



**PJSC “PhosAgro”**

**Consolidated Interim Condensed  
Financial Statements  
for the six months ended  
30 June 2021 (unaudited)**

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## Report on Review of Consolidated Interim Condensed Financial Statements

To the Shareholders and Board of Directors of Public Joint Stock Company "PhosAgro":

### Introduction

We have reviewed the accompanying consolidated interim condensed statement of financial position of Public Joint Stock Company "PhosAgro" and its subsidiaries (together – the "Group") as at 30 June 2021 and the related consolidated interim condensed statements of profit or loss and other comprehensive income for the three-month and six-month periods then ended, changes in equity and cash flows for the six-month period then ended, and the related explanatory notes. Management is responsible for the preparation and presentation of these consolidated interim condensed financial statements in accordance with International Accounting Standard 34, "Interim Financial Reporting". Our responsibility is to express a conclusion on these consolidated interim condensed financial statements based on our review.

### Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of consolidated interim condensed financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim condensed financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34, "Interim Financial Reporting".

*AO PricewaterhouseCoopers Audit*

5 August 2021

Moscow, Russian Federation

*[Signature]*



A.Y. Fegetsyn, certified auditor (licence No.: 03-001436), AO PricewaterhouseCoopers Audit

Reviewed entity: Public joint stock company "PhosAgro"

Record made in the Unified State Register of Legal Entities on 5 September 2002 under State Registration Number 1027700190572

Taxpayer Identification Number 7736216869

Leninsky prospekt 55/1, Building 1, Moscow, Russian Federation, 119333

Independent auditor: AO PricewaterhouseCoopers Audit

Registered by the Government Agency Moscow Registration Chamber on 28 February 1992 under No. 008.890

Record made in the Unified State Register of Legal Entities on 22 August 2002 under State Registration Number 1027700148431

Taxpayer Identification Number 7705051102

Member of Self-Regulatory Organization of Auditors Association Sodruzhestvo

Principal Registration Number of the Record in the Register of Auditors and Audit Organizations – 12006020338

**PJSC "PhosAgro"**

*Consolidated Interim Condensed Statement of Profit or Loss and Other Comprehensive Income  
for the three and six months ended 30 June 2021 (unaudited)*

RUB million	Note	Six months ended 30 June		Three months ended 30 June	
		2021	2020	2021	2020
Revenues	5	176,261	123,996	88,682	59,938
Cost of Group products sold	6	(93,233)	(79,194)	(44,338)	(37,621)
Cost of products for resale		(5,293)	(4,755)	(1,980)	(1,666)
<b>Gross profit</b>		<b>77,735</b>	<b>40,047</b>	<b>42,364</b>	<b>20,651</b>
Administrative and selling overhead expenses	7	(13,173)	(11,822)	(6,681)	(5,552)
Taxes, other than income tax, net	8	(2,997)	(1,583)	(1,479)	(709)
Other expenses, net	9	(1,521)	(1,445)	(864)	(741)
Foreign exchange (loss)/gain from operating activities, net	26	(766)	1,021	(864)	(1,215)
<b>Operating profit</b>		<b>59,278</b>	<b>26,218</b>	<b>32,476</b>	<b>12,434</b>
Finance income	10	194	353	110	88
Finance costs	10	(2,477)	(2,873)	(1,195)	(1,435)
Foreign exchange gain/(loss) from financing activities, net	26	3,324	(16,946)	6,209	15,233
COVID-19 related expenses		(218)	(289)	(99)	(289)
<b>Profit before tax</b>		<b>60,101</b>	<b>6,463</b>	<b>37,501</b>	<b>26,031</b>
Income tax expense	11	(11,449)	(1,172)	(7,193)	(5,152)
<b>Profit for the period</b>		<b>48,652</b>	<b>5,291</b>	<b>30,308</b>	<b>20,879</b>
Attributable to:					
Non-controlling interests*		(15)	7	(6)	8
Shareholders of the Parent		48,667	5,284	30,314	20,871
Basic and diluted earnings per share (in RUB)	20	376	41	234	161
<b>Other comprehensive (loss)/income Items that may be reclassified subsequently to profit or loss</b>					
Foreign currency translation difference		(504)	1,534	(718)	(1,052)
<b>Other comprehensive (loss)/income for the period</b>		<b>(504)</b>	<b>1,534</b>	<b>(718)</b>	<b>(1,052)</b>
<b>Total comprehensive income for the period</b>		<b>48,148</b>	<b>6,825</b>	<b>29,590</b>	<b>19,827</b>
Attributable to:					
Non-controlling interests*		(15)	7	(6)	8
Shareholders of the Parent		48,163	6,818	29,596	19,819

\*Non-controlling interests are the minority shareholders of the subsidiaries of PJSC "PhosAgro"

The consolidated interim condensed financial statements were approved on 5 August 2021:

Chief executive officer  
A.A. Guryev

Deputy CEO for Finance and International Projects  
A.F. Sharabaiko

The consolidated interim condensed statement of profit or loss and other comprehensive income is to be read in conjunction with the notes to, and forming part of, the consolidated interim condensed financial statements set out on pages 5 to 23.

**PJSC “PhosAgro”****Consolidated Interim Condensed Statement of Financial Position  
as at 30 June 2021 (unaudited)**

<i>RUB million</i>	<b>Note</b>	<b>30 June 2021</b>	<b>31 December 2020</b>
<b>Assets</b>			
Property, plant and equipment	12	226,404	220,031
Advances issued for property, plant and equipment		10,239	7,835
Deferred tax assets		8,459	7,462
Right-of-use assets	13	6,801	7,335
Non-current spare parts		4,526	4,308
Catalysts		2,536	2,292
Intangible assets		1,576	1,621
Other non-current assets	14	948	948
Investments in associates		582	556
<b>Non-current assets</b>		<b>262,071</b>	<b>252,388</b>
Trade and other receivables	17	20,945	17,515
Inventories	16	31,809	30,580
Cash and cash equivalents	18	27,109	8,460
VAT and other taxes receivable		8,658	10,285
Income tax receivable		463	479
Other financial assets	15	302	311
<b>Current assets</b>		<b>89,286</b>	<b>67,630</b>
<b>Total assets</b>		<b>351,357</b>	<b>320,018</b>
<b>Equity</b>			
Share capital	19	372	372
Share premium		7,494	7,494
Retained earnings		117,668	90,757
Actuarial losses		(717)	(717)
Foreign currency translation reserve		9,077	9,581
<b>Equity attributable to shareholders of the Parent</b>		<b>133,894</b>	<b>107,487</b>
Equity attributable to non-controlling interests		114	129
<b>Total equity</b>		<b>134,008</b>	<b>107,616</b>
<b>Liabilities</b>			
Loans and borrowings	21	112,194	103,824
Deferred tax liabilities		11,778	11,578
Lease liabilities	22	3,545	4,268
Defined benefit obligations		931	945
<b>Non-current liabilities</b>		<b>128,448</b>	<b>120,615</b>
Loans and borrowings	21	35,667	55,316
Trade and other payables	23	42,510	29,869
Income tax payable		4,371	1,000
VAT and other taxes payable		4,307	3,675
Lease liabilities	22	2,046	1,927
<b>Current liabilities</b>		<b>88,901</b>	<b>91,787</b>
<b>Total equity and liabilities</b>		<b>351,357</b>	<b>320,018</b>

The consolidated interim condensed statement of financial position is to be read in conjunction with the notes to, and forming part of, the consolidated interim condensed financial statements set out on pages 5 to 23.

