

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.

2. Basis of preparation

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

The Group additionally prepares IFRS consolidated financial statements in the Russian language in accordance with the Federal Law No. 208FZ On consolidated financial reporting.

(b) Basis of measurement

The consolidated financial statements are prepared on the historical cost basis except for the financial assets measured at fair value.

(c) Functional currency

The national currency of the Russian Federation is the Russian Rouble ("RUB"), which is the functional currency of the Parent and its subsidiaries. In March 2022, the Group lost control over its 100% foreign subsidiary Phosint Limited (currently PUREFERT LIMITED) owning all the foreign companies of the Group (note 29). Until the disposal, the Group included subsidiaries with the functional currency USD, EUR and other currencies.

(d) Presentation currency

These consolidated financial statements are presented in RUB. All financial information presented in RUB has been rounded to the nearest million, except per share amounts.

The translation from USD and EUR into RUB, where applicable, was performed as follows:

Assets and liabilities in USD and EUR as at 31 December 2022 and 31 December 2021 were translated at the following closing exchange rates:

Closing exchange rate	RUB to USD 1	RUB to EUR 1
31 December 2022	70.3375	75.6553
31 December 2021	74.2926	84.0695

Profit and loss items of foreign subsidiaries previously controlled by the Group for 2022 (until the Group lost control over Phosint Limited) and 2021 were converted at the average exchange rate for the appropriate month:

Average exchange rate for the month	2022		2021	
	RUB to USD 1	RUB to EUR 1	RUB to USD 1	RUB to EUR 1
January	75.8837	85.9393	74.2291	90.5062
February	77.4048	87.7638	74.3842	89.9403
March	104.0810	114.7127	74.4151	88.6904
April	-	-	76.0977	90.8178
May	-	-	74.0438	89.8856
June	-	-	72.5106	87.4537
July	-	-	73.9194	87.3794
August	-	-	73.5942	86.6334
September	-	-	72.8914	85.9412
October	-	-	71.4981	82.9586
November	-	-	72.6024	82.9339
December	-	-	73.7172	83.3260

Equity items arising during the year are recognised at the exchange rate ruling at the date of transaction.

The resulting foreign exchange difference is recognised in other comprehensive income.

(e) Use of estimates and judgments

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about critical assumptions and estimation uncertainties that have the most significant effect on the amounts recognised in the consolidated financial statements is included in the following notes:

- Note 3 (c) (iii) – estimated useful lives of property, plant and equipment;
- Note 29 – loss of control over foreign subsidiaries previously controlled by the Group and recognition of accounts receivable as a result of their disposal.

(f) Adoption of new and revised standards and interpretations

- COVID19Related Rent Concessions – Amendments to IFRS 16 (issued on March 31, 2021 and effective for annual periods beginning on or after April 1, 2021). The amendment extended the date of the practical expedient provided by Amendments to IFRS 16 issued on 28 May 2020 from 30 June 2021 to 30 June 2022. The application of the amendment did not have an impact on the right-of-use asset.

The following amended standards became effective from 1 January 2022, but did not have a material impact on the Group:

- Proceeds before intended use, Onerous contracts – cost of fulfilling a contract, Reference to the Conceptual Framework – narrow scope amendments to IAS 16, IAS 37 and IFRS 3, and Annual Improvements to IFRSs 2018-2020 – amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41 (issued on 14 May 2020 and effective for annual periods beginning on or after 1 January 2022).

(g) New standards and interpretations not yet adopted

A number of new standards and interpretations have been issued that are mandatory for the annual periods beginning on or after 1 January 2023 or later, and which the Group has not early adopted, but is in process of assessing the impact on the Group's consolidated financial statements.

- Sale or contribution of assets between an investor and its associate or joint venture – Amendments to IFRS 10 and IAS 28 (issued on 11 September 2014 and effective for annual periods beginning on or after a date to be determined by the IASB).
- IFRS 17 "Insurance Contracts" (issued on 18 May 2017 and effective for annual periods beginning on or after 1 January 2023).
- Amendments to IFRS 17 and an amendment to IFRS 4 (issued on 25 June 2020 and effective for annual periods beginning on or after 1 January 2023).
- Classification of liabilities as current or non-current – Amendments to IAS 1 (issued on 23 January 2020 and effective for annual periods beginning on or after 1 January 2022).
- Classification of liabilities as current or non-current, deferral of effective date – Amendments to IAS 1 (issued on 15 July 2020 and effective for annual periods beginning on or after 1 January 2023).
- Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting policies (issued on 12 February 2021 and effective for annual periods beginning on or after 1 January 2023).
- Amendments to IAS 8: Definition of Accounting Estimates (issued on 12 February 2021 and effective for annual periods beginning on or after 1 January 2023).
- Deferred tax related to assets and liabilities arising from a single transaction – Amendments to IAS 12 (issued on 7 May 2021 and effective for annual periods beginning on or after 1 January 2023).
- Transition option to insurers applying IFRS 17 – Amendments to IFRS 17 (issued on 9 December 2021 and effective for annual periods beginning on or after 1 January 2023).
- Lease Liability in a Sale and Leaseback Amendments to IFRS 16 – Amendments to IFRS 16 (issued on 22 September 2022 and effective for annual periods beginning on or after 1 January 2024).
- Non-current Liabilities with Covenants – Amendments to IAS 1 (issued on 31 October 2022 and effective for annual periods beginning on or after 1 January 2024).



3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

(ii) Loss of control

Upon the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity-accounted investee or as measured at FVOCI financial asset depending on the level of influence retained.

(iii) Acquisitions and disposals of non-controlling interests

Any difference between the consideration paid to acquire a non-controlling interest, and the carrying amount of that non-controlling interest, is recognised in equity.

Any difference between the consideration received from disposal of a portion of a Group's interest in the subsidiary and the carrying amount of that portion, including attributable goodwill, is recognised in equity.

(iv) Associates

Associates are those enterprises in which the Group has significant influence, but not control, over the financial and operating policies. The consolidated financial statements include the Group's share of the total recognised gains and losses of associates on an equity accounted basis, from the date that significant influence effectively commences until the date that significant influence effectively ceases. Dividends received from associates reduce the carrying value of the investment in associates. When the Group's share of losses exceeds the Group's interest in the associate, that interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred obligations in respect of the associate.

(v) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised gains arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with associates and jointly controlled enterprises are eliminated to the extent of the Group's interest in the enterprise. Unrealised gains resulting from transactions with associates are eliminated against the investment in the associate. Unrealised losses are eliminated in the same way as unrealised gains except that they are only eliminated to the extent that there is no evidence of impairment.

(b) Foreign currencies

Transactions in foreign currencies are translated to the respective functional currencies of the Group entities at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate ruling at that date. Non-monetary assets and liabilities denominated in foreign currencies that are stated at historical cost are translated to the functional currency at the exchange rate ruling at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated at the exchange rate ruling at the dates the fair values were determined. Foreign exchange differences arising on translation are recognised in the profit or loss.

(c) Property, plant and equipment

(i) Owned assets

Property, plant and equipment is stated at cost less accumulated depreciation and impairment losses. The cost of property, plant and equipment at the date of transition to IFRS was determined by reference to its fair value at that date ("deemed cost") as determined by an independent appraiser.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for their intended use and capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Where an item of property, plant and equipment comprises major components having different useful lives, they are accounted for as separate items of property, plant and equipment.

(ii) Subsequent expenditure

Expenses in connection with ordinary maintenance and repairs are recognised in the consolidated statement of profit or loss and other comprehensive income as they are incurred.

Expenses in connection with periodic maintenance on property, plant and equipment are recognised as assets and depreciated on a straight-line basis over the period until the next periodic maintenance, provided the criteria for capitalizing such items have been met.

Expenses incurred in connection with major replacements and renewals of property, plant and equipment are capitalised and depreciated on a systematic basis.

(iii) Depreciation

Depreciation is charged to the profit or loss on a straight-line basis over the estimated useful lives of the individual assets. Depreciation commences on the month of acquisition or, in respect of internally constructed assets, from the month when an asset is completed and ready for use. Land is not depreciated.

The estimated useful lives as determined when adopting IFRS (1 January 2005) for the assets reflected on the statement of financial position at that date are as follows:

Buildings	12 to 17 years;
Plant and equipment	4 to 15 years;
Fixtures and fittings	3 to 6 years.

Tangible fixed assets acquired after the date of adoption of IFRS, are depreciated over the following useful lives:

Buildings	10 to 60 years;
Plant and equipment	5 to 35 years;
Fixtures and fittings	2 to 25 years.

