

Report on Review of Interim Financial Information
***Public Joint-Stock Company KuibyshevAzot
and its subsidiaries***
for the six-month period ended 30 June 2023

August 2023

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Interim Financial Information
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and its subsidiaries**

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Report on Review of Interim Financial Information

To the shareholders of Public Joint-Stock Company
KuibyshevAzot

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of Public Joint-Stock Company KuibyshevAzot and its subsidiaries, which comprise the interim condensed consolidated statement of financial position as at 30 June 2023, the interim condensed consolidated statement of comprehensive income, interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cash flows for the six-month period then ended, and selected explanatory notes (interim consolidated financial information).

Management of Public Joint-Stock Company KuibyshevAzot is responsible for the preparation and presentation of this interim consolidated financial information in accordance with IAS 34, *Interim Financial Reporting*. Our responsibility is to express a conclusion on this interim consolidated financial information 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 interim consolidated financial information 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 interim consolidated financial information is not prepared, in all material respects, in accordance with IAS 34, *Interim Financial Reporting*.



**NEW CHALLENGES
NEW SOLUTIONS**

Report on supplementary information

Our review was conducted for the purpose of making a conclusion on the interim consolidated financial information taken as a whole. The information on the translation into US dollars of the interim condensed consolidated statement of financial position, the interim condensed consolidated statement of comprehensive income, the interim condensed consolidated statement of changes in equity and the interim condensed consolidated statement of cash flows accompanying the interim condensed consolidated financial statements, which has been disclosed as supplementary financial information on pages 5 to 8, is presented for purposes of additional analysis and is not within the scope of IFRS. Such supplementary financial information has been subject to the procedures applied in our review of the interim condensed consolidated financial statements and, based on our review, nothing has come to our attention that causes us to believe that the supplementary financial information is not prepared, in all material respects, in accordance with the basis described in Note 2.2 to the interim condensed consolidated financial statements.

E.E. Zlokazova
Partner
TSATR – Audit Services Limited Liability Company

28 August 2023

Details of the auditor

Name: TSATR – Audit Services Limited Liability Company
Record made in the State Register of Legal Entities on 5 December 2002, State Registration Number 1027739707203.
Address: Russia 115035, Moscow, Sadovnicheskaya naberezhnaya, 77, building 1.
TSATR – Audit Services Limited Liability Company is a member of Self-regulatory organization of auditors Association "Sodruzhestvo". TSATR – Audit Services Limited Liability Company is included in the control copy of the register of auditors and audit organizations, main registration number 12006020327.

Details of the entity

Name: Public Joint-Stock Company KuibyshevAzot
Record made in the State Register of Legal Entities on 17 January 2003, State Registration Number 1036300992793.
Address: Russia 445007, Togliatti, Novozavodskaya ulitsa, 6.



KuibyshevAzot Group

Interim condensed consolidated statement of financial position as at 30 June 2023

(in million of Russian rubles unless otherwise stated)