**PJSC “PhosAgro”****Consolidated Interim Condensed Statement of Cash Flows  
for the six months ended 30 June 2021 (unaudited)**

<i>RUB million</i>	<b>Note</b>	<b>Six months ended 30 June</b>	
		<b>2021</b>	<b>2020</b>
<b>Cash flows from operating activities</b>			
Operating profit		59,278	26,218
Adjustments for:			
Depreciation and amortisation	6, 7	13,816	13,646
Loss on disposal of property, plant and equipment and intangible assets	9	188	41
Operating profit before changes in working capital and provisions		73,282	39,905
(Increase)/decrease in inventories, catalysts and non-current spare parts		(2,154)	1,200
(Increase)/decrease in trade and other receivables		(3,383)	867
(Decrease)/increase in trade and other payables		(459)	1,452
Cash flows from operations before income taxes and interest paid		67,286	43,424
Income tax paid		(8,862)	(2,200)
Finance costs paid		(2,512)	(2,211)
<b>Cash flows from operating activities</b>		<b>55,912</b>	<b>39,013</b>
<b>Cash flows from investing activities</b>			
Acquisition of property, plant and equipment and intangible assets		(21,073)	(18,552)
Borrowing cost capitalised paid	12	(618)	(583)
Other		(4)	396
<b>Cash flows used in investing activities</b>		<b>(21,695)</b>	<b>(18,739)</b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings, net of transaction costs	21	15,787	43,647
Repayment of borrowings	21	(23,246)	(55,881)
Dividends paid to shareholders of the Parent	19	(6,119)	(8,843)
Dividend paid to non-controlling interests		-	(30)
Lease payments	22	(954)	(823)
<b>Cash flows used in financing activities</b>		<b>(14,532)</b>	<b>(21,930)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>19,685</b>	<b>(1,656)</b>
Cash and cash equivalents at 1 January		8,460	8,236
Effect of exchange rates fluctuations		(1,036)	1,213
<b>Cash and cash equivalents at 30 June</b>		<b>27,109</b>	<b>7,793</b>

The consolidated interim condensed statement of cash flows is to be read in conjunction with the notes to, and forming part of, the consolidated interim condensed financial statements set out on pages 5 to 23.

**PJSC “PhosAgro”**

Consolidated Interim Condensed Statement of Changes in Equity  
for the six months ended 30 June 2021 (unaudited)

<i>RUB million</i>	Attributable to shareholders of the Parent					Total	Attributable to non-controlling interests	Total equity
	Share capital	Share premium	Retained earnings	Actuarial losses	Foreign currency translation reserve			
<b>Balance at 1 January 2020</b>	<b>372</b>	<b>7,494</b>	<b>111,054</b>	<b>(689)</b>	<b>7,236</b>	<b>125,467</b>	<b>170</b>	<b>125,637</b>
<b>Total comprehensive income</b>								
Profit for the period	-	-	5,284	-	-	<b>5,284</b>	7	<b>5,291</b>
Foreign currency translation difference	-	-	-	-	1,534	<b>1,534</b>	-	<b>1,534</b>
<b>Transactions with owners recognised directly in equity</b>								
Dividends to shareholders	-	-	(18,648)	-	-	<b>(18,648)</b>	(30)	<b>(18,678)</b>
<b>Balance at 30 June 2020</b>	<b>372</b>	<b>7,494</b>	<b>97,690</b>	<b>(689)</b>	<b>8,770</b>	<b>113,637</b>	<b>147</b>	<b>113,784</b>
<b>Balance at 1 January 2021</b>	<b>372</b>	<b>7,494</b>	<b>90,757</b>	<b>(717)</b>	<b>9,581</b>	<b>107,487</b>	<b>129</b>	<b>107,616</b>
<b>Total comprehensive income</b>								
Profit for the period	-	-	48,667	-	-	<b>48,667</b>	(15)	<b>48,652</b>
Foreign currency translation difference	-	-	-	-	(504)	<b>(504)</b>	-	<b>(504)</b>
<b>Transactions with owners recognised directly in equity</b>								
Dividends to shareholders	-	-	(21,756)	-	-	<b>(21,756)</b>	-	<b>(21,756)</b>
<b>Balance at 30 June 2021</b>	<b>372</b>	<b>7,494</b>	<b>117,668</b>	<b>(717)</b>	<b>9,077</b>	<b>133,894</b>	<b>114</b>	<b>134,008</b>

The consolidated interim condensed statement of changes in equity is to be read in conjunction with the notes to, and forming part of, the consolidated interim condensed financial statements set out on pages 5 to 23.

## **1 BACKGROUND**

### **(a) Organisation and operations**

PJSC “PhosAgro” (the “Company” or the “Parent”) and its subsidiaries (together the “Group”) comprise Russian legal entities and foreign trading subsidiaries. The Company was registered in October 2001. The Company is located at Leninsky Prospekt 55/1, building 1, Moscow, Russian Federation, 119333.

The Group’s principal activity is the 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 the distribution of these products across the Russian Federation and abroad.

The Company’s key shareholders are two Cyprus entities that together hold approximately 44% of the Company’s ordinary shares in total and Mr Vladimir S. Litvinenko holding approximately 21% of the Company’s ordinary shares. The above mentioned companies’ shares are ultimately owned by trusts, where the economic beneficiary is Mr Andrey G. Guryev and his family members.

### **(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 displays characteristics of an emerging market. The legal, tax and regulatory frameworks continue to develop, but are subject to varying interpretations and frequent changes that, together with other legal and fiscal impediments, contribute to the challenges faced by entities operating in the Russian Federation.

The Russian economy continues to be negatively impacted by ongoing political tension in the region and international sanctions against certain Russian companies and individuals. In 2020, the COVID-19 virus became a global pandemic. Together with other factors, this has resulted in a sharp decline in the stock market, which, on the backdrop of a simultaneous oil price collapse, has led to a depreciation of the Russian rouble. In response to the pandemic, the Russian authorities implemented numerous measures attempting to contain the spreading and impact of COVID-19, such as travel bans and restrictions, quarantines, shelter-in-place orders and limitations on business activity, including closures. These measures have, among other things, severely restricted economic activity in Russia and have negatively impacted, and could continue to negatively impact businesses, market participants, as well as the Russian and global economy for an unknown period of time.