Management assesses the remaining useful lives in accordance with the current technical conditions of the assets and estimated period during which the assets are expected to earn benefits for the Group.

(iv) 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.

Capitalization of borrowing costs continues up to the date when the assets are substantially ready for their use or sale.

The Group capitalizes 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), except to the extent that funds are borrowed specifically for the purpose of obtaining a qualifying asset. Where this occurs, actual borrowing costs are capitalised.

Borrowing costs capitalised are presented as part of cash flows from investing activities in the consolidated statement of cash flows.

(v) Advances issued for property, plant and equipment

A prepayment is classified as non-current when the goods or services relating to the prepayment are expected to be obtained after one year, or when the prepayment relates to an asset which will itself be classified as non-current upon initial recognition.

(d) Intangible assets

(i) Research and development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in the profit or loss as an expense as incurred.

Expenditure on development activities, whereby research findings are applied to a plan or design for the production of new or substantially improved products and processes, is capitalised if the product or process is technically and commercially feasible and the Group has sufficient resources to complete development. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads. Other development expenditure is recognised in the profit or loss as an expense as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation and impairment losses.

(ii) Other intangible assets

Other intangible assets acquired by the Group are represented by Oracle software, which has finite useful life and is stated at cost less accumulated amortisation and impairment losses.

(iii) Amortisation

Intangible assets, other than goodwill, are amortised on a straight-line basis over their estimated useful lives from the date the asset is available for use. The estimated useful lives are 3 – 10 years.

(e) Financial instruments

Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs.

The Group financial assets are classified in the following measurement categories based on the Group's business model for managing the financial assets and the contractual terms of the cash flows: financial assets at amortised cost; financial assets at fair value (either through other comprehensive income or profit or loss).

Financial assets at amortised cost. Financial asset is measured at amortised cost if it meets both of the following conditions:

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

The financial assets are measured at amortised cost using the effective interest method, less any impairment losses. Any gains or losses arising from derecognition are recognised directly in profit or loss.

Financial assets at fair value through other comprehensive income ("FVOCI"). Financial assets are classified and measured at fair value through other comprehensive income if they meet both of the following conditions:

- they are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- their contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These financial 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.

Financial assets at fair value through profit or loss ("FVPL"). Financial asset that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss.

(f) Securitisation arrangements

The Group enters into non-recourse securitization arrangements under which insured trade receivables can be sold to a bank for cash proceeds.

Trade receivables are derecognised from the statement of financial position as the Group does not retain substantially all risks and rewards of ownership, except for the amount of security deposit which represents insurance deductible amount for the receivables transferred to a bank. A deposit is recognised in trade receivables in the consolidated statement of financial position of the Group. The Group continues to collect and service the receivables and then transfers to the bank the collected amounts of the trade receivables sold.

The portfolio of trade receivables that can be sold to a bank meets the criteria for "held to collect and sell" business model and such trade receivables are classified and measured at fair value through other comprehensive income.

Cash collected from the customers and not yet transferred to the bank at the reporting date is presented within other payables in the consolidated statement of financial position of the Group. Securitization fees are recognised as finance costs.

(g) 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.

Bank deposits held for longer than three months that are repayable on demand within several working days without penalties or that can be redeemed/withdrawn, subject to the interest income forfeited, are classified as cash equivalents if the deposits are held to meet short-term cash needs and there is no significant risk of a change in value as a result of an early withdrawal.

(h) Inventories

Inventories are stated at the lower of cost and net realisable value. The cost of inventory (finished goods and goods for resale) for distribution companies is determined on the first-in, first-out (FIFO) basis. The cost of inventories for production companies is based on the weighted average principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Spare parts to be used for construction and in repairs capitalised are classified as non-current spare parts.

Catalysts to be used in production during the period of more than 1 year are classified as part of non-current assets and written-off to the production cost based on the volume of goods produced. Catalysts to be used in production within 1 year are classified as part of inventories



(i) Impairment

Financial assets

The Group recognises loss allowances for expected credit loss (ECLs) on financial assets measured at amortised cost and financial assets measured at fair value through other comprehensive income ("FVOCI"). The loss allowances are measured on either of the following bases: 12-month ECLs that result from default events that are possible within the 12 months after the reporting date; and lifetime ECLs that result from all possible default events over the expected life of a financial instrument.

For trade receivables the Group estimated the expected credit losses for the entire period, applying a simplified approach to measuring expected credit losses, which uses lifetime expected loss allowance. In the terms of calculating the expected credit loss, the Group considers the credit rating for each counterparty, adjusted with forward-looking factors specific to the debtors, historical credit loss experience and economic environment in which they operate.

If, in a subsequent period, the fair value of an impaired financial assets increases and the increase can be related objectively to an event occurring after the impairment loss was recognised in profit or loss, then the impairment loss is reversed, with the amount of the reversal recognised in profit or loss.

Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units, if any, and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(j) Leases

As a lessee

Applying IFRS 16 for all leases (except as noted below), the Group:

- recognises right-of-use assets and lease liabilities in the consolidated statement of financial position, initially measured at the present value of future lease payments;
- recognises depreciation of right-of-use assets and interest on lease liabilities in the consolidated statement of profit or loss and other comprehensive income; and
- separates the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within operating activities) in the consolidated statement of cash flows.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and making certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments;
- variable lease payments that depend on the rate;
- amounts expected to be payable under a residual value guarantee.

Lease liability is measured at amortised cost using the effective interest method. It is revalued when there is a change in future lease payments arising from adjusted interest rate, extension or termination option and other events.

Under IFRS 16, right-of-use assets are tested for impairment in accordance with IAS 36 Impairment of Assets.

For short-term leases (lease term of 12 months or less) and leases of low-value assets the Group has opted to recognise a lease expense on a straight-line basis as permitted by IFRS 16. This expense is presented within cost of sales, administrative expenses and selling expenses in the consolidated statement of profit or loss and other comprehensive income.

(k) Share capital

(i) Repurchase of share capital

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, is deducted from equity.

(ii) Dividends

Dividends are recognised as a liability in the period in which they are declared.

(l) Financial liabilities

The Group's financial liabilities comprise trade and other payables, borrowings and bonds which are measured at amortised cost. The Group derecognises a financial liability when its obligation specified in the contract is discharged or cancelled or expires.

(m) Employee benefits

(i) Pension plans

The Group's net obligation in respect of defined benefit post-employment plans, including pension plans, is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value, and the fair value of any plan assets, if any, is deducted. The discount rate is the yield at the reporting date on government bonds that have maturity dates approximating the terms of the Group's obligations. The calculation is performed using the projected unit credit method.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognised immediately as an expense in the profit or loss. To the extent the benefits vest immediately, the expense is recognised immediately in the profit or loss.

All actuarial gains and losses are recognised in full as they arise in other comprehensive income.

(ii) Long-term service benefits other than pensions

The Group's net obligation in respect of long-term service benefits, other than pension plans, is the amount of future benefits that employees have earned in return for their service in the current and prior periods. The obligation is calculated using the projected unit credit method and is discounted to its present value and the fair value of any related assets is deducted. The discount rate is the yield at the reporting date on government bonds that have maturity dates approximating the terms of the Group's obligations. All actuarial gains and losses are recognised in full as they arise in other comprehensive income.

(iii) State pension fund

The Group makes contributions for the benefit of employees to Russia's State pension fund. The contributions are expensed as incurred.



(n) Provisions

A provision is recognised when the Group has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

(o) Income tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised in other comprehensive income, in which case it is recognised in other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets and liabilities, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(p) Revenues

Revenue from contracts with customers is recognised when control of the goods or services is transferred to a customer. The amount of revenue recognised reflects the consideration the Group expects to be entitled in exchange for goods or services, taking into account any trade, volume and other discounts. Advances received before the control passes to a customer are recognised as the contract liabilities. The amount of consideration does not contain a significant financial component as payment terms for the majority of contracts are less than one year. No information is provided about remaining performance obligations as at the reporting date that have an original expected duration of one year or less, as allowed by IFRS 15.

Contracts with customers for the supply of goods use a variety of delivery terms. The Group determined that under the terms of the certain contracts for the supply of mineral fertilizers the Group undertakes to provide delivery and the related delivery services after the transfer of control over the goods to the buyer at the loading port. Under IFRS 15, these services are a separate performance obligation, which revenue must be recognised during the period of delivery as revenue from logistics activities. The Group recognises revenue from these logistics services at the time of delivery, due to the fact that the potential difference is calculated and recognised as insignificant.