| | Note | Supplementary information USD million (Note 2.2) | | | |
|--|------|---|---------------------|-----------------|---------------------|
| | | Unaudited | | Audited | |
| | | 30 June 2023 | 31 December 2022 | 30 June 2023 | 31 December 2022 |
| Assets | | | | | |
| Current assets | | | | | |
| Cash and cash equivalents | 5 | 26,322 | 31,537 | 302 | 448 |
| Trade and other receivables | 6 | 6,369 | 5,983 | 73 | 85 |
| Inventories | 7 | 11,929 | 11,451 | 137 | 163 |
| VAT recoverable | | 1,254 | 630 | 14 | 9 |
| Current Income tax receivable | | 14 | 21 | - | - |
| Financial assets | 11 | 1,269 | 1,469 | 15 | 21 |
| Total current assets | | 47,157 | 51,091 | 541 | 726 |
| Non-current assets | | | | | |
| Property, plant and equipment | 8 | 39,488 | 38,071 | 454 | 541 |
| Intangible assets | 9 | 1,877 | 2,094 | 22 | 30 |
| Right-of-use assets | | 521 | 670 | 6 | 10 |
| Prepayments for property, plant and equipment and intangible assets | | 2,023 | 1,073 | 23 | 15 |
| Investments in associates and joint ventures | 10 | 18,275 | 18,357 | 210 | 261 |
| Financial assets | 11 | 3,427 | 3,527 | 39 | 50 |
| Derivative financial instruments | 10 | 502 | 610 | 6 | 9 |
| Total non-current assets | | 66,113 | 64,402 | 760 | 916 |
| Total assets | | 113,270 | 115,493 | 1,301 | 1,642 |
| Liabilities | | | | | |
| Current liabilities | | | | | |
| Trade payables | | 2,481 | 3,332 | 29 | 47 |
| Income tax payable | | 153 | 537 | 2 | 8 |
| Taxes payable other than income tax | 14 | 521 | 551 | 6 | 8 |
| Short-term loans and borrowings | 12 | 7,488 | 6,673 | 86 | 95 |
| Lease liabilities | | 284 | 461 | 3 | 7 |
| Advances received | | 2,267 | 4,778 | 26 | 68 |
| Financing commitment | 10 | 4,036 | 4,121 | 46 | 59 |
| Other current liabilities | 13 | 1,060 | 904 | 12 | 13 |
| Total current liabilities | | 18,290 | 21,357 | 210 | 305 |
| Non-current liabilities | | | | | |
| Long-term loans and borrowings | 12 | 6,649 | 9,648 | 76 | 137 |
| Deferred tax liabilities | | 1,941 | 1,551 | 22 | 22 |
| Lease liabilities | | 200 | 196 | 2 | 3 |
| Retirement benefit obligations | | 682 | 735 | 8 | 10 |
| Derivative financial instruments | 10 | 814 | 642 | 9 | 9 |
| Other non-current liabilities | | 60 | - | 1 | - |
| Total non-current liabilities | | 10,346 | 12,772 | 118 | 181 |
| Total liabilities | | 28,636 | 34,129 | 328 | 486 |
| Equity | | | | | |
| Equity and reserves attributable to equity holders of the Company | | | | | |
| Share capital | 15 | 634 | 634 | 7 | 9 |
| Additional share capital | | 919 | 919 | 11 | 13 |
| Treasury shares | 15 | (6,396) | (6,396) | (73) | (91) |
| Foreign currency translation reserve | | 808 | 779 | 9 | 11 |
| Retained earnings | | 88,236 | 85,124 | 1,014 | 1,210 |
| | | 84,201 | 81,060 | 968 | 1,152 |
| Non-controlling interests | | 433 | 304 | 5 | 4 |
| Total equity | | 84,634 | 81,364 | 973 | 1,156 |
| Total liabilities and equity | | 113,270 | 115,493 | 1,301 | 1,642 |

Approved for issue and signed on behalf of Board of Directors on
28 August 2023

A.V. Gerasimenko
General Director

V.N. Kudashev
Chief Accountant

The accompanying notes are an integral part of these interim condensed consolidated financial statements.



KuibyshevAzot Group

Interim condensed consolidated statement of comprehensive income for the six months ended 30 June 2023

(in million of Russian rubles unless otherwise stated)