PJSC “PhosAgro” was one of the first companies in Russia to start introducing measures to combat the spread of the virus among its employees. The Group provided protective equipment, medical supplies, testing kits and other essentials to the communities where it operates. The Group has developed plans for mitigating the impact of COVID-19 on its business and has reviewed the economic environment, the demand for the Group’s products, the supply chain, available bank facilities and the possible effects on its cash flow and liquidity position, including the consideration of debt covenants. Management has considered the 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.

The consolidated interim condensed financial statements reflect management’s assessment of the impact of the Russian business environment on the operations and the financial position of the Group. The future business environment may differ from management’s assessment.

## **2 BASIS OF PREPARATION**

### **(a) Statement of compliance**

The consolidated interim condensed financial statements of the Group have been prepared in accordance with IAS 34, *Interim Financial Reporting*.

The Group additionally prepared consolidated interim condensed financial statements in the Russian language in accordance with the Federal Law No. 208-FZ, *On consolidated financial reporting*.

These consolidated interim condensed financial statements do not contain all the information required for presentation in a complete set of IFRS financial statements and therefore should be read in conjunction with the Group’s consolidated annual financial statements for the year ended 31 December 2020.



**2 BASIS OF PREPARATION (CONTINUED)****(b) Significant accounting policies**

The accounting policies followed in the preparation of these consolidated interim condensed financial statements are consistent with those applied in the annual consolidated financial statements as at and for the year ended 31 December 2020, except for changes resulting from the adoption of amended standards as set out below and changes in accounting policies described in Note 3.

**(c) New and amended standards adopted by the Group**

A number of amended standards became applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these amended standards.

**(d) 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, except for foreign trading subsidiaries, where the functional currency is the USD, EUR or other currencies.

**(e) Presentation currency**

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

Assets and liabilities in USD and EUR as at 30 June 2021 and 31 December 2020 were translated at the following closing exchange rates:

<b>Closing exchange rate</b>	<b>RUB to USD 1</b>	<b>RUB to EUR 1</b>
30 June 2021	72.3723	86.2026
31 December 2020	73.8757	90.6824

Profit and loss items for the six months ended 30 June 2021 and 30 June 2020 were translated at the average exchange rate for the appropriate month:

<b>Average exchange rate for the month</b>	<b>2021</b>		<b>2020</b>	
	<b>RUB to USD 1</b>	<b>RUB to EUR 1</b>	<b>RUB to USD 1</b>	<b>RUB to EUR 1</b>
January	74.2291	90.5062	61.7823	68.7249
February	74.3842	89.9403	63.8836	69.7001
March	74.4151	88.6904	73.3183	81.0512
April	76.0977	90.8178	75.2321	81.9481
May	74.0438	89.8856	72.6187	79.0550
June	72.5106	87.4537	69.2239	77.9624

Equity items arising during the year are recognised at the exchange rate ruling at the date of transaction. The resulting foreign exchange difference is recognised in other comprehensive income.

**3 CHANGE IN ACCOUNTING POLICY AND RECLASSIFICATIONS**

Starting from 1 January 2021, the Group:

- Changed its accounting policy on the recognition of logistics expenses to the point of sale. The Group started to capitalise such logistics expenses in the cost of finished goods, while previously these expenses were recognised as part of selling expenses as they occurred. The Group also classified these expenses as part of the cost of products sold, while previously these expenses were recognised as part of selling expenses. The comparative figures were changed respectively to align them with the current year presentation. Balances at 1 January 2020 were not restated as having no material effect on the financial statements.

**3 CHANGE IN ACCOUNTING POLICY AND RECLASSIFICATIONS (CONTINUED)**

- Changed the presentation of administrative and fixed selling expenses. The Group started to present these expenses together as administrative and selling overhead expenses, while previously these expenses were presented separately as selling and as administrative expenses. The comparative figures were changed respectively to align them with the current year presentation.
- Netted-off trade accounts receivable against other payables under the arrangement with the bank for the sale of accounts receivable described in Note 17.
- Separately presented spare parts to be used as part of non-current assets and made other reclassifications.

Management believes that the new accounting policy and change in classification and presentation of certain expenses will provide more relevant and transparent information about the results of Group's operations.

The tables below reconcile the carrying amounts of assets, liabilities, equity, expenses and cash flows as presented in accordance with the previous accounting policy and the new amounts after the changes were adopted.

*Extract from the Consolidated Interim Condensed Statement of Financial Position:*

<i>RUB million</i>	<b>31 December 2020 (as previously reported)</b>	<b>Adjustment/ reclassification</b>	<b>31 December 2020 (as presented)</b>
<b>Assets</b>			
Non-current spare parts	-	4,308	4,308
<b>Non-current assets</b>	<b>248,080</b>	<b>4,308</b>	<b>252,388</b>
Trade and other receivables	32,887	(15,372)	17,515
VAT and other taxes receivable	-	10,285	10,285
Income tax receivable	-	479	479
Inventories	32,636	(2,056)	30,580
<b>Current assets</b>	<b>74,294</b>	<b>(6,664)</b>	<b>67,630</b>
<b>Total assets</b>	<b>322,374</b>	<b>(2,356)</b>	<b>320,018</b>
<b>Equity</b>			
Retained earnings	88,887	1,870	90,757
Equity attributable to shareholders of the Parent	105,617	1,870	107,487
<b>Total equity</b>	<b>105,746</b>	<b>1,870</b>	<b>107,616</b>
<b>Liabilities</b>			
Deferred tax liabilities	11,196	382	11,578
<b>Non-current liabilities</b>	<b>120,233</b>	<b>382</b>	<b>120,615</b>
Trade and other payables	39,152	(9,283)	29,869
Income tax payable	-	1,000	1,000
VAT and other taxes payable	-	3,675	3,675
<b>Current liabilities</b>	<b>96,395</b>	<b>(4,608)</b>	<b>91,787</b>
<b>Total equity and liabilities</b>	<b>322,374</b>	<b>(2,356)</b>	<b>320,018</b>

**PJSC “PhosAgro”**

Notes to the Consolidated Interim Condensed Financial Statements  
for the six months ended 30 June 2021 (unaudited)

**3 CHANGE IN ACCOUNTING POLICY AND RECLASSIFICATIONS (CONTINUED)**

Extract from the Consolidated Interim Condensed Statement of Profit or Loss and Other Comprehensive Income:

