PJSC "PhosAgro"
Consolidated Statement of Changes in Equity for 2023

RUB million	Attributable to shareholders of the Company							
	Share capital	Share premium	Retained earnings	Actuarial losses	Foreign currency translation reserve	Total	Attributable to non-controlling interests	Total equity
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.

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.

2 BASIS OF PREPARATION

(a) Statement of compliance

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

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

(b) Basis of measurement

The consolidated financial statements are prepared on the historical cost basis, except for financial instruments initially recognised at fair value with subsequent revaluation through profit or loss.

(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. Until the loss of control, the Group included entities with US dollar, Euro and other currencies as a functional currency.

(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.

In 2022, until the loss of control over Phosint Limited, profit and loss items of foreign subsidiaries were translated from USD and EUR into RUB at the following average exchange rates for the appropriate month:

	2022	
Average exchange rate for the month	**RUB to USD 1**	**RUB to EUR 1**
January	75.8837	85.9393
February	77.4048	87.7638
March	104.0810	114.7127

(e) Use of estimates and judgments

The preparation of consolidated financial statements in conformity with IFRS Accounting Standards 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 (b) (iii) – estimated useful lives of property, plant and equipment;
- Note 15 - recognition of deferred tax assets: availability of future taxable income for offsetting with appropriate tax losses.

(f) Adoption of new and revised standards and interpretations

The following revised standards, issued by the International Accounting Standards Board (IASB) and approved for use on the territory of Russian Federation, became effective from January 1, 2023, but didn't have a material impact on the Group unless otherwise specified.

- IFRS 17 Insurance Contracts (issued on 18 May 2017 and effective for annual periods beginning on or after 1 January 2021, the effective date subsequently modified to 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).

PJSC "PhosAgro"
Notes to the Consolidated Financial Statements for 2023

2 BASIS OF PREPARATION (CONTINUED)

- 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). The Group revised its approach to significant accounting policies disclosure in accordance with amendments to the requirements as set out in note 3.
- 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).

The following amendments, issued by the International Accounting Standards Board (IASB), were not approved for application in Russian Federation and didn't have a material impact on the Group:

International Tax Reform – Pillar Two Model Rules – Narrow-scope amendments to IAS 12 (issued on 23 May 2023 and effective for annual periods beginning on or after 1 January 2023).

(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 2024 and which the Group has not early adopted, but is in process of assessing the impact on the Group's consolidated financial statements.

- 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, the effective date subsequently modified to 1 January 2024).
- 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, the effective date subsequently modified to 1 January 2024).
- 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).
- Supplier Finance Arrangements – amendments to IAS 7 and IFRS 7 (issued on 25 May 2023 and effective for annual periods beginning on or after 1 January 2024).
- Lack of exchangeability – Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates (issued on 15 August 2023 and effective for annual periods beginning on or after 1 January 2025).
- 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 18 Presentation and Disclosure in Financial Statements (issued on 9 April 2024 and effective for annual periods beginning on or after 1 January 2027).

3 SIGNIFICANT ACCOUNTING POLICIES

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

(a) Foreign currencies

Foreign exchange gains and losses that relate to loans and borrowings as well as cash and cash equivalents are presented in the consolidated statement of profit or loss and other comprehensive income within the line item "Foreign exchange loss/gain from financing activities, net". All other foreign exchange gains and losses are presented in the consolidated statement of profit or loss and other comprehensive income within the line item "Foreign exchange gain/loss from operating activities, net".

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Property, plant and equipment

(i) Initial recognition

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 Accounting Standards (January 1, 2005) 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.

(ii) Subsequent expenditure

Expenses related to current repairs and maintenance of property, plant and equipment are recognised within profit or loss and other comprehensive income as incurred.

The Group recognises expenses related to current repairs and maintenance of property, plant and equipment incurred less than once per 12 months with the cost of more than RUB 100 thousand as assets, and depreciates these assets on a straight-line basis until the next repair.

Expenses related to the replacement of major spare parts and renewal of property, plant and equipment are capitalised and depreciated in the ordinary course.

(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.

Tangible fixed assets 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.

(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.

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

The Group capitalises borrowing costs that could have been avoided if it had not made capital expenditure on qualifying assets. Borrowing costs capitalised are calculated at the Group's average funding cost (the weighted average interest cost is applied), 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.

PJSC "PhosAgro"
Notes to the Consolidated Financial Statements for 2023

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Financial instruments

Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, long-term accounts 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's financial assets measured at amortised cost include trade and other receivables (excluding receivables measured at fair value under provisionally priced sales agreements), long-term receivables, cash and cash equivalents, and loans issued.

The Group's financial assets measured at fair value through profit or loss include receivables under provisional pricing agreements and investments in equity instruments.

The Group's financial liabilities measured at amortised cost include loans and borrowings, lease liabilities, trade and other payables, dividends payable.

(d) 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.

(e) Inventories

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.

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.

Spare parts to be used for construction and in repairs capitalised are classified as non-current assets and are included in line item "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.

(f) Impairment

Financial assets

The Group recognises loss allowances for expected credit losses (ECLs) on financial assets measured at amortised cost. The Group estimates loss allowances either based on ECLs that result from default events possible within 12 months after the reporting date or based on lifetime ECLs that result from all possible default events over the expected life of a financial instrument.

The Group estimates loss allowance for trade receivables using the simplified approach in the amount equal to the lifetime ECL of the financial instrument. To calculate expected credit losses, the Group segments counterparties based on their geographic location and considers their credit rating, adjusted for current and future factors specific to the debtors, historical credit loss experience and economic environment in which they operate.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Group estimates loss allowances for other financial assets either based on ECLs that result from default events possible within 12 months after the reporting date or until contract maturity, if shorter, until there has been a significant increase in credit risk since the initial recognition of the asset. In assessing ECL and credit risk, the Group considers quantitative and qualitative information and performs an analysis that is based on the Group's actual credit loss experience and considers forward-looking information. A significant increase in credit risk is presumed if a debtor is more than 30 days past due.