In the revenue disclosure the sales of certain product groups include the proceeds from transportation services. Costs related to rendering of transportation services are mainly represented by logistics costs and included in cost of Group products sold.

(q) Finance income and finance costs

Finance income comprises interest income, dividend income, unwinding of discount on financial assets and share of profit of associates and foreign exchange gains on financing activities. Interest income is recognised as it accrues in profit or loss, using the effective interest method. Dividend income is recognised in profit or loss on the date that the Group's right to receive payment is established.

Finance costs comprise interest expense on borrowings, interest expense on lease liabilities, bank fees, interest expense on defined benefit obligations, securitisation fees, increase in provision for bad debts for financial investments, share of loss of associates and foreign exchange losses on financing activities. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Foreign currency gains and losses, gains and losses arising from operations with foreign currency, securitisation fees and share of profit and losses of associates are reported on a net basis.

(r) Overburden removal expenditure

In open pit apatite rock mining operations, it is necessary to remove the overburden and other waste in order to access the economically recoverable resources.

Stripping costs incurred during the pre-production phase of the open pit mine are capitalised as the cost of the development of the mining property and amortised over the life of the mine.

According to the Group's approach to stripping, the ore, which becomes accessible after the overburden removal, is extracted within no more than four months. Therefore, the stripping ratio (volume of overburden removed over the volume of resources extracted) is expected to stay relatively constant over the future periods and stripping costs incurred during the production phase of the open pit mine are recognised in the profit or loss as incurred.

(s) 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.

If the number of ordinary shares outstanding increases/ decreases as a result of a share split/ reverse share split, the calculation of the EPS for all periods presented is adjusted retrospectively.

4. Determination of fair values

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Fair values have been determined for measurement and / or disclosure purposes based on the methods described below. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(a) Financial assets and liabilities measured at amortised cost

The fair values of financial assets and liabilities presented by loans issued, trade and other receivables, cash and cash equivalents, trade and other payables approximate their carrying amounts as at the reporting date.



The fair values of Eurobonds are determined for disclosure purposes based on quoted market prices and included in level 1 of the fair value hierarchy. The fair values of loans and borrowings are categorised as Level 3 of the fair value hierarchy. The fair values are calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

(b) Financial instruments measured at fair value

The fair value of financial assets measured at fair value through profit or loss is determined using valuation techniques and categorised as Level 3 of the fair value hierarchy.

5. Seasonality

The Group is subject to certain seasonal fluctuations in fertiliser demand due to the timing of fertiliser application and, as a result, fertiliser purchases by farmers. This normally results in increase of advances received from local customers at the year-end. However, the effect of seasonality on the Group's revenue is partially offset by the fact that the Group sells its fertilisers globally and fertiliser application and purchases vary by region.

The Group's costs are generally stable throughout the year, however several maintenance activities undertaken at the Group's production facilities may not be evenly spreaded.

6. Revenues

RUB million	2022	2021
Phosphate-based and nitrogen-based products	551,037	404,850
Other	18,490	15,638
Revenues	569,527	420,488

7. Cost of Group products sold

RUB million	2022	2021
Production expense for Group goods sold	(222,360)	(163,034)
Sulphur and sulphuric acid	(40,798)	(17,707)
Potash	(27,418)	(16,574)
Materials and services	(27,349)	(23,120)
Depreciation	(26,979)	(24,812)
Salaries and social contributions	(19,667)	(15,286)
Ammonia	(19,550)	(14,277)
Natural gas	(14,226)	(12,635)
Repair and maintenance expenses	(12,002)	(11,373)
Transportation of phosphate rock	(11,610)	(9,105)
Electricity	(6,754)	(6,740)
Fuel	(6,459)	(5,578)
Ammonium sulphate	(6,331)	(2,341)
Drilling and blasting operations expenses	(3,217)	(3,486)
Logistics expenses for Group goods sold	(31,059)	(43,048)
Freight, port and stevedoring expenses	(16,382)	(28,587)
Russian Railways infrastructure tariff and operators' fees	(12,647)	(10,728)
Customs duties	(1,420)	(2,483)
Other services and materials	(610)	(1,250)
Cost of Group products sold	(253,419)	(206,082)

8. Administrative and selling overhead expenses

RUB million	2022	2021
Administrative overhead expenses:	(37,328)	(21,083)
Salaries and social contributions	(29,015)	(13,493)
Professional services	(2,386)	(1,971)
Depreciation and amortisation	(1,387)	(1,384)
Security and fire safety services	(1,222)	(1,053)
Other	(3,318)	(3,182)
Selling overhead expenses:	(5,075)	(6,762)
Salaries and social contributions	(2,885)	(4,002)
Depreciation and amortization	(1,173)	(1,480)
Materials and services	(1,017)	(1,280)
Administrative and selling overhead expenses	(42,403)	(27,845)

9. Taxes, other than income tax, net

RUB million	2022	2021
Mineral extraction tax	(8,707)	(3,605)
Property tax	(1,890)	(1,694)
Land tax	(226)	(222)
Environment pollution payment	(207)	(211)
VAT included in expenses	(162)	(113)
Using water objects payment	(58)	(53)
Other taxes	(77)	(48)
Taxes, other than income tax, net	(11,327)	(5,946)

10. Other expenses, net

RUB million	2022	2021
Social expenditures	(9,314)	(3,378)
Increase in provision for bad debt and expected credit losses allowance	(539)	(125)
Loss on disposal of property, plant and equipment and intangible assets	(429)	(198)
(Accrual)/reversal of contingent liabilities	(32)	2
Gain on disposal of inventories	276	387
Decrease/(increase) in provision for inventory obsolescence	120	(370)
Other income, net	547	233
Other expenses, net	(9,371)	(3,449)

11. Finance income and finance costs

RUB million	2022	2021
Interest income	3,818	643
Unwinding of discount on financial assets	519	64
Other finance income	102	71
Finance income	4,439	778
Provision for impairment of loans issued (note 18)	(4,124)	-
Discount on extension of payment terms (note 17, 29)	(2,777)	-
Interest expense on borrowings (note 24)	(4,223)	(3,910)
Interest expense on lease liabilities (note 25)	(244)	(395)
Bank fees	(258)	(221)
Interest expense on defined benefit obligations	(56)	(48)
Loss from revaluation of financial instruments	(55)	-
Securitization fees	(47)	(146)
Increase in provision for bad debts for financial investments	(14)	(81)
Other finance costs	(169)	(243)
Finance costs	(11,967)	(5,044)

12. Income tax expense

The Company's applicable corporate income tax rate is 20% (2021: 20%).

RUB million	2022	2021
Current tax expense	(41,465)	(31,073)
Deferred income tax – origination and reversal of temporary differences, including change in unrecognised assets	(6,118)	692
Income tax expense	(47,583)	(30,381)

Reconciliation of income tax:

RUB mln	2022	2021
Profit before tax	232,297	160,055
Income tax at applicable tax rate	(46,459)	(32,011)
Tax effect of items which are not deductible or assessable for taxation purposes	(2,072)	(1,017)
Tax effect on receivables recognised from disposal of Phosint Group (note 17)	(1,647)	-
Tax effect on provision for loans issued	(517)	-
Tax effect on foreign exchange differences on receivables recognised from disposal of Phosint Group (note 17)	(295)	-
Effect of reduction in tax rate	3,289	2,163
Effect of tax rates in foreign jurisdictions	118	431
Prior years tax adjustments	-	78
Change in tax incentive	-	(25)
Income tax expense	(47,583)	(30,381)

