

Consolidated Statement of Changes in Equity for 2022

Attributable to shareholders of the Company

RUB million

	Share capital	Share premium	Retained earnings	Actuarial losses	Foreign currency translation reserve	Total	Attributable to non-controlling interests	Total equity
Balance at 1 January 2021	372	7,494	90,757	(717)	9,581	107,487	129	107,616
TOTAL COMPREHENSIVE INCOME/ (LOSS)								
Profit/(loss) for the year	-	-	129,697	-	-	129,697	(23)	129,674
Actuarial losses, note 26	-	-	-	(36)	-	(36)	-	(36)
Foreign currency translation difference	-	-	-	-	(350)	(350)	-	(350)
TRANSACTIONS WITH OWNERS RECOGNISED DIRECTLY IN EQUITY								
Dividends to shareholders	-	-	(72,261)	-	-	(72,261)	-	(72,261)
Balance at 31 December 2021	372	7,494	148,193	(753)	9,231	164,537	106	164,643
Balance at 1 January 2022	372	7,494	148,193	(753)	9,231	164,537	106	164,643
TOTAL COMPREHENSIVE INCOME/ (LOSS)								
Profit for the year	-	-	184,662	-	-	184,662	52	184,714
Actuarial losses, note 26	-	-	-	(276)	-	(276)	-	(276)
Foreign currency translation difference	-	-	-	-	(2,929)	(2,929)	-	(2,929)
Foreign currency translation difference reclassified to profit or loss upon loss of control over foreign subsidiaries, note 29	-	-	-	-	(6,302)	(6,302)	-	(6,302)
Actuarial losses reclassified to profit or loss upon loss of control over foreign subsidiaries	-	-	-	61	-	61	-	61
TRANSACTIONS WITH OWNERS RECOGNISED DIRECTLY IN EQUITY								
Dividends to shareholders, note 22	-	-	(142,191)	-	-	(142,191)	-	(142,191)
Balance at 31 December 2022	372	7,494	190,664	(968)	-	197,562	158	197,720

The consolidated statement of changes in equity is to be read in conjunction with the notes to, and forming part of, the consolidated financial statements set out on pages 5 to 37.

Notes to the Consolidated Financial Statements for 2022

1. Background

(a) Organisation and operations

PJSC "PhosAgro" (the "Parent" or the "Company") is a public joint stock company registered in accordance with Russian legislation. PJSC "PhosAgro" and its subsidiaries (together referred to as the "Group") comprise Russian legal entities. The Company was registered in October 2001. The Parents's location is Leninsky prospekt 55/1 building 1, Moscow, Russian Federation, 119333.

The Group's principal activity is production of apatite concentrate and mineral fertilisers at plants located in the cities of Kirovsk (Murmansk region), Cherepovets (Vologda region), Balakovo (Saratov region) and Volkhov (Leningrad region), and their distribution across the Russian Federation and abroad.

As at 31 December 2022, the Parent's key shareholders are two entities registered in Russia – ILLC Chlodwig Enterprises holding approximately 20.3% of the Parent's ordinary shares, ILLC Adorabella holding approximately 23.3% of the Parent's ordinary shares and T.P. Litvinenko holding approximately 21% of the Parent's ordinary shares. As at 31 December 2021, the Parent's key shareholders were entities registered in Switzerland – Chlodwig Enterprises AG that held approximately 20.3%, Adorabella AG that held approximately 23.3% and V.S. Litvinenko who held approximately 21% of the Parent's ordinary shares. As at 31 December 2022 and 31 December 2021, the Parent does not have the ultimate controlling party in accordance with the definitions of control described in IFRS 10 Consolidated Financial Statements.

(b) Russian business environment

The Group's operations are primarily located in the Russian Federation. Consequently, the Group is exposed to the economic and financial conditions of the Russian Federation, which display certain characteristics of an emerging market. Its economy is particularly sensitive to oil and gas prices. The legal, tax and regulatory frameworks continue development, and are subject to varying interpretations and frequent changes (note 31). The Russian economy continues to be negatively impacted by ongoing political tension in the region and international sanctions against certain Russian companies and individuals.

In 2022 ongoing political tensions intensified as a result of situation with Ukraine, which negatively affected commodity and financial markets and increased volatility, especially in exchange rates. On 24 February 2022 Brent oil prices increased to over USD 100 per barrel, foreign currency exchange rates reached RUB 90.88 per 1 EUR and RUB 80.42 per 1 USD. On 11 March 2022, RUB depreciation reached its maximum level and foreign currency exchange rates were RUB 132.96 per 1 EUR and RUB 120.38 per 1 USD. Subsequently, these exchange rates strengthened, although they remained volatile during the reporting period. It is not possible to determine how long this increased volatility will last or when the above indicators will revert to previous levels.

A number of sanctions have been introduced to restrict Russian entities from having access to European and USA financial markets. Sanctions included access termination to SWIFT international system for several Russian banks which could potentially impact the Group's ability to transfer or receive funds. As a result of restrictions, there is a risk that USD-denominated coupon payments will not reach the final debt securities holders through foreign paying agents. In October 2022 the Group received approval from Eurobond holders to change debt securities repayment mechanism. These changes are mainly aimed at reducing repayment risks and in providing that payments can be made both through the main paying agent and directly to noteholders. In March 2022, Andrey A. Guryev was included in the European Union sanctions list, followed by his resignation from the Company's CEO role and his post on the Board of Directors. The future effects of current economic situation and the above measures are difficult to predict. Management's current expectations and estimates could differ from actual results.

Management of the Group has considered events and conditions that could give rise to material uncertainties and concluded that the range of possible outcomes does not cast significant doubt over the Group's ability to continue as a going concern.