If credit risk has increased significantly since the initial recognition or there is evidence that a financial asset is impaired, the expected credit losses for that asset are measured based on the lifetime ECLs. If the fair value of an impaired financial asset subsequently increases and such increase can be objectively attributed to an event occurring after the impairment loss was recognised in profit or loss for the period, the amount written off as a loss is reversed and the reversed amount is recognised in profit or loss for the period.

(g) Leases

As a lessee

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 fixed payments.

The Group separates lease cash flows into principal lease payments (financing activities) and interest lease payments (operating activities) in the consolidated statement of cash flows.

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.

(h) Employee benefits

(i) *Defined benefit 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 consolidated statement of profit or loss and other comprehensive income. To the extent the benefits vest immediately, the expense is recognised immediately in the consolidated statement of profit or loss and other comprehensive income.

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.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(iii) Defined contribution plans

The Group makes mandatory contributions to the Social Fund of Russian Federation (until January 1, 2023 – Russia's State pension fund). These amounts are written off as expenses in the period when the Group's employees provided services related to these accruals.

(i) Income tax

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 measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws in force or put into force by the reporting date.

Deferred tax assets and liabilities are offset if they relate to income taxes levied by the same tax authority on the same taxable entity.

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.

(j) Windfall tax

Windfall tax is within the scope of IAS 12 Income taxes, it is recognised as a current income tax and is subject to respective income tax accounting policy.

Windfall tax is a one-off tax. Windfall tax liability and expenses are recognised in the consolidated financial statements starting from the moment when the Federal Law has been substantively enacted.

Windfall tax liability and expenses are measured at the amount calculated using the tax rates considering security payment made.

In the consolidated statement of financial position, the security payment was reflected together with the with the windfall tax liability until the entity had a legally enforceable right of offset, which would arise from 1 January 2024.

(k) 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.

The selling price for goods or services can be fixed or provisionally priced, with subsequent determination of the final price within the period established by the contract (provisionally priced contracts). Revenue under such contracts is initially recognised at a predetermined price. Accounts receivable under provisionally priced contracts are measured at fair value through profit or loss with appropriate adjustments recorded in revenue until the final price is determined.

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 goods 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.

Group`s revenue 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.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Export customs duties

Starting from January 1, 2023, customs duties were introduced on export revenue of mineral fertilisers (note 1), which are considered by the Group as an additional fee and are recognised as logistics expenses as part of the cost of products sold.

(m) Taxes, other than income tax

The Group presents taxes, other than income taxes in a separate line item in the consolidated statement of profit or loss and other comprehensive income “Taxes other than income taxes” (note 8). The Group does not classify these expenses according to their function in the line items of cost of sales, administrative and selling expenses. According to the Group’s management opinion the presentation in a separate line item in the consolidated statement of profit or loss and other comprehensive income, transparently and fully presents information about taxes, other than income tax impact on the financial results of the Group.

(n) 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. 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 credit loss for financial investments, share of loss of associates and foreign exchange losses on financing activities.

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

(o) 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.

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.

4 FAIR VALUE DETERMINATION

When measuring a 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 of 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, either directly (i.e. as prices) or indirectly (i.e. derived from prices);
- *Level 3*: inputs for the asset and liability that are not based on observable market data (unobservable inputs).

If inputs used to measure a fair value of an asset or a liability might be categorised into different levels of fair value hierarchy, then 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.

4 FAIR VALUE DETERMINATION (CONTINUED)

(a) Financial assets and liabilities measured at amortised cost

The fair value of financial assets and liabilities represented by short-term loans issued, trade and other receivables (except for receivables measured at fair value under provisional pricing agreements), cash and cash equivalents, trade and other payables is categorised into level 3 of fair value hierarchy and approximate their carrying amounts at the reporting date.

Bonds’ fair value is measured based on quoted market prices for disclosure purposes and categorised into level 1 of the fair value hierarchy. Loans and borrowings and non-current receivables fair value is categorised into level 3 of the fair value hierarchy.

(b) Financial instruments measured at fair value

The fair value of investments measured at fair value through profit or loss and receivables under provisionally priced sales agreements measured at fair value through profit or loss is determined using the valuation techniques and categorised into level 3 of the fair value hierarchy.

Investments value measured at fair value through profit or loss is estimated based on the model of discounted cash flows from the investee's operating activities.

Receivables fair value under provisionally priced sales agreements is calculated based on mineral fertiliser market prices expected at the date when the price is finalised. These assumptions are based on consensus prices forecasts prepared by independent analytical agencies, adjusted in accordance with price calculation formulas specified in existing delivery contracts.

5 REVENUES

RUB million	**2023**	**2022**
Phosphate-based and nitrogen-based products	421,690	551,037
Other	18,614	18,490
Revenues	**440,304**	**569,527**

6 COST OF GROUP PRODUCTS SOLD

RUB million	**2023**	**2022**
Production expense for Group goods sold	**(197,783)**	**(222,360)**
Depreciation	(29,374)	(26,979)
Salaries and social contributions	(26,265)	(19,667)
Potash	(22,444)	(27,418)
Materials and services	(22,158)	(19,997)
Repair and maintenance expenses	(15,865)	(12,002)
Natural gas	(15,033)	(14,226)
Transportation of phosphate rock	(13,468)	(11,610)
Ammonia	(11,533)	(19,550)
Sulphur and sulphuric acid	(11,507)	(40,798)
Electricity	(7,317)	(6,754)
Fuel	(5,754)	(6,459)
Feedstock processing services	(4,341)	-
Anti-clodding agent	(3,785)	(4,597)
Drilling and blasting operations expenses	(3,101)	(3,217)
Reagents	(3,020)	(2,755)
Ammonium sulphate	(2,818)	(6,331)
Logistics expenses for Group goods sold	**(37,777)**	**(31,059)**
Russian Railways infrastructure tariff and operators’ fees	(14,047)	(12,647)
Customs duties	(13,207)	(1,420)
Freight, port and stevedoring expenses	(9,924)	(16,382)
Other services and materials	(599)	(610)
Cost of Group products sold	**(235,560)**	**(253,419)**

