

PJSC “PhosAgro”
Consolidated Statement of Changes in Equity for 2023

RUB million	Attributable to shareholders of the Company						Attributable to non-controlling interests	Total equity
	Share capital	Share premium	Retained earnings	Actuarial losses	Foreign currency translation reserve	Total		
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 25	-	-	-	(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	-	-	-	-	(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, note 21	-	-	(142,191)	-	-	(142,191)	-	(142,191)
Balance at 31 December 2022	372	7,494	190,664	(968)	-	197,562	158	197,720
Balance at 1 January 2023	372	7,494	190,664	(968)	-	197,562	158	197,720
Total comprehensive income/(loss)								
Profit for the year	-	-	86,084	-	-	86,084	57	86,141
Actuarial losses, note 25	-	-	-	(35)	-	(35)	-	(35)
Transactions with owners recognised directly in equity								
Dividends, note 21	-	-	(132,090)	-	-	(132,090)	(131)	(132,221)
Balance at 31 December 2023	372	7,494	144,658	(1,003)	-	151,521	84	151,605

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 33.

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PJSC “PhosAgro”
Notes to the Consolidated Financial Statements for 2023

1 BACKGROUND

(a) Organisation structure and operations

PJSC “PhosAgro” (the “Company” or the “Parent”) 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 Company’s address 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 2023 and at 31 December 2022, the Company’s major shareholder is the entity registered in Russia – ILLC Adorabella holding approximately 23.3% of the ordinary shares. As of 31 December 2023, and 31 December 2022, 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 29). The Russian economy continues to be negatively impacted by ongoing political tension in the region and international sanctions against certain Russian companies and individuals.

Geopolitical tension caused by the Ukrainian case in February 2022 continued in 2023. Geopolitical situation escalation resulted in significant exchange rates fluctuations and increased volatility in financial and commodity markets. Sanctions and restrictions have been and continue to be imposed towards a number of Russian entities such as access termination to European and USA financial markets, SWIFT international system and others. Price cap on Russian oil and gas and embargo on Russian petrochemicals were introduced. There is no way to determine how long the increased volatility will continue and when the above factors will stabilise. 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.

The Russian Government Resolution that came into effect starting from 2023 introduced export duties on mineral fertilisers followed by the subsequent changes to the customs duty calculation method and rates:

- 1) From 1 January to 31 August 2023, the rate stood at 23.5% and was applied to a difference between the customs value of exported products and USD 450 per tonne.
- 2) From 1 September to 30 September 2023, the customs duty rate for nitrogen-based fertilisers was 7% of their customs value, but not less than RUB 1,100 per tonne; the rate for phosphate-based and compound fertilisers stood at 7% of their customs value, but not less than RUB 2,100 per tonne.
- 3) From 1 October 2023 to 31 December 2024, the following customs duty rates depending on the official exchange rate of US dollar to Russian Rouble set by the Central Bank of Russia are applied:
 - on nitrogen-based fertilisers – 7% of their customs value, but not less than RUB 1,100 per tonne, if the average US dollar exchange rate over the monitoring month is below RUB 80, or 10% of their customs value, but not less than RUB 1,100 per tonne, if the average US dollar exchange rate over the monitoring month is above RUB 80;
 - on phosphate-based and compound fertilisers – 7% of their customs value, but not less than RUB 2,100 per tonne, if the average US dollar exchange rate over the monitoring month is below RUB 80, or 10% of their customs value, but not less than RUB 2,100 per tonne, if the average US dollar exchange rate over the monitoring month is above RUB 80.

On 4 August 2023, the President of the Russian Federation signed Federal Law No. 414-FZ *On Excess Profits Tax* (the so-called “Windfall Tax”) effective from 1 January 2024. The law introduces 10% tax rate applied to the excess of the arithmetic average profits for 2021-2022 over the arithmetic average profits for 2018-2019. The amount of tax can be reduced by half to the effective rate of 5% provided that the taxpayer pays a security payment to the federal budget from 1 October to 30 November 2023. The Group’s windfall tax liability and expense calculated at 5% tax rate is RUB 6,355 million. In November 2023, the Group made a security payment for the windfall tax presented as a separate line item in the consolidated statement of cash flows.

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.