13. Property, plant and equipment

RUB Million	Land and buildings	Plant and equipment	Fixtures and fittings	Construction in progress	Total
Gross book value at 1 January 2021	104,605	187,961	17,900	38,600	349,066
Additions	1,529	4,406	3,031	34,866	43,832
Transfers to right-of-use assets (note 14)	-	(15)	-	-	(15)
Transfers	11,760	18,110	-	(29,870)	-
Disposals	(1,450)	(6,655)	(192)	(102)	(8,399)
Other transfers	(44)	(7)	(2)	-	(53)
Gross book value at 31 December 2021	116,400	203,800	20,737	43,494	384,431
Additions	3,312	14,193	3,125	47,160	67,790
Transfers	20,246	26,198	-	(46,444)	-
Disposals	(1,071)	(6,602)	(358)	(209)	(8,240)
Disposal of foreign subsidiaries (note 29)	(1,129)	(2,891)	(101)	-	(4,121)
Other transfers	62	138	11	-	211
Gross book value at 31 December 2022	137,820	234,836	23,414	44,001	440,071
Accumulated depreciation at 1 January 2021	(25,455)	(92,284)	(11,296)	-	(129,035)
Transfers to right-of-use assets (note 14)	-	7	-	-	7
Depreciation	(6,425)	(17,703)	(1,852)	-	(25,980)
Disposals	1,263	6,560	179	-	8,002
Other transfers	8	10	1	-	19
Accumulated depreciation at 31 January 2021	(30,609)	(103,410)	(12,968)	-	(146,987)
Depreciation	(7,416)	(18,528)	(1,886)	-	(27,830)
Disposals	973	6,270	305	-	7,548
Disposal of foreign subsidiaries (note 29)	357	1,241	85	-	1,683
Other transfers	(13)	59	(9)	-	37
Accumulated depreciation at 31 January 2022	(36,708)	(114,368)	(14,473)	-	(165,549)
Net book value at 1 January 2021	79,150	95,677	6,604	38,600	220,031
Net book value at 31 December 2021	85,791	100,390	7,769	43,494	237,444
Net book value at 31 December 2022	101,112	120,468	8,941	44,001	274,522

During the year ended 31 December 2022, the Group capitalised borrowing costs in the amount of RUB 976 million (2021: RUB 1,141 million) in the value of property, plant and equipment using the weighted average interest rate of 2.55% per year (2021: 2.86% per year).

As at 31 December 2022, the most significant balances of the construction in progress related to the following investment projects:

- Kirovsk branch of Apatit, JSC: Kirovsk mine extension and modernization. As at 31 December 2022, the Group has capitalised expenses of RUB 13,458 million (as at 31 December 2021: RUB 14,045 million);
- Kirovsk branch of Apatit, JSC: Rasvumchorrskiy mine extension and modernization. As at 31 December 2022, the Group capitalised expenses of RUB 4,821 million (as at 31 December 2021: RUB 2,667 million);
- Kirovsk branch of Apatit, JSC: apatit-nepheline beneficiation plants extension and modernization. As at 31 December 2022, the Group capitalised expenses of RUB 4,575 million (as at 31 December 2021: RUB 2,414 million);
- Volkhov branch of Apatit, JSC: MAP facilities construction. As at 31 December 2022, the Group has capitalised expenses of RUB 3,385 million (as at 31 December 2021: RUB 13,362 million);
- Balakovo branch of Apatit, JSC: granulated ammonium sulphate facilities construction. As at 31 December 2022, the Group has capitalised expenses of RUB 2,616 million (as at 31 December 2021: RUB 1,862 million);
- Apatit, JSC, Cherepovets: ammonia production facilities support and modernization. As at 31 December 2022, the Group has capitalised expenses of RUB 1,724 million (as at 31 December 2021: RUB 1,077 million).

14. Right-of-use assets

The Group has the following types of right-of-use assets: railway wagons, production equipment, offices. The leases typically run for a period of 5 years, with an option to renew the lease after that date.

RUB million	Buildings	Plant and equipment	Total
Net book value at 1 January 2021	185	7,150	7,335
New lease contracts and modification on existing lease contracts	395	1,087	1,482
Transfers from property, plant and equipment (note 13)	-	8	8
Depreciation	(100)	(1,673)	(1,773)
Disposals	(20)	(68)	(88)
Effect of foreign currency translation reserve	(8)	(1)	(9)
Net book value at 31 December 2021	452	6,503	6,955
Disposal of foreign subsidiaries (note 29)	(246)	(18)	(264)
New lease contracts and modification on existing lease contracts	60	(1,118)	(1,058)
Depreciation	(78)	(1,108)	(1,186)
Disposals	(67)	(132)	(199)
Effect of foreign currency translation reserve	27	2	29
Net book value at 31 December 2022	148	4,129	4,277

Amounts recognised in the consolidated statement of profit or loss and other comprehensive income:

RUB million	2022	2021
Depreciation expense on right-of-use assets	1,186	1,773
Interest expense on lease liabilities	244	395
Expenses relating to short-term leases	349	481
Expenses relating to leases with variable payments	498	524

Amounts recognised in the consolidated statement of cash flows:

RUB million	2022	2021
Principal lease payments (note 25)	(1,429)	(1,949)
Interest lease payments (note 25)	(244)	(395)
Expenses relating to short-term leases	(349)	(481)
Expenses relating to leases with variable payments	(498)	(524)
Total payments	(2,520)	(3,349)

15. Investments in associates

Carrying values of the Group's investments in associates are as follows:

RUB million	31 December 2022		31 December 2021	
	Carrying value	Share of ownership	Carrying value	Share of ownership
JSC Khibinskaya Teplovaya Kompaniya (Russia)	504	50%	484	50%
JSC Giproruda (Russia)	62	25%	59	25%
JSC Soligalichskiy izvestkovyi kombinat (Russia)	26	26%	26	26%
Total	592		569	

16. Deferred tax assets and liabilities

(a) Deferred tax assets and liabilities by type of temporary difference

Deferred tax assets and liabilities are attributable to the following items:

RUB Million	31 December 2022			31 December 2021		
	Assets	Liabilities	Net	Assets	Liabilities	Net
Property, plant and equipment and intangible assets	104	(15,986)	(15,882)	375	(13,714)	(13,339)
Other non-current assets	41	(1,199)	(1,158)	71	(256)	(185)
Current assets	765	(1,945)	(1,180)	2,449	(809)	1,640
Liabilities	1,345	(1,565)	(220)	1,825	(205)	1,620
Tax loss carry-forwards	8,578	-	8,578	6,881	-	6,881
Unrecognised deferred tax assets	(55)	-	(55)	(55)	-	(55)
Deferred tax assets/(liabilities)	10,778	(20,695)	(9,917)	11,546	(14,984)	(3,438)
Offset	(2,875)	2,875	-	(2,047)	2,047	-
Net deferred tax assets/(liabilities)	7,903	(17,820)	(9,917)	9,499	(12,937)	(3,438)

The deferred tax assets on tax loss carry-forwards relate to the Russian entities of the Group. Due to the Russian tax legislation, starting from 1 January 2017, tax losses accumulated as at 31 December 2022 can be carried forward without limitation on utilisation period.

Management has developed a tax strategy to utilise the tax losses above. In assessing the recoverability of the tax losses, management considers a forecast of future taxable profits of the Group and the Group's tax position. The forecast is reviewed at each reporting date to ensure that the related tax benefit will be realised.

As at 31 December 2022, no deferred tax asset for deductible temporary differences of RUB 18,710 million associated with investments in subsidiaries has been recognised (31 December 2021 no deferred tax liability has been recognised: RUB 714 million), either because the Parent can control the timing of reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future, or because the income applicable tax rate is expected to be 0%.

(b) Movement in temporary differences during the year

RUB million	31 December 2022	Recognised in profit or loss	Recognised in other comprehensive income	Disposal of foreign subsidiaries	1 January 2022
Property, plant and equipment, right-of-use assets and intangible assets	(15,882)	(2,288)	25	(280)	(13,339)
Other non-current assets	(1,158)	(904)	10	(79)	(185)
Current assets	(1,180)	(2,788)	37	(69)	1,640
Liabilities	(220)	(1,835)	3	(8)	1,620
Tax loss carry-forwards	8,578	1,697	-	-	6,881
Unrecognised deferred tax assets	(55)	-	-	-	(55)
Net deferred tax (liabilities)/ assets	(9,917)	(6,118)	75	(436)	(3,438)

RUB million	31 December 2021	Recognised in profit or loss	Recognised in other comprehensive income	Reclassification	1 January 2021
Property, plant and equipment, right-of-use assets and intangible assets	(13,339)	(1,331)	1	(2)	(12,007)
Other non-current assets	(185)	(243)	(6)	-	64
Current assets	1,640	1,337	(7)	-	310
Liabilities	1,620	10	(2)	2	1,610
Tax loss carry-forwards	6,881	919	-	-	5,962
Unrecognised deferred tax assets	(55)	-	-	-	(55)
Net deferred tax (liabilities)/ assets	(3,438)	692	(14)	-	(4,116)