<i>RUB million</i>	Six months ended 30 June 2020 (as previously reported)	Reclassification	Six months ended 30 June 2020 (as presented)
Cost of sales	(67,920)	67,920	-
Cost of Group products sold	-	(79,194)	(79,194)
Cost of products for resale	-	(4,755)	(4,755)
<b>Gross profit</b>	<b>56,076</b>	<b>(16,029)</b>	<b>40,047</b>
Selling expenses	(19,049)	19,049	-
Administrative expenses	(8,802)	8,802	-
Administrative and selling overhead expenses	-	(11,822)	(11,822)
Foreign exchange gain from operating activities, net	-	1,021	1,021
<b>Operating profit</b>	<b>25,197</b>	<b>1,021</b>	<b>26,218</b>
Foreign exchange loss	(15,925)	15,925	-
Financial foreign exchange loss, net	-	(16,946)	(16,946)
<i>RUB million</i>	Three months ended 30 June 2020 (as previously reported)	Reclassification	Three months ended 30 June 2020 (as presented)
Cost of sales	(31,360)	31,360	-
Cost of Group products sold	-	(37,621)	(37,621)
Cost of products for resale	-	(1,666)	(1,666)
<b>Gross profit</b>	<b>28,578</b>	<b>(7,927)</b>	<b>20,651</b>
Selling expenses	(9,329)	9,329	-
Administrative expenses	(4,150)	4,150	-
Administrative and selling overhead expenses	-	(5,552)	(5,552)
Foreign exchange loss from operating activities, net	-	(1,215)	(1,215)
<b>Operating profit</b>	<b>13,649</b>	<b>(1,215)</b>	<b>12,434</b>
Foreign exchange gain	14,018	(14,018)	-
Financial foreign exchange gain, net	-	15,233	15,233

**3 CHANGE IN ACCOUNTING POLICY AND RECLASSIFICATIONS (CONTINUED)***Extract from the Consolidated Interim Condensed Statement of Changes in Equity:*

<i>RUB million</i>	<b>31 December 2020 (as previously reported)</b>	<b>Adjustment</b>	<b>31 December 2020 (as presented)</b>
Retained earnings	88,887	1,870	90,757
<b>Total</b>	<b>105,746</b>	<b>1,870</b>	<b>107,616</b>

*Extract from the Consolidated Interim Condensed Statement of Cash Flows:*

<i>RUB million</i>	<b>Six months ended 30 June 2020 (as previously reported)</b>	<b>Reclassification</b>	<b>Six months ended 30 June 2020 (as presented)</b>
<b>Cash flows from operating activities</b>			
Operating profit	25,197	1,021	26,218
<b>Operating profit before changes in working capital and provisions</b>	<b>38,884</b>	<b>1,021</b>	<b>39,905</b>
Decrease in trade and other receivables	2,045	(1,178)	867
Increase in trade and other payables	1,295	157	1,452

**4 SEGMENT INFORMATION**

Operating segments are components that engage in business activities that may earn revenues or incur expenses, whose operating results are regularly reviewed by the chief operating decision maker (CODM) and for which discrete financial information is available. The CODM has been identified as the Group's top management.

The Group has two reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and are managed separately because they require different technology and marketing strategies. The following summary describes the operations in each of the Group's reportable segments:

- *The Phosphate-based products segment* includes mainly the production and distribution of ammophos, diammonium phosphate, sodium tripolyphosphate and other phosphate-based and complex (NPK) fertilisers at factories located in Cherepovets, Balakovo and Volkhov, and the production and distribution of apatite concentrate extracted from apatite-nepheline ore, which is mined and processed in Kirovsk;
- *The Nitrogen-based products segment* includes mainly the production and distribution of ammonia, ammonium nitrate and urea at a factory located in Cherepovets.

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**4 SEGMENT INFORMATION (CONTINUED)**

Certain revenue and expenses are not allocated to any particular segment and are, therefore, included in the “other operations” column. None of these operations meet any of the quantitative thresholds for determining reportable segments.

The CODM assesses the performance of the reportable segments based on, among other factors, a measure of EBITDA (operating profit adjusted by depreciation and amortization). Since the EBITDA term is not a standard IFRS measure, its definition may differ from that of other companies.

Information regarding the results of each reportable segment is included below.

Segment information for the six months ended 30 June 2021 is as follows:

<i>RUB million</i>	<b>Phosphate-based products</b>	<b>Nitrogen-based products</b>	<b>Other operations</b>	<b>Total</b>
<i>Segment revenue and profitability</i>	137,294	32,442	6,525	<b>176,261</b>
Segment external revenues, thereof:				
Export	98,935	27,511	1,745	<b>128,191</b>
Domestic	38,359	4,931	4,780	<b>48,070</b>
Cost of Group products sold	(76,891)	(15,533)	(809)	<b>(93,233)</b>
Cost of products for resale	-	-	(5,293)	<b>(5,293)</b>
<b>Gross segment profit</b>	<b>60,403</b>	<b>16,909</b>	<b>423</b>	<b>77,735</b>
Administrative and selling overhead expenses	(10,596)	(2,471)	(106)	<b>(13,173)</b>
Taxes, other than income tax, net	(2,866)	(126)	(5)	<b>(2,997)</b>
Other income and expenses, net	(1,247)	(266)	(8)	<b>(1,521)</b>
Foreign exchange loss from operating activities, net	(595)	(169)	(2)	<b>(766)</b>
<b>Operating profit</b>	<b>45,099</b>	<b>13,877</b>	<b>302</b>	<b>59,278</b>
<i>Certain items of profit and loss</i>				
Amortisation and depreciation	(10,772)	(2,786)	(258)	<b>(13,816)</b>
<b>EBITDA</b>	<b>55,871</b>	<b>16,663</b>	<b>560</b>	<b>73,094</b>
Finance income	139	41	14	<b>194</b>
Finance costs	(2,014)	(460)	(3)	<b>(2,477)</b>
Foreign exchange gain from financing activities, net	2,828	496	-	<b>3,324</b>
COVID-19 related expenses	(189)	(27)	(2)	<b>(218)</b>
<b>Profit before tax</b>	<b>45,863</b>	<b>13,927</b>	<b>311</b>	<b>60,101</b>

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**4 SEGMENT INFORMATION (CONTINUED)**

Segment information of the Group for the six months ended 30 June 2020 is as follows:

