each end of the reporting period.

Provisions are measured at the present value of management’s best estimate of the expenditure required to settle the present obligation at the reporting date. Provisions are reassessed annually and changes in provisions resulting from the passage of time are reflected in the consolidated income statement each year within interest expense. Other changes in provisions related to a change in the expected repayment plan, in the estimated amount of the obligation or in the discount rates, are treated as a change in an accounting estimate in the period of the change and, with the exception of provision for restoration liabilities, reflected in the consolidated income statement.

Provisions for restoration liability are recognised when the Group has a present legal or constructive obligation to dismantle, remove and restore items of property, plant and equipment. The amount of the provision is the present value of the estimated expenditures expected to be required to settle the liability, determined using pretax risk free discount rates adjusted for risks specific to the liability. Changes in the provision resulting from the passage of time are recognised as interest expense. Changes in the provision, which is reassessed at each reporting date, related to a change in the expected pattern of settlement of the liability, or in the estimated amount of the provision or in the discount rates, are treated as a change in an accounting estimate in the period of change. Such changes are reflected as adjustments to the carrying value of property, plant and equipment and the corresponding liability.

28.11. Shareholders’ equity

Share capital. Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds. Any excess of the fair value of consideration received over the par value of shares issued is presented in the notes as a share premium.

Treasury shares. Where any Group company purchases the Company’s equity share capital, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company’s owners until the shares are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company’s owners.

Dividends. Dividends are recognised as a liability and deducted from equity at the reporting date only if they are declared and approved before or on the reporting date. Dividends are disclosed when they are proposed before the reporting date or proposed or declared after the balance sheet date but before the financial statements are authorised for issue.

Accounting treatment for put options to be settled in shares of Company. The subsidiaries sell to non-controlling shareholders own shares linked to put option. This gives to non-controlling shareholders the right to sell the Group those shares in exchange for a variable number of Company’s shares. If at the option exercise date the Group has no obligation to deliver cash or another financial asset, the subsidiary’s shares that are held by non-controlling interest holders are presented as equity and the put options are recognised as derivative financial liabilities. Such options are accounted at fair value with changes recognised in profit or loss for the period in accordance with IAS 39.

On initial recognition of the liability, the debit entry it to other equity. The interests of non-controlling shareholders that hold the written put options or forwards (in respect of those shares) are not derecognised when the financial liability is recognised.

Accounting treatment for call options over subsidiary shares. The Group buys the call options issued by third parties, which entitle to buy (from this third party) the shares in a subsidiary. Initially the call option is recognised in capital of the owner’s of the Company for credit side and on as a derivative financial asset for debit side. Further it is accounted at fair value with changes are recognised in profit or loss for the period.

28.12. Revenue recognition

Revenues from sales of chemical fertilisers and related by-products are recognised at the point when control of the goods passes to the customer. Control passes to the customer at the point of transfer of risks and rewards of ownership of the goods normally when the goods are shipped.

Sales are shown net of VAT, custom duties and discounts, and after eliminating sales within the Group.

The Group has initially adopted IFRS 15 Revenue from Contracts with Customers from 1 January 2018.

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

IFRS 15 Revenue from Contracts with Customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations.

The Group has adopted IFRS 15 using the cumulative effect method (without practical expedients). The effect of initially applying this standard at the date of initial application (i.e. 1 January 2018) is estimated as inconsequential. Accordingly, the information presented for 2017 has not been restated – i.e. it is presented, as previously reported, under IAS 18, IAS 11 and related interpretations.

The Group assessed the impact of the new standard on the Group's performance and financial position. The Group identified that under contract conditions related to significant portion of fertilisers sales the Group promises to provide shipping and other freight services after the date when control of the goods passes to the customer at the loading port. Under IAS 18, the Group recognised revenue for such services and associated costs in full immediately after loading as revenue from trading activities. Under IFRS 15 such revenue is expected to be a separate performance obligation and shall be recognised over time of shipping as revenue from logistic services. However, the Group recognises revenue from logistic services at a point in time at the end of shipping due to the fact that potential impact was calculated and estimated as inconsequential.

In addition, according to the terms of a number of contracts, the final price for the delivered goods is determined after the transfer of control over the goods to the buyer. In accordance with current requirements, the Group recognizes revenue based on an estimate of the expected price. At the time the final price is determined, the difference between the expected price and the final price is recognized as other revenue. The requirements of IFRS 15 did not result in a material change in recognized revenue. However, IFRS 15 had an impact on the presentation of recognized revenue: only revenue recognized at the preliminary price at the time of sale of goods is recognized as revenue under contracts with buyers.