| | Note | Supplementary information USD million (Note 2.2) | | | |
|---|------|---|---------------|----------------------------------|-------------|
| | | Unaudited | | Unaudited | |
| | | For the six months ended 30 June | | For the six months ended 30 June | |
| | | 2023 | 2022 | 2023 | 2022 |
| Revenue from sales | 16 | 37,931 | 53,472 | 493 | 701 |
| Cost of sales | 17 | (23,354) | (24,230) | (304) | (318) |
| Gross profit | | 14,577 | 29,242 | 189 | 383 |
| Distribution costs | 18 | (4,520) | (3,495) | (59) | (46) |
| General and administrative expenses | 19 | (2,538) | (2,007) | (33) | (26) |
| Other operating income | 20 | 2,161 | 1,114 | 28 | 15 |
| Other operating expenses | 21 | (167) | (2,059) | (2) | (27) |
| Operating profit | | 9,513 | 22,795 | 123 | 299 |
| Finance income | 22 | 4,799 | 5,017 | 62 | 66 |
| Finance costs | 23 | (1,558) | (1,504) | (20) | (20) |
| Share of profit/(losses) of associates and joint ventures | 10 | (342) | 3,508 | (4) | 46 |
| Profit before tax | | 12,412 | 29,816 | 161 | 391 |
| Income tax expense | 24 | (3,205) | (4,950) | (41) | (65) |
| Profit for the period | | 9,207 | 24,866 | 120 | 326 |
| Other comprehensive loss | | | | | |
| <i>Other comprehensive loss that may be reclassified to profit or loss in subsequent periods</i> | | | | | |
| Foreign currency translation reserve | | 29 | (119) | - | (2) |
| Net other comprehensive loss that may be reclassified to profit or loss in subsequent periods | | 29 | (119) | - | (2) |
| <i>Other comprehensive loss that will not be reclassified to profit or loss in subsequent periods</i> | | | | | |
| Re-measurement of income/(losses) on defined benefit plan | | 71 | (40) | 1 | (1) |
| Income tax effect | | (14) | 8 | - | - |
| Net other comprehensive loss that will not be reclassified to profit or loss in subsequent periods | | 57 | (32) | 1 | (1) |
| Other comprehensive loss, net of tax | | 86 | (151) | 1 | (3) |
| Total comprehensive income, net of tax | | 9,293 | 24,715 | 121 | 323 |
| Profit attributable to: | | | | | |
| Equity holders of the Company | | 9,066 | 24,947 | 118 | 327 |
| Non-controlling interests | | 141 | (81) | 2 | (1) |
| | | 9,207 | 24,866 | 120 | 326 |
| Total comprehensive income attributable to: | | | | | |
| Equity holders of the Company | | 9,152 | 24,796 | 119 | 324 |
| Non-controlling interests | | 141 | (81) | 2 | (1) |
| | | 9,293 | 24,715 | 121 | 323 |
| Earnings per share, basic/diluted (in Russian rubles and USD per share): | | | | | |
| - for profit attributable to the equity holders of the Company | | 53.16 | 140.41 | 0.69 | 1.84 |

The accompanying notes are an integral part of these interim condensed consolidated financial statements.



KuibyshevAzot Group

Interim condensed consolidated statement of changes in equity for the six months ended 30 June 2023

(in million of Russian rubles unless otherwise stated)

| | Equity attributable to equity holders of the Company | | | | | | | Total equity |
|---|--|--------------------------|---------------------------|--------------------------------------|-------------------|----------------|---------------------------|----------------|
| | Share capital | Additional share capital | Treasury shares (Note 15) | Foreign currency translation reserve | Retained earnings | Total | Non-controlling interests | |
| Balance as at 31 December 2021 | 634 | 919 | (6,396) | 928 | 51,768 | 47,853 | 302 | 48,155 |
| Profit for the period | - | - | - | - | 24,947 | 24,947 | (81) | 24,866 |
| Other comprehensive income | - | - | - | (119) | (32) | (151) | - | (151) |
| Total comprehensive income | - | - | - | (119) | 24,915 | 24,796 | (81) | 24,715 |
| Dividends declared by a subsidiary to non-controlling interests | - | - | - | - | - | - | (56) | (56) |
| Dividends declared (Note 15) | - | - | - | - | (2,516) | (2,516) | - | (2,516) |
| Balance as at 30 June 2022 (Unaudited) | 634 | 919 | (6,396) | 809 | 74,167 | 70,133 | 165 | 70,298 |
| Balance as at 31 December 2022 | 634 | 919 | (6,396) | 779 | 85,124 | 81,060 | 304 | 81,364 |
| Profit for the period | - | - | - | - | 9,066 | 9,066 | 141 | 9,207 |
| Other comprehensive income/ (loss) | - | - | - | 29 | 57 | 86 | - | 86 |
| Total comprehensive income/ (loss) | - | - | - | 29 | 9,123 | 9,152 | 141 | 9,293 |
| Dividends declared by a subsidiary to non-controlling interests | - | - | - | - | - | - | (12) | (12) |
| Dividends declared (Note 15) | - | - | - | - | (6,011) | (6,011) | - | (6,011) |
| Balance as at 30 June 2023 (Unaudited) | 634 | 919 | (6,396) | 808 | 88,236 | 84,201 | 433 | 84,634 |