17. Other non-current assets

RUB million	31 December 2022	31 December 2021
Receivable accrued as a result of Phosint Group disposal	8,454	-
Provision for receivable accrued as a result of Phosint Group disposal	(85)	-
Receivable accrued as a result of Phosint Group disposal, net	8,369	-
Long-term accounts receivable	58	677
Provision for long-term accounts receivable	-	(589)
Long-term accounts receivable, net	58	88
Loans issued to third parties, at amortised cost	38	637
Provision for loans issued to third parties	-	(561)
Loans issued to third parties, at amortised cost, net	38	76
Loans issued to employees, at amortised cost	69	104
Financial assets, at fair value through profit or loss	12	1,790
Total other non-current assets	8,546	2,058

The movements in provision for impairment of loans issued and long-term accounts receivable are as follows:

RUB million	2022	2021
PROVISION FOR LOANS ISSUED TO THIRD PARTIES		
Balance at 1 January	(561)	(605)
Disposal of foreign subsidiaries (note 29)	625	-
Provision for loans issued to third parties accrued	(1)	(1)
Use of provision	1	-
Effect of foreign currency translation reserve	(64)	45
Balance at 31 December	-	(561)
PROVISION FOR LONG-TERM ACCOUNTS RECEIVABLE		
Balance at 1 January	(589)	(635)
Disposal of foreign subsidiaries (note 29)	657	-
Provision for long-term accounts receivable accrued	-	(1)
Effect of foreign currency translation reserve	(68)	47
Balance at 31 December	-	(589)

As at 31 December 2021, financial assets measured at fair value through profit or loss include 9.27% share in a related party JSC "AgroGuard-Finance". In March 2022, JSC "AgroGuard-Finance" redeemed its shares held by the Group for RUB 1,778 million. During the year ended 31 December 2022, the Group recognised a gain of RUB 1 million on disposal of investment in JSC "AgroGuard-Finance" as part of other expenses, net.

The following information shows the movements of the Group's receivables recognised as a result of Phosint Group disposal during the reporting period:

RUB million	2022	2021
Balance at 1 January	-	-
Receivable accrued (note 29)	12,189	-
Discount on extension of payment terms (note 29, 11)	(2,777)	-
Unwinding of discount (note 11)	519	-
Foreign currency translation difference	(1,477)	-
Balance at 31 December	8,454	-

During the reporting period the Group recognised deferred tax liabilities of RUB 1,647 million on receivables accrued as a result of Phosint Group disposal. Tax effect on foreign exchange loss from receivables revaluation was RUB 295 million.

18. Other financial assets

RUB million	31 December 2022	31 December 2021
Loans issued to employees, at amortised cost	101	104
Interest receivable	76	140
Loans issued to third parties, at amortised cost	51	60
Loans issued to related parties, at amortised cost	-	25
Provision for doubtful accounts	(18)	(113)
Total other financial assets	210	216

In February 2022, the Group provided cash of RUB 3,130 million (USD 40 million) to the investment broker at 0.25% and received securities as a collateral for the funds deposited (reverse repo transaction). As a result of negative economical situation, significant market disruptions to broker cross-border operations led to his liquidity problems and inability to repurchase securities back from the Group. As a result, the Group loan issued under this transaction was fully impaired and loss of RUB 4,124 million was recognised as a part of finance costs.

The movements in provision for doubtful accounts and expected credit losses allowance are as follows:

RUB million	2022	2021
Balance at 1 January	(113)	(37)
Increase in provision for doubtful accounts and expected credit losses allowance	(4,135)	(79)
Disposal of foreign subsidiaries	4,235	-
Effect of foreign currency translation reserve	(11)	3
Use of allowance	6	-
Balance at 31 December	(18)	(113)

19. Inventories

RUB million	31 December 2022	31 December 2021
Raw materials and spare parts	15,109	11,652
FINISHED GOODS:		
Chemical fertilisers	10,388	22,110
Apatite concentrate	801	607
Other products	1,379	291
WORK-IN-PROGRESS:		
Chemical fertilisers and other products	5,685	5,258
Chemical fertilisers and other products for resale, purchased from third parties	5,941	1,662
Other goods	148	197
Provision for obsolescence	(102)	(600)
Total inventories	39,349	41,177

20. Trade and other receivables

RUB million	31 December 2022	31 December 2021
FINANCIAL ASSETS		
Trade accounts receivable	61,997	33,013
Other receivables	1,479	822
Provision for doubtful accounts and expected credit losses allowance	(482)	(339)
NON-FINANCIAL ASSETS		
Advances issued	8,634	14,621
Advances issued on custom duties	3,901	198
Deferred expenses	202	199
Receivables from employees	20	28
Provision for doubtful accounts and expected credit losses allowance	(10)	(16)
Total trade and other receivables	75,741	48,526

As at 31 December 2022, the Group has no trade receivables measured at fair value through other comprehensive income (31 December 2021: RUB 3,166 million). As at 31 December 2022, amount of trade accounts receivable measured at fair value through profit or loss is RUB 542 million (31 December 2021: RUB 4,885 million). The fair values of these receivables approximate their carrying amounts.

The movements in bad debt and expected credit losses allowance are as follows:

RUB million	2022	2021
Balance at 1 January	(355)	(369)
Use of allowance	223	140
Disposal of foreign subsidiaries	125	-
Reversal of allowance	7	10
Effect of foreign currency translation reserve	(20)	(3)
Increase in provision for doubtful accounts and expected credit losses allowance	(472)	(133)
Balance at 31 December	(492)	(355)

See note 28 (c) for the analysis of overdue trade and other accounts receivable.

21. Cash and cash equivalents

RUB million	31 December 2022	31 December 2021
Cash in bank	7,438	13,298
Call deposits	5,911	8,405
Petty cash	7	7
Total cash and cash equivalents	13,356	21,710

As at 31 December 2022 the most significant cash and cash equivalents balances were held in large Russian banks with high credit ratings, according to independent Russian rating agencies.

22. Equity

(a) Share capital

As at 31 December 2022 and 31 December 2021, the Company's share capital consists of 129,500,000 ordinary shares with par value of RUB 2.5 per share. All issued ordinary shares are fully paid. Each ordinary share carries one vote.

As at 31 December 2022 and 31 December 2021, the number of ordinary shares authorised for additional issue is 994,977,080, with a par value of RUB 2.5 per share.

(b) Dividend policy

The Group's dividend policy is based on the following principles:

- striking an effective and reasonable balance between the payment of dividends and reinvestment of profit in further development;
- ensuring transparency and predictability of dividend payments as a way to boost the Company's investment case.

Amount of such payment is subject to approval of the General Shareholders' Meeting, based on recommendations provided by the PhosAgro Board of Directors. The Board of Directors' recommendations depend on such factors as the Company's earnings for the reporting period and its financial position. To calculate the amount of dividend payments, the Board of Directors considers the Company's consolidated free cash flow for the reporting period (quarter, six months, first nine months or year) under IFRS. Free cash flow is defined as cash flows from operating activities less cash flows from investing activities based on the consolidated statement of cash flows. A decision on the payment of an interim dividend is made at the General Shareholders' Meeting within three months of the end of the relevant reporting period. The payment period for dividends payable to a nominal holder or a trustee, which is a professional participant of the securities market, who are registered in the share register, shall be not more than 10 business days. The payment period for dividends payable to other parties registered in the shareholders register shall not exceed 25 business days after the date on which the parties entitled to receive dividends are determined. Holders of PhosAgro GDRs are also entitled to receive dividends in respect of the underlying shares, subject to the terms of their Depositary Agreements. In accordance with the dividend policy, the Board of Directors shall seek to make sure that the amount of distributed dividends ranges from 50% to over 75% (subject to the Company's leverage ratio) of the Company's consolidated free cash flow for the respective period under IFRS. At the same time, the amount of declared dividends shall not be lower than 50% of net profit for the relevant period under IFRS adjusted by the amount of unrealised exchange rate difference.

(c) Dividends

In accordance with Russian legislation the Company's distributable reserves are limited to the balance of accumulated retained earnings as recorded in the Company's financial statements prepared in accordance with Russian Accounting Standards. As at 31 December 2022, the Company had cumulative retained earnings of RUB 65,040 million (31 December 2021: RUB 59,337 million).

Proposed by the Board of Directors in	Approved by shareholders in	Amount per share RUB	Amount of dividends RUB million
TOTAL DIVIDENDS APPROVED DURING THE REPORTING PERIOD			
August 2022	September 2022	780	101,010.0
November 2022	December 2022	318	41,181.0
Total dividends			142,191.0

23. Earnings per share

Basic earnings per share are calculated based on the weighted average number of ordinary shares outstanding during the year. Basic and diluted earnings per share are the same, as there is no effect of dilution.