<i>RUB million</i>	<b>Phosphate-based products</b>	<b>Nitrogen-based products</b>	<b>Other operations</b>	<b>Total</b>
<i>Segment revenue and profitability</i>				
Segment external revenues, thereof:	97,392	20,804	5,800	<b>123,996</b>
Export	65,415	15,696	599	<b>81,710</b>
Domestic	31,977	5,108	5,201	<b>42,286</b>
Cost of Group products sold	(65,774)	(12,620)	(800)	<b>(79,194)</b>
Cost of products for resale	-	-	(4,755)	<b>(4,755)</b>
<b>Gross segment profit</b>	<b>31,618</b>	<b>8,184</b>	<b>245</b>	<b>40,047</b>
Administrative and selling overhead expenses	(9,689)	(2,002)	(131)	<b>(11,822)</b>
Taxes, other than income tax, net	(1,485)	(93)	(5)	<b>(1,583)</b>
Other income and expenses, net	(1,248)	(197)	-	<b>(1,445)</b>
Foreign exchange gain from operating activities, net	863	158	-	<b>1,021</b>
<b>Operating profit</b>	<b>20,059</b>	<b>6,050</b>	<b>109</b>	<b>26,218</b>
<i>Certain items of profit and loss</i>				
Amortisation and depreciation	(10,403)	(3,028)	(215)	<b>(13,646)</b>
<b>EBITDA</b>	<b>30,462</b>	<b>9,078</b>	<b>324</b>	<b>39,864</b>
Finance income	286	56	11	<b>353</b>
Finance costs	(2,350)	(517)	(6)	<b>(2,873)</b>
Foreign exchange loss from financing activities, net	(14,287)	(2,654)	(5)	<b>(16,946)</b>
COVID-19 related expenses	(257)	(31)	(1)	<b>(289)</b>
<b>Profit before tax</b>	<b>3,451</b>	<b>2,904</b>	<b>108</b>	<b>6,463</b>

The analysis of export revenue by regions is as follows:

<i>RUB million</i>	<b>Six months ended 30 June</b>	
	<b>2021</b>	<b>2020</b>
Europe	46,326	33,019
South America	45,457	18,656
North America	13,865	5,405
Africa	6,325	7,211
CIS	5,988	5,428
India	7,970	9,863
Asia	2,260	2,128
	<b>128,191</b>	<b>81,710</b>

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**5 REVENUES**

<i>RUB million</i>	Six months ended 30 June		Three months ended 30 June	
	2021	2020	2021	2020
Phosphate-based products	137,294	97,392	69,867	47,807
Sales of chemical fertilizers	120,070	80,300	61,591	39,152
Sales of apatite concentrate	11,781	12,333	5,703	6,378
Sales of other phosphate-based products and services	5,443	4,759	2,573	2,277
Nitrogen-based products	32,442	20,804	16,280	10,045
Other	6,525	5,800	2,535	2,086
	<b>176,261</b>	<b>123,996</b>	<b>88,682</b>	<b>59,938</b>

**6 COST OF GROUP PRODUCTS SOLD**

<i>RUB million</i>	Six months ended 30 June		Three months ended 30 June	
	2021	2020	2021	2020
<b><i>Production expenses for Group goods sold</i></b>	<b>(73,090)</b>	<b>(63,243)</b>	<b>(34,854)</b>	<b>(29,734)</b>
Depreciation	(12,338)	(12,223)	(5,578)	(5,997)
Materials and services	(10,841)	(9,828)	(4,855)	(4,463)
Salaries and social contributions	(7,559)	(7,114)	(3,325)	(3,527)
Natural gas	(6,876)	(6,921)	(2,886)	(3,124)
Potash	(6,299)	(6,026)	(3,038)	(2,820)
Sulphur and sulphuric acid	(6,062)	(2,258)	(4,016)	(1,063)
Repair and maintenance expenses	(5,637)	(4,767)	(2,748)	(2,351)
Ammonia	(4,879)	(2,267)	(2,798)	(1,076)
Transportation of phosphate rock	(4,237)	(4,236)	(1,953)	(1,976)
Electricity	(3,211)	(3,236)	(1,410)	(1,530)
Fuel	(2,723)	(2,047)	(1,217)	(903)
Drilling and blasting operations expenses	(1,807)	(1,489)	(822)	(720)
Ammonium sulphate	(621)	(831)	(208)	(184)
<b><i>Logistics expenses for Group goods sold</i></b>	<b>(20,143)</b>	<b>(15,951)</b>	<b>(9,484)</b>	<b>(7,887)</b>
Freight, port and stevedoring expenses	(12,817)	(9,064)	(6,327)	(4,564)
Russian Railways infrastructure tariff and operators' fees	(5,599)	(5,917)	(2,475)	(2,935)
Customs duties	(1,138)	(564)	(396)	(204)
Other services	(589)	(406)	(286)	(184)
	<b>(93,233)</b>	<b>(79,194)</b>	<b>(44,338)</b>	<b>(37,621)</b>

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**7 ADMINISTRATIVE AND SELLING OVERHEAD EXPENSES**

<i>RUB million</i>	Six months ended 30 June		Three months ended 30 June	
	2021	2020	2021	2020
<b>Administrative overhead expenses:</b>	<b>(9,889)</b>	<b>(8,802)</b>	<b>(4,997)</b>	<b>(4,150)</b>
Salaries and social contributions	(6,442)	(5,728)	(3,281)	(2,646)
Professional services	(838)	(953)	(414)	(534)
Depreciation and amortisation	(692)	(678)	(336)	(342)
Other	(1,917)	(1,443)	(966)	(628)
<b>Selling overhead expenses:</b>	<b>(3,284)</b>	<b>(3,020)</b>	<b>(1,684)</b>	<b>(1,402)</b>
Salaries and social contributions	(1,910)	(1,582)	(936)	(713)
Depreciation and amortisation	(786)	(745)	(395)	(353)
Materials and services	(588)	(693)	(353)	(336)
	<b>(13,173)</b>	<b>(11,822)</b>	<b>(6,681)</b>	<b>(5,552)</b>

**8 TAXES, OTHER THAN INCOME TAX, NET**

<i>RUB million</i>	Six months ended 30 June		Three months ended 30 June	
	2021	2020	2021	2020
Mineral extraction tax	(1,846)	(599)	(926)	(222)
Property tax	(852)	(679)	(414)	(331)
Land tax	(109)	(130)	(54)	(65)
Environment pollution payment	(94)	(80)	(44)	(43)
VAT included in expenses	(50)	(55)	(20)	(27)
Use of water resources payment	(26)	(22)	(12)	(11)
Other taxes	(20)	(18)	(9)	(10)
	<b>(2,997)</b>	<b>(1,583)</b>	<b>(1,479)</b>	<b>(709)</b>

**9 OTHER EXPENSES, NET**

<i>RUB million</i>	Six months ended 30 June		Three months ended 30 June	
	2021	2020	2021	2020
Social expenditures	(1,206)	(1,336)	(632)	(598)
Increase in provision for inventory obsolescence	(370)	(59)	(353)	(64)
Loss on disposal of property, plant and equipment and intangible assets	(188)	(41)	(76)	(34)
Increase in provision for bad debt and expected credit losses allowance	(62)	(57)	(54)	(8)
Gain/(loss) on disposal of inventories	144	(45)	54	(39)
Reversal/(accrual) of contingent liabilities	4	(51)	49	(17)
Other income, net	157	144	148	19
	<b>(1,521)</b>	<b>(1,445)</b>	<b>(864)</b>	<b>(741)</b>