| Supplementary information USD million (Note 2.2) | Equity attributable to equity holders of the Company | | | | | | | Total equity |
|--|--|--------------------------|---------------------------|--------------------------------------|-------------------|--------------|---------------------------|--------------|
| | Share capital | Additional share capital | Treasury shares (Note 15) | Foreign currency translation reserve | Retained earnings | Total | Non-controlling interests | |
| Balance as at 31 December 2022 | 9 | 13 | (91) | 11 | 1,210 | 1,152 | 4 | 1,156 |
| Balance as at 30 June 2023 (Unaudited) | 7 | 11 | (73) | 9 | 1,014 | 968 | 5 | 973 |

The accompanying notes are an integral part of these interim condensed consolidated financial statements.



KuibyshevAzot Group

Interim condensed consolidated statement of cash flows for the six months ended 30 June 2023

(in million of Russian rubles unless otherwise stated)

| | Note | Supplementary information USD million (Note 2.2) | | | |
|--|--------|---|----------------|-------------------------------------|-------------|
| | | Unaudited | | Unaudited | |
| | | For the six months ended 30 June | | For the six months ended 30 June | |
| | | 2023 | 2022 | 2023 | 2022 |
| Cash flows from operating activities | | | | | |
| Profit before tax | | 12,412 | 29,816 | 161 | 391 |
| <i>Adjustments for</i> | | | | | |
| Amortisation of property, plant and equipment, intangible assets and right-of-use assets | 8, 9 | 1,895 | 1,736 | 25 | 23 |
| Retirement benefit obligations | | 77 | 40 | 1 | 1 |
| Expected credit losses | 6 | 15 | - | - | - |
| Gain on disposal of property, plant and equipment and investments | 20 | (264) | - | (3) | - |
| Share of (profit)/losses of associates and joint ventures | 10 | 342 | (3,508) | 4 | (46) |
| Remeasurement of derivative financial instruments | 22, 23 | 280 | (2,786) | 4 | (37) |
| Finance income | 22 | (398) | (1,148) | (5) | (15) |
| Finance costs | 23 | 1,278 | 1,504 | 17 | 20 |
| Net foreign exchange effect on non-operating balances | 22 | (4,401) | (1,081) | (57) | (15) |
| Operating cash flows before working capital changes | | 11,236 | 24,573 | 147 | 322 |
| Change in trade and other receivables | | (1,024) | 720 | (13) | 9 |
| Change in inventories | | (478) | (3,124) | (6) | (41) |
| Change in trade and other payables | | (3,605) | (4,195) | (47) | (55) |
| Change in other taxes payable | | (30) | (712) | - | (9) |
| Cash flows from operating activities | | 6,099 | 17,262 | 81 | 226 |
| Income tax paid | | (3,191) | (5,436) | (42) | (71) |
| Interest received | | 283 | 894 | 3 | 12 |
| Interest paid | | (415) | (891) | (5) | (12) |
| Net cash generated from operating activities | | 2,776 | 11,829 | 37 | 155 |
| Cash flows from investing activities | | | | | |
| Purchase of property, plant and equipment | | (3,439) | (2,786) | (45) | (37) |
| Proceeds from sale of property, plant and equipment and investments | | 285 | - | 4 | - |
| Purchase of intangible assets | | (45) | (25) | (1) | - |
| Purchase of non-current financial assets | | (839) | (3,821) | (11) | (50) |
| Disposal of current financial assets | | 758 | 3,375 | 10 | 44 |
| Purchase of current financial assets | | (962) | (2,092) | (13) | (27) |
| Acquisition of a subsidiary, net of cash received | | - | (171) | - | (2) |
| Dividends received from associates | 10 | 450 | 836 | 6 | 11 |
| Net cash used in investing activities | | (3,792) | (4,684) | (50) | (61) |
| Cash flows from financing activities | | | | | |
| Proceeds from short-term loans and borrowings | 12 | - | 167 | - | 2 |
| Proceeds from long-term loans and borrowings | 12 | 161 | - | 2 | - |
| Repayment of loans and borrowings | 12 | (3,497) | (468) | (45) | (6) |
| Payment of lease liabilities | | (284) | (124) | (4) | (2) |
| Dividends paid to non-controlling interests | | (12) | (56) | - | (1) |
| Dividends paid to equity holders of the parent | | (5,977) | (4,894) | (78) | (64) |
| Net cash (used in) / generated from financing activities | | (9,609) | (5,375) | (125) | (71) |
| Net increase/(decrease) in cash and cash equivalents | | (10,625) | 1,770 | (138) | 23 |
| Net foreign exchange difference | | 5,410 | (1,017) | (8) | 76 |
| Cash and cash equivalents at the beginning of the period | 5 | 31,537 | 13,767 | 448 | 185 |
| Cash and cash equivalents at the end of the period | 5 | 26,322 | 14,520 | 302 | 284 |