7 ADMINISTRATIVE AND SELLING EXPENSES

RUB million	2023	2022
Administrative expenses:	**(27,185)**	**(37,328)**
Salaries and social contributions	(18,684)	(29,015)
Professional services	(2,197)	(2,386)
Depreciation and amortisation	(1,561)	(1,387)
Security and fire safety services	(1,539)	(1,222)
Office equipment and stationery	(866)	(784)
Representative and travel expenses	(831)	(553)
Repair and maintenance services	(362)	(303)
Utilities	(281)	(240)
Advertising and brand promotion	(206)	(226)
Other services	(658)	(1,212)
Selling expenses:	**(5,097)**	**(5,075)**
Salaries and social contributions	(2,476)	(2,885)
Depreciation and amortisation	(1,347)	(1,173)
Advertising and brand promotion	(458)	(252)
Repair and maintenance services	(322)	(324)
Other services	(494)	(441)
Administrative and selling expenses	**(32,282)**	**(42,403)**

8 TAXES, OTHER THAN INCOME TAX

RUB million	2023	2022
Mineral extraction tax	(10,026)	(8,707)
Property tax	(2,030)	(1,890)
Environment pollution payment	(225)	(207)
VAT included in expenses	(206)	(162)
Land tax	(184)	(226)
Using water objects payment	(67)	(58)
Other taxes	(41)	(77)
Taxes, other than income tax	**(12,779)**	**(11,327)**

9 OTHER EXPENSES, NET

RUB million	2023	2022
Social expenditures	(7,720)	(9,314)
Loss on disposal of property, plant and equipment and intangible assets	(365)	(429)
Accrual of contingent liabilities	(108)	(32)
Increase in credit loss allowance	(76)	(539)
Gain on disposal of inventories	485	276
Fines, penalties and compensations received	173	288
Decrease in allowance for inventory write-down	6	120
Other income, net	48	259
Other expenses, net	**(7,557)**	**(9,371)**

PJSC "PhosAgro"
Notes to the Consolidated Financial Statements for 2023

10 FINANCE INCOME AND FINANCE COSTS

RUB million	2023	2022
Interest income	1,967	3,818
Unwinding of discount (note 16)	1,308	519
Other finance income	78	102
Finance income	**3,353**	**4,439**
Interest expense on borrowings (note 23)	(7,179)	(4,223)
Interest expense on lease liabilities (note 24)	(284)	(244)
Bank fees	(171)	(258)
Interest expense on defined benefit obligations	(103)	(56)
Credit loss allowance on loans issued (note 17)	-	(4,124)
Discount on extension of payment terms (note 16)	-	(2,777)
Loss from revaluation of financial instruments	-	(55)
Securitization fees	-	(47)
Increase in credit loss allowance on financial assets	-	(14)
Other finance costs	(144)	(169)
Finance costs	**(7,881)**	**(11,967)**

11 INCOME TAX EXPENSE

The Company's applicable corporate income tax rate is 20% (2022: 20%).

RUB million	2023	2022
Current tax expense	(28,172)	(41,465)
Windfall tax expense	(6,355)	-
Deferred income tax - origination and reversal of temporary differences, including change in unrecognised tax assets	6,065	(6,118)
Income tax expense	**(28,462)**	**(47,583)**

In November 2023, the Group made windfall tax security payment in the amount of RUB 6,355 million. Accordingly, the windfall tax rate was amounted to 5%.

Reconciliation of income tax:

RUB million	2023	2022
Profit before tax	114,603	232,297
Income tax at applicable tax rate	(22,921)	(46,459)
Windfall tax	(6,355)	-
Tax effect of items which are not deductible or assessable for taxation purposes	(1,818)	(2,072)
Tax effect from concessionary tax rate	2,157	3,289
Tax effect on foreign exchange differences on receivables recognised from disposal of Phosint Group	475	(295)
Tax effect on receivables recognised from disposal of Phosint Group	-	(1,647)
Tax effect on provision for loans issued	-	(517)
Effect of tax rates in foreign jurisdictions	-	118
Income tax expense	**(28,462)**	**(47,583)**

12 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 2022	**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	(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**
Additions	4,693	11,657	3,235	47,392	**66,977**
Transfers	6,102	19,577	-	(25,679)	**-**
Disposals	(1,924)	(6,236)	(451)	(123)	**(8,734)**
Gross book value at 31 December 2023	**146,691**	**259,834**	**26,198**	**65,591**	**498,314**
Accumulated depreciation at 1 January 2022	**(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	357	1,241	85	-	**1,683**
Other transfers	(13)	59	(9)	-	**37**
Accumulated depreciation at 31 December 2022	**(36,708)**	**(114,368)**	**(14,473)**	**-**	**(165,549)**
Depreciation	(8,572)	(21,512)	(2,191)	-	**(32,275)**
Disposals	1,889	5,844	440	-	**8,173**
Accumulated depreciation at 31 December 2023	**(43,391)**	**(130,036)**	**(16,224)**	**-**	**(189,651)**
Net book value at 1 January 2022	**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**
Net book value at 31 December 2023	**103,300**	**129,798**	**9,974**	**65,591**	**308,663**

During the year ended 31 December 2023, the Group capitalised borrowing costs in the amount of RUB 1,896 million (2022: RUB 976 million) in the value of property, plant and equipment using the weighted average interest rate of 4.43% per year (2022: 2.55% per year).

As at 31 December 2023, the most significant construction in progress balances were represented by the following investment projects:

- Kirovsk branch of Apatit, JSC: Kirovsk mine extension and modernization. As at 31 December 2023, the Group capitalised expenses of RUB 18,674 million (as at 31 December 2022: RUB 13,458 million);
- Kirovsk branch of Apatit, JSC: Rasvumchorrskiy mine extension and modernization. As at 31 December 2023, the Group capitalised expenses of RUB 6,903 million (as at 31 December 2022: RUB 4,821 million);
- Kirovsk branch of Apatit, JSC: apatit-nepheline beneficiation plants extension and modernization. As at 31 December 2023, the Group capitalised expenses of RUB 3,835 million (as at 31 December 2022: RUB 4,575 million);

12 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

- Balakovo branch of Apatit, JSC: sulphuric acid facilities extension and modernization. As at 31 December 2023, the Group capitalised expenses of RUB 5,605 million (as at 31 December 2022: RUB 2,184 million);
- Balakovo branch of Apatit, JSC: granulated ammonium sulphate facilities construction. As at 31 December 2023, the Group capitalised expenses of RUB 2,315 million (as at 31 December 2022: RUB 2,616 million);
- Apatit, JSC, Cherepovets: ammonia production facilities support and modernization. As at 31 December 2023, the Group capitalised expenses of RUB 3,198 million (as at 31 December 2022: RUB 1,724 million);
- Volkhov branch of Apatit, JSC: construction of auxiliary facilities for the production of monoammonium phosphate. As at 31 December 2023, the Group capitalised expenses of RUB 754 million (as at 31 December 2022: RUB 3,385 million).