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**10 FINANCE INCOME AND FINANCE COSTS**

<i>RUB million</i>	Six months ended 30 June		Three months ended 30 June	
	2021	2020	2021	2020
Interest income	138	168	69	73
Share of profit of associates	26	33	18	-
Gain arising from operations with foreign currency	-	27	-	-
Agent's fee income upon dividends payments on Group's GDR	-	91	-	-
Decrease in provision for bad debts for financial investments	-	-	8	-
Other finance income	30	34	15	15
<b>Finance income</b>	<b>194</b>	<b>353</b>	<b>110</b>	<b>88</b>
Interest expense on borrowings	(1,901)	(1,812)	(909)	(910)
Interest expense on lease liabilities	(217)	(238)	(103)	(121)
Bank fees (including early eurobond partial redemption fees)	(77)	(404)	(33)	(48)
Securitisation fees	(74)	(95)	(40)	(49)
Increase in provision for bad debts for financial investments	(59)	(251)	-	(234)
Loss arising from operations with foreign currency	(46)	-	(54)	(34)
Interest expense on defined benefit obligations	(28)	(27)	(14)	(14)
Other finance costs	(75)	(46)	(42)	(25)
<b>Finance costs</b>	<b>(2,477)</b>	<b>(2,873)</b>	<b>(1,195)</b>	<b>(1,435)</b>

**11 INCOME TAX EXPENSE**

The Company's applicable corporate income tax rate is 20% (six months ended 30 June 2020: 20%).

<i>RUB million</i>	Six months ended 30 June		Three months ended 30 June	
	2021	2020	2021	2020
Current income tax expense	(12,262)	(3,652)	(7,901)	(3,206)
Deferred income tax - origination and reversal of temporary differences, including change in unrecognised assets	813	2,480	708	(1,946)
<b>Income tax expenses</b>	<b>(11,449)</b>	<b>(1,172)</b>	<b>(7,193)</b>	<b>(5,152)</b>

Reconciliation of effective tax rate:

	Six months ended 30 June			
	2021		2020	
	RUB million	%	RUB million	%
Profit loss before tax	60,101		6,463	
Income tax at applicable tax rate	(12,020)	(20)	(1,293)	(20)
Effect of tax rates in foreign jurisdictions	69	-	325	5
Tax effect of items which are not deductible or assessable for taxation purposes	(389)	(1)	(527)	(8)
Effect of reduction in tax rate	861	2	323	5
Tax incentive	30	-	-	-
<b>Income tax expenses</b>	<b>(11,449)</b>	<b>(19)</b>	<b>(1,172)</b>	<b>(18)</b>

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**12 PROPERTY, PLANT AND EQUIPMENT**

<i>RUB million</i>	<b>Land and buildings</b>	<b>Plant and equipment</b>	<b>Fixtures and fittings</b>	<b>Construction in progress</b>	<b>Total</b>
Net book value at 1 January 2020	72,708	83,765	5,991	36,995	<b>199,459</b>
Additions	562	1,791	1,068	13,112	<b>16,533</b>
Transfer from right-of-use assets (note 13)	-	8	-	-	<b>8</b>
Transfers	3,305	11,018	-	(14,323)	<b>-</b>
Disposals	(6)	(15)	(2)	(49)	<b>(72)</b>
Depreciation	(2,920)	(8,600)	(924)	-	<b>(12,444)</b>
Effect of foreign currency translation reserve	51	177	3	-	<b>231</b>
<b>Net book value at 30 June 2020</b>	<b>73,700</b>	<b>88,144</b>	<b>6,136</b>	<b>35,735</b>	<b>203,715</b>
Net book value at 1 January 2021	79,150	95,677	6,604	38,600	<b>220,031</b>
Additions	562	1,581	1,066	16,293	<b>19,502</b>
Transfers to right-of-use assets (note 13)	-	(12)	-	-	<b>(12)</b>
Transfers	5,851	9,110	-	(14,961)	<b>-</b>
Disposals	(130)	(59)	(2)	(75)	<b>(266)</b>
Depreciation	(3,158)	(8,719)	(916)	-	<b>(12,793)</b>
Effect of foreign currency translation reserve	(24)	(33)	(1)	-	<b>(58)</b>
<b>Net book value at 30 June 2021</b>	<b>82,251</b>	<b>97,545</b>	<b>6,751</b>	<b>39,857</b>	<b>226,404</b>

During the six months ended 30 June 2021, the Group capitalised borrowing costs of RUB 618 million (RUB 583 million in the six months ended 30 June 2020) using the weighted average interest rate of 3.21% per year (3.24% per year in the six months ended 30 June 2020).

As at 30 June 2021, the balance of the construction in progress account includes accumulated costs mainly related to:

*in Cherepovets:*

- Development of aluminium fluoride production facilities (RUB 1,948 million);
- Development of ammonia production facilities (RUB 1,263 million);
- Development of phosphoric acid extract and fertilizers production facilities (RUB 894 million);
- Replacement of vacuum system for the production of phosphoric acid (RUB 589 million);
- Construction of ammonium sulphate plant (RUB 232 million).

*in Kirovsk:*

- Extension and modernisation of the Kirovsk mine (RUB 12,645 million);
- Construction of apatite-nepheline beneficiation plants (RUB 2,104 million);
- Development of the Rasvumchorrskiy mine (RUB 1,984 million).

*in Volkhov:*

- Construction of sulphuric acid production facilities (RUB 2,084 million);
- Construction of communication lines (RUB 1,286 million);
- Construction of filtering station for phosphoric acid extraction (RUB 867 million);
- Development of monoammonium phosphate production facilities (RUB 818 million).

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**12 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)**

in Balakovo:

- Development of ammonium sulphate production facilities (RUB 348 million);
- Construction of vacuum system for phosphoric acid production (RUB 347 million).

**13 RIGHT-OF-USE ASSETS**

The Group has the following types of right-of-use assets: railway wagons, production equipment and offices.