	2022	2021
Weighted average number of ordinary shares in issue	129,500,000	129,500,000
Profit for the year attributable to shareholders of the Company, RUB million	184,662	129,697
Basic and diluted earnings per share, RUB	1,426	1,002

24. Loans and borrowings

This note provides information about the contractual terms of the Group's loans and borrowings. For more information about the leases, see note 25. For more information about the Group's exposure to foreign currency risk, interest rate risk and liquidity risk, see note 28.

RUB million	31 December 2022	31 December 2021
CURRENT LOANS AND BORROWINGS		
Unsecured bank loans	44,648	11,492
Eurobonds	35,169	-
Interest payable	1,157	1,220
Bank commission (short-term)	-	(2)
Total current loans and borrowings	80,974	12,710
NON-CURRENT LOANS AND BORROWINGS		
Eurobonds	70,337	111,439
Unsecured bank loans	39,667	45,957
Bank commission (long-term)	(220)	(315)
Total non-current loans and borrowings	109,784	157,081
Total loans and borrowings	190,758	169,791

In January 2018 the Company's SPV issued a USD 500 million 5.25-year Eurobond with a coupon rate of 3.949%, which is listed on the Irish Stock Exchange, with the fair value at the reporting date of RUB 27,256 million (31 December 2021: RUB 37,940 million).

In January 2020 the Company's SPV issued a USD 500 million 5-year Eurobond with a coupon rate of 3.05%, which is listed on the Irish Stock Exchange, with the fair value at the reporting date of RUB 18,552 million (31 December 2021: RUB 37,726 million).

In September 2021, the Company's SPV issued a USD 500 million 7-year Eurobond with a coupon rate of 2.6%, which is listed on the Irish Stock Exchange, with the fair value at the reporting date of RUB 24,407 million (31 December 2021: RUB 36,140 million).

The breakdown of the loans and borrowings denominated in different currencies is as follows:

RUB million	31 December 2022	31 December 2021
USD-denominated	135,825	154,288
RUB-denominated	42,805	3,096
EUR-denominated	12,128	12,407
Total	190,758	169,791

The maturity of the loans and borrowings is as follows:

RUB million	31 December 2022	31 December 2021
Less than 1 year	80,974	12,712
1-2 years	23,218	48,760
2-3 years	38,824	16,879
3-4 years	10,688	41,037
4-5 years	2,105	11,320
More than 5 years	35,169	39,400
Bank commission	(220)	(317)
Total	190,758	169,791

Reconciliation of loans and borrowings balances:

RUB million	2022	2021
Balance as at 1 January	169,791	159,140
Cash inflows	57,171	61,622
Cash outflows	(23,926)	(50,081)
Foreign exchange	(11,950)	(812)
Interest accrued	4,223	3,910
Interest paid	(4,628)	(3,861)
Amortisation of bank commission	78	83
Other turnovers	(1)	(210)
Balance as at 31 December	190,758	169,791

25. Leases

RUB million	Lease liability without subsequent asset buyout	Lease liability with subsequent asset buyout	Total
Balance as at 1 January 2021	3,622	2,573	6,195
New lease contracts and modification of existing lease contracts	882	521	1,403
Interest expense on lease liabilities	223	172	395
Principal lease payments	(1,345)	(604)	(1,949)
Interest lease payments	(223)	(172)	(395)
Effect of foreign currency translation reserve	(11)	(1)	(12)
Balance as at 31 December 2021	3,148	2,489	5,637
New lease contracts and modification of existing lease contracts	(1,431)	460	(971)
Disposal of foreign subsidiaries (note 29)	(290)	-	(290)
Interest expense on lease liabilities	106	138	244
Principal lease payments	(730)	(699)	(1,429)
Interest lease payments	(106)	(138)	(244)
Effect of foreign currency translation reserve	34	(45)	(11)
Balance as at 31 December 2022	731	2,205	2,936

26. Defined benefit obligations

RUB million	31 December 2022	31 December 2021
Pension obligations, long-term	442	307
Post-retirement obligations other than pensions	608	645
Total defined benefit obligations	1,050	952

The Group has defined benefit plans at JSC "Apatit", including all the branches, which stipulate payment of a lump sum allowance to employees who have a specified period of service in this company upon their retirement. All the defined benefit plans are unfunded. The movement in the present value of the defined benefit obligations is as follows:

RUB million	2022	2021
Defined benefit obligations at 1 January	952	945
Disposal of foreign subsidiaries	(194)	-
Benefits paid	(101)	(132)
Current service costs and interest	103	123
Past service costs	(1)	(15)
Actuarial loss in other comprehensive income	276	36
Effect of foreign currency translation reserve and foreign exchange differences	15	(5)
Defined benefit obligations at 31 December	1,050	952

The key actuarial assumptions used in measurement of the defined benefit obligations are as follows:

	31 December 2022	31 December 2021
Discount rate	10.1%	7.5%
Future pension increases	6.0%	4.1%

27. Trade and other payables

RUB million	31 December 2022	31 December 2021
Trade accounts payable	15,700	16,643
including accounts payable for property, plant and equipment and intangible assets	4,294	5,676
Advances received (contract liabilities)	17,258	16,379
Payables to employees	4,620	5,094
Accruals and provisions	241	209
Other payables	1,593	3,429
Total trade and other payables	39,412	41,754

Contract liabilities balance at the beginning of the year was fully recognised in revenue during the reporting period.

28. Financial risk management

(a) Overview

In the normal course of its operations, the Group has exposure to market, credit and liquidity risks.

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

(b) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Foreign currency risk

The Group is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of Group entities. The currencies giving rise to this risk are primarily USD and EUR.

In respect of monetary assets and liabilities denominated in foreign currencies, the Group ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

The Group implemented a natural hedge approach (policy) aiming at reducing its exposure to foreign currency risk by means of borrowing in the same currencies in which sales agreements are denominated.

The Group has the following net monetary position on financial assets and liabilities denominated in foreign currencies:

RUB million	31 December 2022		31 December 2021	
	USD denominated	EUR denominated	USD denominated	EUR denominated
GROUP COMPANIES IN RUSSIA:				
Current assets	72,727	1,242	1,643	70
Non-current liabilities	(92,131)	(9,293)	(143,073)	(11,786)
Current liabilities	(46,001)	(3,333)	(13,563)	(1,712)
Net position of the Group companies in Russia	(65,405)	(11,384)	(154,993)	(13,428)
FOREIGN GROUP COMPANIES:				
Current assets	-	-	2,831	2,977
Non-current liabilities	-	-	-	(2)
Current liabilities	-	-	(137)	(199)
Net position of foreign Group companies	-	-	2,694	2,776
TOTAL:				
Current assets	72,727	1,242	4,474	3,047
Non-current liabilities	(92,131)	(9,293)	(143,073)	(11,788)
Current liabilities	(46,001)	(3,333)	(13,700)	(1,911)
Total net position	(65,405)	(11,384)	(152,299)	(10,652)

Management estimates that a 10% strengthening/(weakening) of RUB against USD and EUR, based on the Group's total net position in USD and EUR as at the reporting date would have increased/(decreased) the Group's profit for the year by RUB 7,679 million, before any tax effect (2021: would have increased/(decreased) the Group's profit for the year by RUB 16,295 million). This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2021.

The foreign exchange gain recognised in profit or loss of RUB 2,417 million (foreign exchange loss of RUB 838 million for the comparative period) resulted from Russian rouble appreciation against major currencies during the reporting period (Russian rouble depreciation against major currencies during the comparative period).

Interest rate risk

Interest rate risk is the risk that changes in interest rates will adversely impact the financial results of the Group. Management does not have a formal policy of determining how much of the Group's exposure should be to fixed or variable rates. However, at the time of raising new loans or borrowings management uses its judgment to decide whether it believes that a fixed or variable rate would be more favourable to the Group over the expected period until maturity.

The interest rate profile of the Group's interest-bearing financial instruments at their carrying values is as follows:

RUB million	31 December 2022	31 December 2021
FIXED RATE INSTRUMENTS		
Call deposits and other financial assets	6,063	8,594
Other non-current assets	107	181
Long-term borrowings	(107,781)	(154,309)
Short-term borrowings	(74,749)	(6,523)
Lease liabilities	(2,936)	(5,637)
Total fixed rate instruments	(179,296)	(157,694)
VARIABLE RATE INSTRUMENTS		
Long-term borrowings	(2,223)	(3,087)
Short-term borrowings	(6,225)	(6,189)
Total variable rate instruments	(8,448)	(9,276)

Sensitivity analysis for financial instruments with variable interest rates

At 31 December 2022, a 1 percentage point increase/(decrease) in interest rate, with all other variables held constant, would have decreased/(increased) the Group's profit for the year and equity by RUB 85 million (31 December 2021: RUB 93 million).