13 RIGHT-OF-USE ASSETS

The Group has the following types of right-of-use assets: railway wagons, production equipment, containers for bulk cargo, 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	Fixtures and fittings	Total
Net book value at 1 January 2022	**452**	**6,503**	**-**	**6,955**
New lease contracts or modification on existing lease contracts	60	(1,118)	-	**(1,058)**
Depreciation	(78)	(1,108)	-	**(1,186)**
Disposals	(67)	(132)	-	**(199)**
Disposal of foreign subsidiaries	(246)	(18)	-	**(264)**
Effect of foreign currency translation reserve	27	2	-	**29**
Net book value at 31 December 2022	**148**	**4,129**	**-**	**4,277**
New lease contracts or modification on existing lease contracts	216	1,102	2,851	**4,169**
Depreciation	(63)	(978)	(88)	**(1,129)**
Disposals	(15)	(62)	-	**(77)**
Net book value at 31 December 2023	**286**	**4,191**	**2,763**	**7,240**

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

RUB million	2023	2022
Depreciation expense on right-of-use assets	1,129	1,186
Expenses relating to leases with variable payments	562	498
Expenses relating to short-term leases	387	349
Interest expense on lease liabilities	284	244

Amounts recognised in the consolidated statement of cash flows:

RUB million	2023	2022
Principal lease payments (note 24)	(1,416)	(1,429)
Expenses relating to leases with variable payments	(562)	(498)
Expenses relating to short-term leases	(387)	(349)
Interest payments (note 24)	(284)	(244)
Total payments	**(2,649)**	**(2,520)**

14 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

Carrying values of the Group’s investments in associates and joint ventures are as follows:

	31 December 2023		31 December 2022	
RUB million	Carrying value	Share of ownership	Carrying value	Share of ownership
JSC Khibinskaya Teplovaya Kompaniya (Russia)	534	50%	504	50%
JSC Giproruda (Russia)	62	25%	62	25%
JSC Soligalichskiy izvestkovyi kombinat (Russia)	39	26%	26	26%
LLC Avrora-Khibiny (Russia)	1	50%	-	-
Total	**636**		**592**	

15 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:

	Assets	Liabilities	Net	Assets	Liabilities	Net
RUB Million	31 December 2023			31 December 2022		
Property, plant and equipment, right-of-use assets and intangible assets	85	(18,314)	(18,229)	104	(15,986)	(15,882)
Other non-current assets	39	(1,615)	(1,576)	41	(1,199)	(1,158)
Current assets	721	(1,158)	(437)	765	(1,945)	(1,180)
Liabilities	5,514	-	5,514	1,345	(1,565)	(220)
Tax loss carry-forwards	10,876	-	10,876	8,523	-	8,523
Deferred tax assets/(liabilities)	17,235	(21,087)	(3,852)	10,778	(20,695)	(9,917)
Offset	(7,484)	7,484	-	(2,875)	2,875	-
Net deferred tax assets/(liabilities)	**9,751**	**(13,603)**	**(3,852)**	**7,903**	**(17,820)**	**(9,917)**

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 2023 can be carried forward without limitation on utilisation period.

Management has developed a tax strategy to utilise the above tax losses. In assessing the tax losses recoverability, management considers a future Group’s taxable profits forecast and the Group’s tax position to ensure whether it is probable that the relevant taxable profit will be available taking into account the Group’s available restructuring arrangements to deferred tax utilization. In addition, management expects to utilise a part of tax losses in 2024 through the taxable income from the repayment of short-term part of receivable recognised as a result of Phosint Group disposal (note 17).

As at 31 December 2023, no deferred tax liability for taxable temporary differences of RUB 88,627 million associated with investments in subsidiaries has been recognised (31 December 2022: for taxable temporary differences of RUB 113,212[1] 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 applicable income tax rate for intragroup dividends is expected to be 0%.

[1]In 2023, the Group changed the approach to taxable temporary differences calculation. The Group adjusted the amount of taxable temporary differences as at 31 December 2022 to ensure information comparability in the consolidated financial statements for 2023.

15 DEFERRED TAX ASSETS AND LIABILITIES (CONTINUED)

(b) Movement in temporary differences during the year

RUB million	31 December 2023	Recognised in profit or loss	Recognised in other comprehensive income	Disposal of foreign subsidiaries	1 January 2023
Property, plant and equipment, right-of-use assets and intangible assets	(18,229)	(2,347)	-	-	(15,882)
Other non-current assets	(1,576)	(418)	-	-	(1,158)
Current assets	(437)	743	-	-	(1,180)
Liabilities	5,514	5,734	-	-	(220)
Tax loss carry-forwards	10,876	2,353	-	-	8,523
Net deferred tax (liabilities)/assets	**(3,852)**	**6,065**	**-**	**-**	**(9,917)**

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	8,523	1,697	-	-	6,826
Net deferred tax (liabilities)/assets	**(9,917)**	**(6,118)**	**75**	**(436)**	**(3,438)**

16 OTHER NON-CURRENT ASSETS

RUB million	31 December 2023	31 December 2022
Receivable accrued as a result of Phosint Group disposal[1]	7,178	8,454
Allowance for expected credit losses	(71)	(85)
Receivable accrued as a result of Phosint Group disposal, net	**7,107**	**8,369**
Investments in equity instruments measured at fair value through profit or loss[1]	1,025	-
Loans issued to employees, at amortised cost	65	69
Long-term accounts receivable	45	58
Financial assets, at fair value through profit or loss	11	12
Loans issued to third parties, at amortised cost	9	38
Total other non-current assets	**8,262**	**8,546**

[1]In March 2022, the Group’s wholly owned foreign subsidiary Phosint Limited (currently PUREFERT LIMITED), owning the foreign companies of the Group, increased its share capital, 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 in 2022, the Group recognised a receivable of RUB 12,189 million with 3 years payment period.