<i>RUB million</i>	<b>Buildings</b>	<b>Plant and equipment</b>	<b>Total</b>
<b>Net book value at 1 January 2020</b>	<b>109</b>	<b>6,782</b>	<b>6,891</b>
New lease contracts and modification on existing lease contracts	37	1,747	<b>1,784</b>
Transfers to property, plant and equipment (note 12)	-	(8)	<b>(8)</b>
Depreciation	(32)	(742)	<b>(774)</b>
Disposals	-	(7)	<b>(7)</b>
Effect of foreign currency translation reserve	9	1	<b>10</b>
<b>Net book value at 30 June 2020</b>	<b>123</b>	<b>7,773</b>	<b>7,896</b>
<b>Net book value at 1 January 2021</b>	<b>185</b>	<b>7,150</b>	<b>7,335</b>
New lease contracts and modification on existing lease contracts	201	158	<b>359</b>
Transfers from property, plant and equipment (note 12)	-	12	<b>12</b>
Depreciation	(67)	(824)	<b>(891)</b>
Disposals	(7)	-	<b>(7)</b>
Effect of foreign currency translation reserve	(7)	-	<b>(7)</b>
<b>Net book value at 30 June 2021</b>	<b>305</b>	<b>6,496</b>	<b>6,801</b>
	<b>Six months ended 30 June</b>		
<i>RUB million</i>	<b>2021</b>	<b>2020</b>	
<i>Amounts recognised in profit and loss</i>			
Depreciation expense on right-of-use assets	891	774	
Interest expense on lease liabilities	217	238	

**14 OTHER NON-CURRENT ASSETS**

<i>RUB million</i>	<b>30 June 2021</b>	<b>31 December 2020</b>
Long-term accounts receivable	724	732
Loans issued to third parties, at amortised cost	709	716
Financial assets, at fair value through profit or loss	597	592
Loans issued to employees, at amortised cost	137	148
Provision for loans issued to third parties and long-term accounts receivable	(1,219)	(1,240)
	<b>948</b>	<b>948</b>

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**15 OTHER FINANCIAL ASSETS**

<i>RUB million</i>	<b>30 June 2021</b>	<b>31 December 2020</b>
Interest receivable	157	134
Loans issued to employees, at amortised cost	132	125
Loans issued to third parties, at amortised cost	69	48
Dividend receivable	-	41
Provision for doubtful accounts	(56)	(37)
	<b>302</b>	<b>311</b>

**16 INVENTORIES**

<i>RUB million</i>	<b>30 June 2021</b>	<b>31 December 2020</b>
Raw materials and spare parts	8,169	8,086
<i>Finished goods:</i>		
Chemical fertilisers	15,864	14,254
Phosphate rock	613	717
Other products	289	378
<i>Work-in-progress:</i>		
Chemical fertilisers and other products	6,088	4,902
Chemical fertilisers and other products for resale, purchased from third parties	1,222	2,292
Other goods	155	172
Provision for obsolescence	(591)	(221)
	<b>31,809</b>	<b>30,580</b>

**17 TRADE AND OTHER RECEIVABLES**

<i>RUB million</i>	<b>30 June 2021</b>	<b>31 December 2020</b>
<b>Financial assets</b>		
Trade accounts receivable	13,416	11,212
Other receivables	779	996
Provision for doubtful accounts and expected credit losses allowance	(330)	(349)
<b>Non-financial assets</b>		
Advances issued	6,814	5,537
Deferred expenses	206	117
Receivables from employees	72	22
Provision for doubtful accounts and expected credit losses allowance	(12)	(20)
	<b>20,945</b>	<b>17,515</b>

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**17 TRADE AND OTHER RECEIVABLES (CONTINUED)**

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

<i>RUB million</i>	<b>2021</b>	<b>2020</b>
<b>Balance at 1 January</b>	<b>(369)</b>	<b>(258)</b>
Use of allowance	84	54
Reversal of allowance	2	2
Effect of foreign currency translation reserve	3	(20)
Increase in provision for doubtful accounts and expected credit losses allowance	(62)	(75)
Reclassification of current assets	-	(37)
<b>Balance at 30 June</b>	<b>(342)</b>	<b>(334)</b>

The Group sells trade receivables to a bank without recourse. The arrangement with the bank assumes that the customers remit cash directly to the Group and the Group transfers the collected amounts to the bank.

Payables to the bank of RUB 2,008 million at 30 June 2021 are presented within other payables (31 December 2020: RUB 852 million). Receivables from the bank of RUB 809 million at 30 June 2021 represent a security deposit and included in trade receivables (31 December 2020: RUB 537 million).

The following information shows the carrying amount of trade receivables for the reporting period that were transferred and derecognised and the cash proceeds received.

<i>RUB million</i>	<b>Six months ended 30 June</b>		<b>Three months ended 30 June</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Trade receivables transferred to the bank	12,076	8,946	6,754	4,820
Associated cash inflow	4,246	1,698	1,722	291
Associated cash outflow	(1,151)	(2,199)	(1,151)	(1,597)
Net-off with other payables	7,830	7,248	5,032	4,529
Other non-cash turnovers	272	63	272	63

**18 CASH AND CASH EQUIVALENTS**

<i>RUB million</i>	<b>30 June 2021</b>	<b>31 December 2020</b>
Cash in bank	22,557	4,023
Call deposits	4,543	4,432
Petty cash	9	5
	<b>27,109</b>	<b>8,460</b>

The most significant balances of cash and cash equivalents were held in banks with credit rating from an AA to BBB.

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**19 EQUITY****Dividends**

Proposed by the Board of Directors in	Approved by shareholders in	Amount per share RUB	Amount of dividends RUB million
<b>Total dividends approved during the reporting period</b>			
April 2021	May 2021	63	8,158.5
May 2021	June 2021	105	13,597.5
<b>Total dividends approved subsequent to the reporting date</b>			
August 2021	September 2021	156	20,202
			<b>41,958</b>

**20 EARNINGS PER SHARE**

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

	Six months ended 30 June		Three months ended 30 June	
	2021	2020	2021	2020
Weighted average number of ordinary shares in issue	129,500,000	129,500,000	129,500,000	129,500,000
Profit for the period attributable to shareholders of the Parent, RUB million	48,667	5,284	30,314	20,871
Basic and diluted earnings/ per share, RUB	376	41	234	161

**21 LOANS AND BORROWINGS**

This note provides information about the contractual terms of the Group's loans and borrowings.

<i>RUB million</i>	30 June 2021	31 December 2020
<b>Current loans and borrowings:</b>		
Eurobonds	25,330	25,857
Unsecured bank loans	9,253	28,326
Interest payable	1,086	1,137
Bank commission (short-term)	(2)	(4)
	<b>35,667</b>	<b>55,316</b>
<b>Non-current loans and borrowings:</b>		
Eurobonds	72,372	73,876
Unsecured bank loans	39,994	30,159
Bank commission (long-term)	(172)	(211)
	<b>112,194</b>	<b>103,824</b>
	<b>147,861</b>	<b>159,140</b>

**21 LOANS AND BORROWINGS (CONTINUED)**

In May 2017, the Company's SPV issued a USD 500 million 4.5-year Eurobond with a coupon rate of 3.95%, which is listed on the Irish Stock Exchange. In 2020, the Group repaid USD 150 million of the Eurobond ahead of schedule. The fair value of the Eurobond at the reporting date is RUB 25,598 million (31 December 2020: RUB 26,514 million).

In January 2018, the Company's SPV issued a USD 500 million 5.25-year Eurobond with a coupon rate of 3.949%, which is listed on the Irish Stock Exchange, with the fair value at the reporting date of RUB 37,718 million (31 December 2020: RUB 38,763 million).