(c) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises from the Group's receivables from customers, loans issued to related parties, current and non-current financial assets and cash and cash equivalents.

As at 31 December 2022, the Group's maximum exposure to credit risk is represented by the carrying amount of its financial assets and amounted to RUB 85,116 million (31 December 2021: RUB 57,489 million).

As at 31 December 2022, 98 % of the Group's trade receivables balance are represented by one counterparty.

As at 31 December 2021, there are no counterparties with a significant share of trade receivables in the Group's trade receivables structure.

As at 31 December 2022, the Group's financial assets measured at amortised cost amounted to RUB 84,563 million (31 December 2021: RUB 47,648 million).

As at 31 December 2022, the Group's financial assets measured at fair value through profit or loss amounted to RUB 553 million (31 December 2021: RUB 6,675 million).

As at 31 December 2022, the Group has no financial assets measured at fair value through other comprehensive income (31 December 2021: RUB 3,166 million).

Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual specific characteristics of each customer. The general characteristics of the Group's customer base, including the default risk of the industry and country, in which customers operate, has less of an influence on credit risk.

Management has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, when available, and in some cases bank references. Purchase limits are established for each customer, which represent the maximum amount of outstanding receivables; these limits are reviewed quarterly. Customers that fail to meet the Group's benchmark creditworthiness may transact with the Group only on a prepayment basis.

The majority of the Group's customers have been transacting with the Group for several years, and losses have occurred infrequently. In monitoring customer credit risk, customers are grouped according to their credit characteristics. Trade and other receivables relate mainly to the Group's wholesale customers.

The Group does not require collateral in respect of trade and other receivables, except for new customers who are required to work on a prepayment basis or present an acceptable bank guarantee or set up letter of credit with an acceptable bank.

The Group establishes an allowance for impairment that represents its estimate of the expected credit losses in respect of trade and other receivables and other financial assets. The Group estimated the expected credit losses, applying a simplified approach to measuring expected credit losses, which uses lifetime expected loss allowance. In the terms of calculating the expected credit loss, the Group considers the credit rating of counterparties, adjusted with forward-looking factors specific to the debtors and economic environment in which they operate, and historical credit loss experience.

Exposures within each credit risk grade are segmented by geographic region classification and an ECL rate is calculated for each segment based on delinquency status and actual credit loss experience over the past years.

The credit loss allowance for trade receivables is determined according to provision matrix presented in the table below:

RUB Million				31 December 2022			31 December 2021		
Loss Rate	Gross carrying amount	Lifetime ECL	Net carrying value	Gross carrying amount	Lifetime ECL	Net carrying value	Gross carrying amount	Lifetime ECL	Net carrying value
0.1-0.5%	46,487	(81)	46,406	31,979	-	31,979			
1.3%	844	(11)	833	-	-	-			
2.0%	15,650	(312)	15,338	-	-	-			
3.0%	-	-	-	460	(14)	446			
5.0%	383	(19)	364	-	-	-			
10.0%	-	-	-	67	(7)	60			
13.8%	29	(4)	25	-	-	-			
18.0%	-	-	-	746	(135)	611			
21.3%	34	(6)	28	-	-	-			
30.0%	-	-	-	21	(6)	15			
60.0%	-	-	-	268	(162)	106			
100.0%	49	(49)	-	294	(15)	279			
Total	63,476	(482)	62,994	33,835	(339)	33,496			



Trade and other receivables include accounts receivable with the following past due periods at the reporting date:

RUB Million	31 December 2022			31 December 2021		
	Gross carrying amount	Lifetime ECL	Net carrying value	Gross carrying amount	Lifetime ECL	Net carrying value
Not past due	61,684	(406)	61,278	30,652	(3)	30,649
Past due 0-90 days	1,681	(18)	1,663	2,265	(46)	2,219
Past due 91-180 days	29	(4)	25	32	(6)	26
Past due 181-365 days	34	(6)	28	68	(51)	17
More than one year	48	(48)	-	818	(233)	585
	63,476	(482)	62,994	33,835	(339)	33,496

The following information shows the movements in the Group's assets and liabilities under the securitisation arrangement for the reporting period:

RUB million	2022	2021
Trade receivables transferred to the bank	9,717	23,992
Net-off with other payables	9,471	15,308
Associated cash inflow	246	8,684
Associated cash outflow	(3,180)	(3,566)
Other non-cash operations	(137)	253

Payables to the bank as at 31 December 2021 amounted to RUB 3,229 million are presented within other payables. Receivables from the bank as at 31 December 2021 amounted to RUB 854 million are presented within trade receivables. As a result of loss of control over its foreign subsidiaries (note 29) previously controlled by the Group, the Group has no securitization agreements and related payables and receivables balances as at 31 December 2022.

Current and non-current financial assets

The Group lends money to related parties and to third parties, who have good credit standing. Based on the prior experience, management believes that there is no significant credit risk in respect of related party and third party loans.

Cash and cash equivalents are primarily held with large banks with high credit rating, which provides high-level credit risk limits. All bank account balances and term deposits are not overdue or impaired.

Guarantees

For financial guarantees issued the maximum exposure to credit risk is the amount of the commitment (note 32). The Group's policy is to provide financial guarantees only to the subsidiaries or related parties.

(d) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Typically, the Group ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 30 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. In addition, the Group maintains several lines of credit in various Russian and international banks.

The table below illustrates the contractual maturities of financial liabilities, including interest payments, which are converted at the closing exchange rates, where applicable. The amounts disclosed in the maturity table are the contractual undiscounted cash flows:

RUB Million	31 December 2022							
	Carrying value	Contractual cash flows	0-1 year	1-2 yrs	2-3 yrs	3-4 yrs	4-5 yrs	Over 5 yrs
Loans and borrowings	190,978	202,313	84,567	26,025	40,747	11,829	3,060	36,085
Lease liabilities	2,936	3,487	1,488	1,026	515	312	113	33
Trade and other payables	17,616	17,616	17,616	-	-	-	-	-
Total	211,530	223,416	103,671	27,051	41,262	12,141	3,173	36,118

RUB Million	31 December 2021							
	Carrying value	Contractual cash flows	0-1 year	1-2 yrs	2-3 yrs	3-4 yrs	4-5 yrs	Over 5 yrs
Loans and borrowings	170,108	185,811	16,492	52,628	19,720	43,070	12,526	41,375
Lease liabilities	5,637	6,246	2,487	1,856	1,261	318	202	122
Trade and other payables	20,283	20,283	20,283	-	-	-	-	-
Financial guarantees issued for associates and related parties	75	75	75	-	-	-	-	-
Total	196,103	212,415	39,337	54,484	20,981	43,388	12,728	41,497

(e) Capital management

The Group's policy is to safeguard the Group's ability to continue as a going concern, to maintain a strong capital base in order to provide investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital invested and the level of dividends paid to shareholders.

There were no changes in the Board's approach to capital management during the year.

The Company and its subsidiaries are subject to externally imposed capital requirements including the statutory requirements of the country of their domicile and the bank covenants.

29. Loss of control over foreign subsidiaries

In March 2022, the Group's wholly owned foreign subsidiary Phosint Limited owning all the foreign companies of the Group, increased its share capital which was subscribed by a third party company Negrinio Limited, resulting in dilution of the Group's stake in Phosint Limited to 5%.

The Group performed the analysis of the key attributes and documents of the transaction, and made a conclusion that it lost a control over Phosint Limited as described in IFRS 10, Consolidated Financial Statements.

Upon the loss of control, the Group recognised a receivable of RUB 12,189 million with a payment period of three years, derecognised the assets and liabilities of the foreign subsidiaries and reclassified to profit or loss the cumulative amount of the exchange differences relating to the foreign subsidiaries of RUB 6,302 million, previously recognised in other comprehensive income and accumulated in the separate component of equity. The Group recognised the receivable at present value using a discount rate of 9% per annum and accrued finance costs of RUB 2,777 million.