As at 31 December 2023, part of the receivables of RUB 4,959 million was reclassified into current financial assets in accordance with the repayment schedule.

16 OTHER NON-CURRENT ASSETS (CONTINUED)

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	2023	2022
Balance at 1 January	**8,454**	**-**
Foreign currency translation difference	2,375	(1,477)
Unwind of discount (note 10)	1,308	519
Reclassification of the current portion of long-term accounts receivables (note 17)	(4,959)	-
Receivable accrued	-	12,189
Discount on extension of payment terms (note 10)	-	(2,777)
Balance at 31 December	**7,178**	**8,454**

As the Group has no longer significant influence over Phosint Limited (currently PUREFERT LIMITED) following the loss of control, the remaining 5% investment was recognised as financial asset measured at fair value through profit or loss with insignificant fair value at the date of initial recognition. As at 31 December 2023, the fair value of the investment measured based on the model of discounted cash flows from the investee's operating activities amounted to RUB 1,025 million.

17 OTHER FINANCIAL ASSETS

RUB million	31 December 2023	31 December 2022
Short-term part of receivable accrued as a result of Phosint Group disposal (note 16)	4,959	-
Loans issued to employees, at amortised cost	91	101
Loans issued to third parties, at amortised cost	59	51
Interest receivable	42	76
Credit losses allowance	(68)	(18)
Total other financial assets	**5,083**	**210**

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

RUB million	2023	2022
Balance at 1 January	**(18)**	**(113)**
Disposal of foreign subsidiaries	-	4,235
Use of allowance	1	6
Increase in provision for expected credit losses allowance	(51)	(4,135)
Effect of foreign currency translation reserve	-	(11)
Balance at 31 December	**(68)**	**(18)**

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 economic 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.

18 INVENTORIES

RUB million	31 December 2023	31 December 2022
Raw materials and spare parts	23,767	15,109
Finished goods:		
Chemical fertilisers	12,641	10,388
Apatite concentrate	698	801
Other products	1,066	1,379
Work-in-progress:		
Chemical fertilisers and other products	8,250	5,685
Chemical fertilisers and other products for resale, purchased from third parties	1,965	5,941
Other goods	177	148
Allowance for inventory write-down	(96)	(102)
Total inventories	**48,468**	**39,349**

19 TRADE AND OTHER RECEIVABLES

RUB million	31 December 2023	31 December 2022
Financial assets		
Trade accounts receivable	51,403	61,997
Other receivables	430	1,479
Credit losses allowance	(474)	(482)
Non-financial assets		
Advances issued	9,958	8,634
Advances issued on custom duties	4,816	3,901
Deferred expenses	204	202
Receivables from employees	40	20
Provision for doubtful accounts and expected credit losses allowance	(15)	(10)
Total trade and other receivables	**66,362**	**75,741**

As at 31 December 2023, the Group performed revaluation of receivables under provisionally priced sales agreements measured at fair value through profit or loss and recognised an adjustment within revenue.

The following information shows the movement of the Group's receivables under provisionally priced sales agreements:

RUB million	2023
Balance at 1 January	**2,711**
Receivables recognised	90,813
Receivables redeemed	(62,097)
Foreign exchange gain, net	2,233
Loss from revaluation at fair value (unrealised)	(74)
Balance at 31 December	**33,586**

As at 31 December 2023, a 5% increase/(decrease) in forecasted market prices, with all other variables held constant, will lead to increase/(decrease) fair value of the Group's receivables under provisionally priced sales agreements by RUB 1,493 million.

19 TRADE AND OTHER RECEIVABLES (CONTINUED)

The movements in the amount of credit losses allowance are as follows:

RUB million	2023	2022
Balance at 1 January	**(492)**	**(355)**
Increase in credit losses allowance	(28)	(472)
Reversal of allowance	16	7
Use of allowance	15	223
Disposal of foreign subsidiaries	-	125
Effect of foreign currency translation reserve	-	(20)
Balance at 31 December	**(489)**	**(492)**

See note 27 (e) for the analysis of overdue trade and other accounts receivable.

20 CASH AND CASH EQUIVALENTS

RUB million	31 December 2023	31 December 2022
Call deposits	20,058	5,911
Cash in bank	9,095	7,438
Petty cash	10	7
Total cash and cash equivalents	**29,163**	**13,356**

As at 31 December 2023 and 31 December 2022 the most significant cash and cash equivalent balances (more than 95%) are kept with large Russian banks rated at AA+ and AAA by independent Russian rating agencies (ACRA, Expert RA).

21 EQUITY

(a) Share capital

As at 31 December 2023 and 31 December 2022, 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 2023 and 31 December 2022, 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.

21 EQUITY (CONTINUED)

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 Accounting Standards. 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 Accounting Standards. At the same time, the amount of declared dividends shall not be lower than 50% of net profit for the relevant period under IFRS Accounting Standards 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 2023, the Company had cumulative retained earnings of RUB 38,397 million (31 December 2022: RUB 69,540 million).

Proposed by the Board of Directors in	Approved by shareholders in	Amount per share *RUB*	Amount of dividends *RUB million*
March 2023	March 2023	465	60,217.5
May 2023	June 2023	264	34,188.0
November 2023	December 2023	291	37,684.5
Total			**132,090.0**

Proposed by the Board of Directors in	Approved by shareholders in	Amount per share *RUB*	Amount of dividends *RUB million*
August 2022	September 2022	780	101,010.0
November 2022	December 2022	318	41,181.0
Total			**142,191.0**

22 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.

	2023	2022
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	86,084	184,662
Basic and diluted earnings per share, RUB	665	1,426

23 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 24. For more information about the Group’s exposure to foreign currency risk, interest rate risk and liquidity risk, see note 27.