28.13. Financial assets and liabilities

Recognition and initial measurement. Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue.

Classification and subsequent measurement. On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL**.**

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management.

Financial assets – Subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Financial liabilities – Classification, subsequent measurement and gains and losses. Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Derecognition

Financial assets. The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities. The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

Derivative financial instruments. As part of its financing activities the Group is also party to derivative financial instruments including foreign currency and interest rate swap contracts and put/call option on shares. The Group's policy is to measure these instruments at fair value with resultant gains or losses being reported within the profit and loss. The fair value of derivative financial instruments is determined using actual market data information and valuation techniques based on prevailing market interest rate for similar instruments as appropriate. All derivative instruments are carried as assets when fair value is positive and as liabilities when fair value is negative. The Group has no derivatives accounted for as hedges.

28.14. Earnings per share

The Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise share repurchase option.

28.15. Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance.
Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Operating segments which external and inter-segment sales, assets, profit and loss are 10% or more from appropriate operational segments measure are reported separately.

28.16. Exploration and evaluation expenditure

Exploration and evaluation costs are capitalized. Capitalized costs are directly related to exploration and evaluation activities in the relevant area of interest and include acquisition of rights to explore, including cost related to compliance with licence terms; topographical, geological, geochemical and geophysical studies; exploratory drilling; trenching and sampling; and activities in relation to evaluating the technical feasibility and commercial viability of extracting a mineral resource. In accordance with IFRS 6, Exploration for and Evaluation of Mineral Resources, exploration assets are measured applying the cost model described in IAS 16, Property, Plant and Equipment, after initial recognition. Exploration assets are not depreciated until the production phase.

The stripping costs associated with future production are capitalized prior to the start of the production stage.

The Group tests exploration and evaluation assets for impairment when there are facts and circumstances that suggest that the carrying value of the asset may not be recoverable.

28.17. Development expenditure

Development expenditure incurred by or on behalf of the Group is accumulated separately for each area of interest in which economically recoverable resources have been identified. Such expenditure comprises cost directly attributable to the construction of a mine and the related infrastructure. Once a development decision has been taken, the expenditure in respect of the area of interest is classified in "mining assets under construction" category and separately disclosed in Note 9. Costs incurred are tested for impairment upon commencement of development phase.

Development expenditure is reclassified as a "Mining and primary ore dressing assets" at the end of the commissioning phase, when the mine and surface infrastructure are capable of operating in the manner intended by management. No depreciation is recognised in respect of development expenditures until they are reclassified as "Mining and primary ore dressing assets".

29 New Standards and Interpretations not yet adopted

A number of new standards are effective for annual periods beginning after 1 January 2023 and earlier application is permitted; however, the Group has not early adopted the new or amended standards in preparing these consolidated financial statements.

Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)

The amendments introduce new disclosures relating to supplier finance arrangements that assist users of the financial statements to assess the effects of these arrangements on an entity's liabilities and cash flows and on an entity's exposure to liquidity risk. The amendments apply for annual periods beginning on or after 1 January 2024.

The Group is in the process of assessing the potential impact of the amendments on the related disclosures.

Classification of Liabilities as Current or Non-Current and Non-current Liabilities with Covenants (Amendments to IAS 1)

The amendments, as issued in 2020 and 2022, aim to clarify the requirements on determining whether a liability is current or non-current, and require new disclosures for non-current liabilities that are subject to future covenants. The amendments apply for annual reporting periods beginning on or after 1 January 2024. Due to these ongoing developments, the Group is unable to determine the impact of these amendments on the consolidated financial statements in the period of initial application. The Group is closely monitoring the developments.

Other accounting standards

The following new and amended accounting standards are not expected to have a significant impact on the Group's consolidated financial statements.

– Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)

– Lack of Exchangeability (Amendments to IAS 21).

Although new or amended standards that will have no or no material effect on the financial statements need not be provided, the Group has included all new or amended standards and their possible impact on the consolidated financial statements for illustrative purposes only.

30 Subsequent Events

In the first quarter of 2024, PJSC Acron repurchased 30% of shares of JSC VPC (Note 13). As a result, non-controlling interest in JSC VPC decreased to 20%.