Summarised amounts of the assets and liabilities in the foreign subsidiaries over which control is lost are presented below:

RUB million	As at the date of loss of control
ASSETS	
Property, plant and equipment	2,438
Right-of-use assets	264
Other non-current assets	722
Trade and other receivables	42,238
Cash and cash equivalents	36,729
Inventories	17,147
Income tax receivable	10
LIABILITIES	
Other non-current liabilities	(1,043)
Lease liabilities	(290)
Trade and other payables	(77,938)
Income tax payable	(1,749)
Other current liabilities	(37)
Total net assets	18,491

As the Group retained no significant influence over Phosint Limited upon loss of control, it classified the remaining 5% share in the company as a financial asset measured at fair value through other comprehensive income with a non-significant fair value at the date of initial recognition and at the reporting date.

The Group didn't recognize any gain or loss as a result of Phosint Group disposal:

RUB million	As at the date of loss of control
Carrying amount of net assets disposed	18,491
Foreign currency translation difference reclassified to profit or loss upon loss of control over foreign subsidiaries	(6,302)
Receivable accrued as a result of disposal of foreign subsidiaries	12,189
Result from loss of control over foreign subsidiaries	-

30. Commitments

As at 31 December 2022, the Group had contractual commitments for the purchase of property, plant and equipment for RUB 35,181 million (31 December 2021: RUB 29,458 million), including VAT where applicable.

31. Contingencies

(a) Litigation

The Group has a number of small claims and litigations relating to regular business activities and small fiscal claims. Management believes that none of these claims, individually or in aggregate, will have a material adverse impact on the Group.

(b) Taxation contingencies

Russian tax legislation which was enacted or substantively enacted at the end of the reporting period, is subject to varying interpretations when being applied to the transactions and activities of the Group. Consequently, tax positions taken by management and the formal documentation supporting the tax positions may be challenged tax authorities. Russian tax administration is gradually strengthening, including the fact that there is a higher risk of review of tax transactions without a clear business purpose or with tax non-compliant counterparties. Fiscal periods remain open to review by the authorities in respect of taxes for three calendar years preceding the year when decisions about the review was made. Under certain circumstances reviews may cover longer periods.

Russian transfer pricing (TP) legislation is generally aligned with the international TP principles developed by the Organisation for Economic Cooperation and Development (OECD), although it has specific features. The TP legislation provides for the possibility of additional tax assessment for controlled transactions (transactions between related parties and certain transactions between unrelated parties) if such transactions are not on an arm's-length basis. The management has implemented internal controls to comply with current TP legislation.

Tax liabilities arising from controlled transactions are determined based on their actual transaction prices. It is possible, with the evolution of the interpretation of TP rules, that such prices could be challenged. The impact of any such challenge cannot be reliably estimated; however, it may be significant to the financial position and/or the Group's operations.

As Russian tax legislation does not provide definitive guidance in certain areas, the Group adopts, from time to time, interpretations of such uncertain areas that reduce the overall tax rate of the Group. While management currently estimates that the tax positions and interpretations that it has taken can probably be sustained, there is a possible risk that an outflow of resources will be required should such tax positions and interpretations be challenged by the tax authorities. The impact of any such challenge cannot be reliably estimated; however, it may be significant to the financial position and/or the overall operations of the Group.

(c) Environmental contingencies

The enforcement of environmental regulation in the Russian Federation is evolving and the enforcement posture of government authorities is continually being reconsidered.

The Group is involved in chemical production, which is inherently exposed to significant environmental risks. The Group companies record environmental obligations as they become probable and reliably measurable. The Group companies are parties to different litigations with the Russian environmental authorities. The management believes that based on its interpretations of applicable Russian legislation, official pronouncements and court decisions no provision is required for environmental obligations. However, the interpretations of the relevant authorities could differ from management's position and the effect on these consolidated financial statements, if the authorities were successful in enforcing their interpretations, could be significant.

(d) Compliance with covenants

The Group is subject to certain covenants related primarily to its loans and borrowings. Non-compliance with such covenants may result in negative consequences for the Group including growth in the cost of borrowings and declaration of default.

The Group was in compliance with covenants during the years ended 31 December 2022 and 31 December 2021. The payment obligations of the Group in respect of coupon payments for Eurobonds are fulfilled when the funds are transferred to the account of the paying agent.



32. Related party transactions

Parties are generally considered to be related if the parties are under common control or if one party has the ability to control the other party 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. Other related parties include entities controlled by the Company's key shareholders.

The balances and transactions with related parties are usually unsecured and denominated in RUB.

(a) Transactions with related parties

RUB million	Nature of relationship	2022	2021
Sales of goods and services	Associates	30	26
Purchases of goods and services	Associates	(734)	(585)
Sales of goods and services	Other related parties	1,089	968
Other expenses, net	Other related parties	(85)	(60)
Purchases of goods and services	Other related parties	(246)	(224)

In 2022, the Company declared dividends in total amount of RUB 91,366 million (2021: RUB 46,824 million) to its shareholders which have significant influence over the Group.

(b) Balances with related parties

RUB million	Nature of relationship	31 December 2022	31 December 2021
Trade and other receivables	Associates	42	20
Trade and other payables	Associates	(39)	(17)
Trade and other receivables	Other related parties	8	8
Trade and other payables	Other related parties	(451)	(349)
Short-term loans issued, at amortised cost	Other related parties	-	25

(c) Financial guarantees

As at 31 December 2022 the Group does not have any financial guarantees issued to the bank to secure associates' bank loans (31 December 2021: RUB 75 million).

(d) Remuneration of key management personnel and Board of Directors members

Remuneration of key management personnel consists of monthly compensation, annual performance bonus contingent on operating results, termination benefits and contributions to the Russian state pension and social funds. The remuneration of the Board of Directors and key management personnel recognised as part of administrative and selling overhead expenses amounted to RUB 16,897 million (2021: RUB 4,147 million).

33. Significant subsidiaries

Subsidiary	Country of incorporation	Effective ownership (rounded)	
		31 December 2022	31 December 2021
Apatit, JSC (including Balakovo, Volkhov and Kirovsk branches)	Russia	100%	100%
Mekhanik, LLC	Russia	100%	100%
NIUIF, JSC	Russia	94%	94%
PhosAgro-Region, LLC	Russia	100%	100%
PhosAgro-Belgorod, LLC	Russia	100%	100%
PhosAgro-Don, LLC	Russia	100%	100%
PhosAgro-Kuban, LLC	Russia	100%	100%
PhosAgro-Kursk, LLC	Russia	100%	100%
PhosAgro-Lipetsk, LLC	Russia	100%	100%
PhosAgro-Oryol, LLC	Russia	100%	100%
PhosAgro-Stavropol, LLC	Russia	100%	100%
PhosAgro-Volga, LLC	Russia	100%	100%
PhosAgro-SeveroZapad, LLC	Russia	100%	100%
PhosAgro-Tambov, LLC	Russia	100%	100%
PhosAgro-Sibir, LLC	Russia	100%	100%
PureFert Trading AG (PhosAgro Trading SA till 05.09.2022) ¹	Switzerland	5%	100%
PUREFERT LIMITED (Phosint Limited till 30.08.2022) ¹	Cyprus	5%	100%
PureFert Logistics AG (PhosAgro Logistics SA till 05.09.2022) ¹	Switzerland	5%	100%
PhosAgro Polska Sp.z o.o. ¹	Poland	5%	100%
PureFert Deutschland GmbH (PhosAgro Deutschland GmbH till 21.11.2022) ¹	Germany	5%	100%
PUREFERT FRANCE SAS (PhosAgro France SAS till 10.11.2022) ¹	France	5%	100%
PUREFERT Balkans d.o.o. (PhosAgro Balkans DOO till 07.09.2022) ¹	Serbia	5%	100%
UAB PhosAgro Baltic ¹	Lithuania	5%	100%
Purefert Balkans S.R.L. (PhosAgro Balkans SRL till 06.10.2022) ¹	Romania	5%	100%
Purefert South Africa Proprietary Limited (PhosAgro South Africa Proprietary Limited till 07.10.2022) ¹	South Africa	5%	100%
Logifert Oy ¹	Finland	5%	100%
Bulk Terminal Kotka Oy ¹	Finland	5%	100%

34. Subsequent events

On 1 January 2023 Russian government decree entered into force, introducing the customs duties on export volumes of mineral fertilizers during the period from 1 January to 31 December 2023.

In March 2023, the Board of Directors proposed paying a dividend of RUB 465 per ordinary share.

¹ In March 2022, the Group lost control over its wholly owned foreign subsidiary Phosint Limited owning all the foreign companies of the Group, see note 29