RUB million	31 December 2023	31 December 2022
Current loans and borrowings		
Unsecured bank loans	84,610	44,648
Interest payable	1,819	1,157
Eurobonds	-	35,169
Total current loans and borrowings	**86,429**	**80,974**
Non-current loans and borrowings		
Replacement bonds	66,404	-
Unsecured bank loans	27,231	39,666
Bonds CNY-denominated	25,152	-
Eurobonds	23,284	70,338
Bonds RUB-denominated	20,000	-
Bank commission (long-term)	(361)	(220)
Total non-current loans and borrowings	**161,710**	**109,784**
Total loans and borrowings	**248,139**	**190,758**

Information on the Group's bond loans is presented below:

RUB million			31 December 2023		31 December 2022	
Currency	Expiry date	Rate, %	Carrying value	Fair value	Carrying value	Fair value
Eurobonds						
USD	24.04.2023	3.95%	-	-	35,169	27,256
USD	23.01.2025	3.05%	12,833	10,877	35,169	18,552
USD	16.09.2028	2.60%	10,451	6,994	35,169	24,407
Replacement bonds						
USD	23.01.2025	3.05%	32,011	31,531	-	-
USD	16.09.2028	2.60%	34,393	31,261	-	-
CNY-denominated bonds						
CNY	09.04.2026	4.65%	25,152	25,190	-	-
RUB-denominated bonds						
RUB	17.04.2026	9.40%	20,000	19,589	-	-
Total bonds			**134,840**	**125,442**	**105,507**	**70,215**

In April 2023, the Company repaid Eurobonds with a nominal value of USD 500 million issued in January 2018 with a coupon rate of 3.949%. The source of funds for making payments also included funds raised as part of the placement of exchange-traded bonds in April 2023.

In April 2023, the Company issued two series of 3-year bonds on the Moscow Stock Exchange:

- CNY 2,000 million, with a coupon period of 91 days and coupon income China Loan prime rate (LPR 1Y) + 1.2%;
- RUB 20,000 million, with a coupon period of 182 days and coupon income 9.4%.

In accordance with the Russian President Decree from 5 July 2022 № 430 *On repatriation of foreign currency and Russian Federation currency by the residents as a foreign economic activity participants*, in July 2023 the Company issued replacement bonds of Z025-D series for USD 356.9 million and ZO28-D series for USD 383.5 million in exchange for Eurobonds with maturity in 2025 and 2028 respectively. Replacement bonds have the same terms as Eurobonds including rate, coupon payment terms, par value and maturity date. Bonds repayment during issue was made by the Eurobonds, rights on which are registered by Russian depositaries. Repayment of Z025-D and ZO28-D series bonds and appropriate coupon will be made in Russian roubles applying Bank of Russia exchange rate at the repayment date.

23 LOANS AND BORROWINGS (CONTINUED)

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

RUB million	31 December 2023	31 December 2022
USD-denominated	117,677	135,825
CNY-denominated	80,280	-
RUB-denominated	47,254	42,805
EUR-denominated	2,928	12,128
Total	**248,139**	**190,758**

The maturity of the loans and borrowings is as follows:

RUB million	31 December 2023	31 December 2022
Less than 1 year	86,429	80,974
1-2 years	53,298	23,218
2-3 years	61,225	38,824
3-4 years	2,704	10,688
4-5 years	44,844	2,105
More than 5 years	-	35,169
Bank commission	(361)	(220)
Total	**248,139**	**190,758**

Analysis of Group's loans and borrowings changes related to cash and non-cash movements is presented below:

RUB million	2023	2022
Balance as at 1 January	**190,758**	**169,791**
Cash inflows	172,906	57,171
Cash outflows	(155,306)	(23,926)
Foreign exchange differences	39,316	(11,950)
Interest accrued	7,179	4,223
Interest paid	(6,840)	(4,628)
Amortisation of bank commission	126	78
Other turnovers	-	(1)
Balance as at 31 December	**248,139**	**190,758**

24 LEASE LIABILITIES

RUB million	Lease liability without subsequent asset buyout	Lease liability with subsequent asset buyout	Total
Balance as at 1 January 2022	**3,148**	**2,489**	**5,637**
New lease contracts or modification of existing lease contracts	(1,431)	460	**(971)**
Principal lease payments	(730)	(699)	**(1,429)**
Interest expense on lease liabilities	106	138	**244**
Interest lease payments	(106)	(138)	**(244)**
Disposal of foreign subsidiaries	(290)	-	**(290)**
Effect of foreign currency translation reserve	34	(45)	**(11)**
Balance as at 31 December 2022	**731**	**2,205**	**2,936**
New lease contracts or modification of existing lease contracts	518	2,060	**2,578**
Principal lease payments	(401)	(1,015)	**(1,416)**
Interest expense on lease liabilities	66	218	**284**
Interest lease payments	(66)	(218)	**(284)**
Foreign exchange differences	(2)	135	**133**
Balance as at 31 December 2023	**846**	**3,385**	**4,231**

25 DEFINED BENEFIT OBLIGATIONS

RUB million	31 December 2023	31 December 2022
Pension obligations, long-term	308	442
Post-retirement obligations other than pensions	821	608
Total defined benefit obligations	**1,129**	**1,050**

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. The movement in the present value of the defined benefit obligations is as follows:

RUB million	2023	2022
Defined benefit obligations at 1 January	**1,050**	**952**
Disposal of foreign subsidiaries	-	(194)
Benefits paid	(101)	(101)
Current service costs and interest	145	103
Past service costs	-	(1)
Actuarial loss in other comprehensive income	35	276
Effect of foreign currency translation reserve and foreign exchange differences	-	15
Defined benefit obligations at 31 December	**1,129**	**1,050**

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

	31 December 2023	31 December 2022
Discount rate	12.0%	10.1%
Future pension increases	5.7%	6.0%

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26 TRADE AND OTHER PAYABLES

RUB million	31 December 2023	31 December 2022
Financial liabilities		
Trade accounts payable	22,130	15,700
including accounts payable for property, plant and equipment and intangible assets	7,661	4,294
Other payables	870	1,089
Non-financial liabilities		
Advances received (liabilities under the contracts with customers)	13,003	17,258
Accrued expenses and provisions	349	241
Payables to employees	5,990	4,620
Other payables	311	504
Total trade and other payables	**42,653**	**39,412**

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

27 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 conditions, such as foreign exchange rates, interest rates and equity prices will affect the Group's profit 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.