In January 2020, the Company's SPV issued a USD 500 million 5-year Eurobond with a coupon rate of 3.05%, which is listed on the Irish Stock Exchange, with the fair value at the reporting date of RUB 37,738 million (31 December 2020: RUB 38,534 million).

Management believes that the fair value of the Group's other loans and borrowings approximates their carrying amounts.

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

<i>RUB million</i>	<b>30 June 2021</b>	<b>31 December 2020</b>
USD-denominated	134,032	129,593
EUR-denominated	13,829	20,018
RUB-denominated	-	9,529
	<b>147,861</b>	<b>159,140</b>

The maturity of the loans and borrowings is as follows:

<i>RUB million</i>	<b>30 June 2021</b>	<b>31 December 2020</b>
Less than 1 year	35,668	55,320
1-2 years	48,022	12,182
2-3 years	7,441	40,859
3-4 years	41,706	3,921
4-5 years	11,059	40,859
More than 5 years	4,139	6,214
Bank commission	(174)	(215)
	<b>147,861</b>	<b>159,140</b>

Reconciliation of loans and borrowings balances:

<i>RUB million</i>	<b>Six months ended 30 June</b>	
	<b>2021</b>	<b>2020</b>
Balance as at 1 January	159,140	133,576
Cash inflows	15,787	43,647
Cash outflows	(23,246)	(55,881)
Interest accrued	1,901	1,812
Interest paid	(1,963)	(1,510)
Amortisation of bank commission	41	40
Foreign exchange loss	(3,590)	17,927
Other turnovers	(209)	-
<b>Balance as at 30 June</b>	<b>147,861</b>	<b>139,611</b>

**PJSC "PhosAgro"**

Notes to the Consolidated Interim Condensed Financial Statements  
for the six months ended 30 June 2021 (unaudited)

**22 LEASE LIABILITIES**

<i>RUB million</i>	Lease liability without subsequent asset buyout	Lease liability with subsequent asset buyout	Total
<b>Balance as at 1 January 2020</b>	<b>4,757</b>	<b>1,487</b>	<b>6,244</b>
New lease contracts and modification of existing lease contracts	19	1,521	<b>1,540</b>
Interest expense on lease liabilities	158	80	<b>238</b>
Principal lease payments	(588)	(235)	<b>(823)</b>
Interest lease payments	(159)	(80)	<b>(239)</b>
Effect of foreign currency translation reserve	9	-	<b>9</b>
<b>Balance as at 30 June 2020</b>	<b>4,196</b>	<b>2,773</b>	<b>6,969</b>
<b>Balance as at 1 January 2021</b>	<b>3,622</b>	<b>2,573</b>	<b>6,195</b>
New lease contracts and modification of existing lease contracts	472	(114)	<b>358</b>
Interest expense on lease liabilities	124	93	<b>217</b>
Principal lease payments	(655)	(299)	<b>(954)</b>
Interest lease payments	(124)	(93)	<b>(217)</b>
Effect of foreign currency translation reserve	(8)	-	<b>(8)</b>
<b>Balance as at 30 June 2021</b>	<b>3,431</b>	<b>2,160</b>	<b>5,591</b>

**23 TRADE AND OTHER PAYABLES**

<i>RUB million</i>	30 June 2021	31 December 2020
Dividends payable	15,637	-
Trade accounts payable	12,969	12,230
including accounts payable for property, plant and equipment and intangible assets	5,084	4,777
Advances received (contract liabilities)	6,594	12,406
Payables to employees	4,961	4,029
Accruals	206	210
Other payables	2,143	994
	<b>42,510</b>	<b>29,869</b>

**24 COMMITMENTS**

As at 30 June 2021, the Group had contractual commitments for the purchase of property, plant and equipment for RUB 28,553 million (31 December 2020: RUB 31,197 million), including VAT where applicable.



**25 RELATED PARTY TRANSACTIONS**

Parties are generally considered to be related if the parties are under common control or if one party has the ability to control the other party or can exercise significant influence or joint control over the other party in making financial and operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form. Other related parties include entities controlled by the Company's key shareholders.

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

**a) Transactions with related parties**

<i>RUB million</i>	<b>Nature of relationship</b>	<b>Six months ended 30 June</b>	
		<b>2021</b>	<b>2020</b>
Sales of goods and services	Associates	14	15
Other income, net	Associates	-	1
Purchases of goods and services	Associates	(290)	(279)
Sales of goods and services	Other related parties	630	405
Other expenses, net	Other related parties	(22)	(19)
Purchases of goods and services	Other related parties	(103)	(42)

**b) Balances with related parties**

<i>RUB million</i>	<b>Nature of relationship</b>	<b>30 June 2021</b>	<b>31 December 2020</b>
Trade and other receivables	Associates	14	16
Trade and other payables	Associates	(8)	(12)
Trade and other receivables	Other related parties	8	14
Trade and other payables	Other related parties	(178)	(237)

**c) Financial guarantees**

The Group issued financial guarantees to the bank to secure associates' bank loans amounting to RUB 211 million (31 December 2020: RUB 340 million).

**26 FOREIGN CURRENCY RISK**

The Group's net monetary position on balances denominated in foreign currencies other than the respective functional currencies is as follows:

<i>RUB million</i>	<b>30 June 2021</b>	<b>31 December 2020</b>
Group companies in Russia:		
USD-denominated net liabilities	(128,367)	(130,337)
EUR-denominated net liabilities	(14,205)	(20,782)
	<b>(142,572)</b>	<b>(151,119)</b>
Foreign Group companies:		
USD-denominated net assets	700	1,594
EUR-denominated net assets	1,993	745
	<b>2,693</b>	<b>2,339</b>
Total:		
USD-denominated net liabilities	(127,667)	(128,743)
EUR-denominated net liabilities	(12,212)	(20,037)
	<b>(139,879)</b>	<b>(148,780)</b>

## **26 FOREIGN CURRENCY RISK (CONTINUED)**

The foreign exchange gain recognised in profit or loss of RUB 2,558 million (RUB 15,925 million of foreign exchange loss for the comparative period) resulted from the appreciation of the Russian rouble against major currencies during the reporting period (depreciation of the Russian rouble against major currencies during the comparative period).

In addition, the net assets of the Group's foreign subsidiaries denominated in USD, EUR and other currencies amounted to RUB 14,932 million as at the reporting date (31 December 2020: RUB 16,760 million).

## **27 DETERMINATION OF FAIR VALUES**

Fair values of assets and liabilities are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

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

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

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

### **a) Financial assets and liabilities measured at amortised cost**

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

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

### **b) Financial instruments measured at fair value**

The fair value of investments measured at fair value through profit or loss is categorised as Level 3 of the fair value hierarchy. Management believes that no changes are required to the fair value of the investment estimated in the consolidated financial statements as at 31 December 2020.

## **28 SEASONALITY**

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

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