(c) 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 currency of Group entities. The currencies giving rise to this risk are primarily USD, CNY 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 the Group's sales agreements are denominated.

27 FINANCIAL RISK MANAGEMENT (CONTINUED)

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

RUB million	31 December 2023 USD denominated	31 December 2023 CNY denominated	31 December 2023 EUR denominated	31 December 2022 USD denominated	31 December 2022 CNY denominated	31 December 2022 EUR denominated
Non-current assets	7,178	-	-	8,454	-	-
Current assets	64,290	-	1,667	64,273	-	1,242
Non-current liabilities	(108,875)	(28,937)	(2,185)	(92,131)	-	(9,293)
Current liabilities	(12,822)	(51,959)	(1,910)	(46,001)	-	(3,333)
Net position of the Group companies	**(50,229)**	**(80,896)**	**(2,428)**	**(65,405)**	**-**	**(11,384)**

Management estimates that a 10% strengthening/(weakening) of RUB against USD, CNY and EUR, based on the Group's total net position in USD, CNY and EUR as at the reporting date would have increased/(decreased) the Group's profit for the year by RUB 13,355 million, before any tax effect (2022: would have increased/(decreased) the Group's profit for the year by RUB 7,679 million). This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2022.

The net foreign exchange loss recognised in profit or loss of RUB 17,964 million (net foreign exchange gain of RUB 2,417 million for the comparative period) resulted from Russian rouble depreciation against major currencies during the reporting period (Russian rouble appreciation against major currencies during the comparative period).

(d) 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 2023	31 December 2022
Fixed rate instruments		
Call deposits and other financial assets	20,208	6,063
Other non-current assets	74	107
Long-term borrowings	(132,309)	(107,781)
Short-term borrowings	(75,107)	(74,749)
Lease liabilities	(4,231)	(2,936)
Total fixed rate instruments	**(191,365)**	**(179,296)**
Variable rate instruments		
Long-term borrowings	(29,762)	(2,223)
Short-term borrowings	(11,322)	(6,225)
Total variable rate instruments	**(41,084)**	**(8,448)**

Sensitivity analysis for financial instruments with variable interest rates

At 31 December 2023, 2 percentage points 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 822 million (31 December 2022: RUB 169 million).

27 FINANCIAL RISK MANAGEMENT (CONTINUED)

(e) Credit risk

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

As at 31 December 2023, the Group's maximum exposure to credit risk is represented by the carrying amount of its financial assets and amounted to RUB 92,842 million (31 December 2022: RUB 85,116 million). As at 31 December 2023, 95% of the Group's trade receivables balance are represented by one counterparty (31 December 2022: 98%).

As at 31 December 2023, the Group's financial assets measured at amortised cost amounted to RUB 59,245 million (31 December 2022: RUB 84,563 million).

As at 31 December 2023, the Group's financial assets measured at fair value through profit or loss amounted to RUB 33,597 million (31 December 2022: RUB 553 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, have 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 benchmarks of 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 expected credit losses that represents its estimate of the expected credit losses in respect of trade and other receivables and other financial assets. The Group estimates the allowance for expected credit losses for trade receivables in the amount equal to lifetime expected loss allowance of the financial instrument. 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 allowance for expected credit losses on accounts receivable has been accrued in accordance with the risk matrix presented in the table below:

RUB million	31 December 2023					
	Not past due	Past due 0-90 days	Past due 91-180 days	Past due 181-365 days	More than one year	Total
Loss rate	**0.1-6%**	**0.1-10%**	**8.62%**	**10.53%**	**100%**	
Gross carrying amount	50,148	1,338	58	57	232	**51,833**
Lifetime ECL	(165)	(66)	(5)	(6)	(232)	**(474)**
Net carrying value	**49,983**	**1,272**	**53**	**51**	**-**	**51,359**

27 FINANCIAL RISK MANAGEMENT (CONTINUED)

RUB million	31 December 2022					
	Not past due	**Past due 0-90 days**	**Past due 91-180 days**	**Past due 181-365 days**	**More than one year**	**Total**
Loss rate	**0.1%-2%**	**0.1%-5%**	**13.75%**	**21.25%**	**100%**	
Gross carrying amount	61,684	1,681	29	34	48	**63,476**
Lifetime ECL	(406)	(18)	(4)	(6)	(48)	**(482)**
Net carrying value	**61,278**	**1,663**	**25**	**28**	**-**	**62,994**

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 and minimal risk of default, which provides high-level credit risk limits. All bank account balances and term deposits are not overdue or impaired.

(f) 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:

	31 December 2023							
RUB million	**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	248,500	267,696	94,081	59,358	64,308	3,939	46,010	-
Lease liabilities	4,231	5,823	1,770	1,003	758	522	355	1,415
Dividends payable	54,919	54,919	54,919	-	-	-	-	-
Trade and other payables	23,000	23,000	23,000	-	-	-	-	-
Total	**330,650**	**351,438**	**173,770**	**60,361**	**65,066**	**4,461**	**46,365**	**1,415**

	31 December 2022							
RUB million	**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
Dividends payable	82	82	82	-	-	-	-	-
Trade and other payables	16,789	16,789	16,789	-	-	-	-	-
Total	**210,785**	**222,671**	**102,926**	**27,051**	**41,262**	**12,141**	**3,173**	**36,118**

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27 FINANCIAL RISK MANAGEMENT (CONTINUED)

(g) Capital management

The Group's Board of Directors pursues a policy aimed at maintaining high capital levels to keep investor, lender and market confidence and to provide future sustainable business development. The Board of Directors keeps under control the return on invested capital and dividends paid to shareholders. To maintain and adjust the capital structure, the Group may adjust periods of dividend payment to shareholders, revise its investment programme and obtain new or repay existing loans and borrowings. There were no changes in the Board's approach to capital management during the year.

The Group defines capital under management as the amount in "Equity attributable to shareholders of the Company" line item in the consolidated statement of financial position. As at 31 December 2023, the Group's capital under management amounted to RUB 151,521 million (31 December 2022: RUB 197,562 million).

The Group's management regularly analyses Net Debt / EBITDA ratio calculated by dividing the Group's total short-term and long-term loans and borrowings less cash and cash equivalents by EBITDA (operating profit adjusted for depreciation and amortisation). Some loan agreements cap this ratio at no more than 3.

The Company and its subsidiaries comply with external regulatory requirements for capital including requirements established by law and loan agreements.

28 COMMITMENTS

As at 31 December 2023, the Group had contractual commitments for the purchase of property, plant and equipment for RUB 52,917 million (31 December 2022: RUB 35,181 million), including VAT where applicable.

29 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 and customs 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 incompliant 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.

29 CONTINGENCIES (CONTINUED)

(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 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.

The Group was in compliance with covenants during the years ended 31 December 2023 and 31 December 2022 and as of each reporting date.

30 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, having significant influence on the Group.

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

(a) Transactions with related parties

RUB million	Nature of relationship	2023	2022
Sales of goods and services	Associates	27	30
Purchases of goods and services	Associates	(879)	(734)
Sales of goods and services	Other related parties	1,082	1,089
Other expenses, net	Other related parties	(400)	(85)
Purchases of goods and services	Other related parties	(60)	(246)

In 2023, the Company declared dividends, including RUB 77,113 million (2022: RUB 91,366 million) to the shareholders holding more than 20% of the Company's shares.

In 2023, the Group received and repaid unsecured loan from the related party amounted to RUB 10,000 million. The loan was received at interest rate of 13.65 – 15.65% per annum.

(b) Balances with related parties

RUB million	Nature of relationship	31 December 2023	31 December 2022
Trade and other receivables	Associates	57	42
Trade and other payables	Associates	(60)	(39)
Trade and other receivables	Other related parties	-	8
Trade and other payables	Other related parties	(2)	(451)

(c) 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 social security costs. The remuneration of the Board of Directors and key management personnel recognised as part of administrative and selling expenses amounted to RUB 3,553 million (2022: RUB 16,897 million).

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31 SIGNIFICANT SUBSIDIARIES OF THE GROUP

		Effective ownership (rounded)	
Subsidiary	**Country of incorporation**	**31 December 2023**	**31 December 2022**
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%

32 SUBSEQUENT EVENTS

In 2024, the Group received loans and borrowings amounted to RUB 96,1 billion, including short-term loans received from a related party amounted to RUB 17,1 billion, and repaid loans and borrowings amounted to RUB 47 billion, including short-term loans to a related party amounted to RUB 17,1 billion.

In February 2024, the Company repaid dividends to the shareholders of RUB 37,7 billion.

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MANAGEMENT RESPONSIBILITY STATEMENT

The PhosAgro' management hereby confirms that, to the best of its knowledge, the financial statements prepared in accordance with the International Financial Reporting Standards as issued by the International Accounting Standards Board give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole.

The management report includes a fair review of the development and performance of the business and the position of the PhosAgro and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

This integrated report was reviewed and approved at PhosAgro's Board of Directors meeting on 26 April 2024.

The consolidated financial statements for the year ended 31 December 2023 were approved by the Board of Directors on 26 April 2024.

Mikhail Rybnikov
Chief Executive Officer and Chairman of the Management Board of PhosAgro

INDEPENDENT LIMITED ASSURANCE REPORT

Technologies of Trust

Joint-Stock Company
“Technologies of Trust – Audit”
(“Technologies of Trust – Audit” JSC)

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Independent Auditor’s Limited Assurance Report

To the Management of Public Joint Stock Company “PhosAgro”:

Introduction

We have been engaged by the Management of Public Joint Stock Company “PhosAgro” (hereinafter – the “Company”) to provide limited assurance on the selected information described below and included in the Integrated Annual Report of the Company for the year ended 31 December 2023 (hereinafter – the “Integrated Annual Report”). The Integrated Annual Report represents information related to the Company and its subsidiaries (hereinafter together – the “Group”), unless otherwise stated in the Integrated Annual Report.

Selected information

We assessed the quantitative and qualitative information specified in Appendix 1 to this report that is disclosed in the Integrated Annual Report and referred to or included in the GRI Content Index of the Integrated Annual Report (hereinafter – the “Selected Information”).

The scope of our limited assurance procedures was limited to the Selected Information for the year ended 31 December 2023 only. We have not performed any procedures with respect to earlier periods or any other items included in the Integrated Annual Report and, therefore, do not express any conclusion thereon.

Reporting criteria

We assessed the Selected Information using relevant criteria, including reporting requirements in the respective GRI Sustainability Reporting Standards 2, 3, 201, 202, 203, 205, 207, 302, 303, 304, 305, 306, 401, 403, 404 and 413 (hereinafter – the “GRI Standards”) published by Stichting Global Reporting Initiative and in the Group’s management methodology as set forth in the criteria defined in the notes to the Group’s specific disclosures in the Environmental review section of the Integrated annual report (hereinafter – the “PhosAgro Methodology”, and together with the GRI Standards – the “Reporting Criteria”). We believe that the Reporting Criteria are appropriate given the purpose of our limited assurance engagement.

Responsibilities of the Group’s management

Management of the Group is responsible for:

- designing, implementing and maintaining internal control relevant to the preparation of the Selected Information that is free from material misstatement, whether due to fraud or error;
- establishing internal methodology and guidelines (including the PhosAgro Methodology) for preparing and reporting the Selected Information in accordance with the Reporting Criteria;
- preparing, measuring and reporting of the Selected Information in accordance with the Reporting Criteria; and
- the accuracy, completeness and presentation of the Selected Information.

Our responsibilities

We are responsible for:

- planning and performing the engagement to obtain limited assurance about whether the Selected Information is free from material misstatement, whether due to fraud or error;
- forming an independent conclusion, based on the procedures we have performed and the evidence we have obtained; and
- reporting our conclusion to the Management of the Group.