The accompanying notes are an integral part of these interim condensed consolidated financial statements.



KuibyshevAzot Group

Selected notes to the interim condensed consolidated financial statements as at 30 June 2023

(in million of Russian rubles unless otherwise stated)

1. The Group and its operations

Public Joint Stock Company "KuibyshevAzot" ("the Company" or "PJSC KuibyshevAzot") and its subsidiaries' ("the Group") principal activities include the manufacture, distribution and sales of caprolactam and its derivatives, nitrogen fertilisers and ammonia and other chemical products. The Group's manufacturing facilities are primarily based in the Samarskaya oblast of Russian Federation. Part of the Company's shares is publicly traded on Moscow Exchange MICEX-RTS.

The parent, PJSC KuibyshevAzot, was incorporated as a public joint stock company in the Russian Federation on 25 November 2016. The registered address of PJSC KuibyshevAzot is 6 ul. Novozavodskaya, Togliatti, 445007, Samarskaya oblast, Russian Federation.

As at 30 June 2023 a blocking shareholding of 27% of total share capital of the Company is held by LLC Kuibyshevazot Plus, which was established in 2005 by the Company's management who contributed their shares in the Company into share capital of LLC Kuibyshevazot Plus. 4% of the total share capital of the Company is held by subsidiaries of the Group, and 24% of the total share capital of the Company is held by the Company itself as disclosed in Note 15. The remaining part of share capital of the Company is distributed among a number of individuals and legal entities. Therefore, the Company does not have an ultimate controlling party.

These interim condensed consolidated financial statements were authorised for issue by General Director of PJSC KuibyshevAzot on 28 August 2023.

2. Basis of preparation and changes to the Group's accounting policies

2.1 Basis of preparation

The interim condensed consolidated financial statements for the six-month period ended 30 June 2023 have been prepared in accordance with IAS 34 *Interim Financial Reporting*.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2022.

2.2 Foreign currency transaction

Functional and presentation currency

Functional currency of each of the Group's consolidated entities is the currency of the primary economic environment in which the entity operates. The Company's functional currency and the Group's presentation currency is the national currency of the Russian Federation, Russian rubles ("RUB").



KuibyshevAzot Group

Selected notes to the interim condensed consolidated financial statements (continued)

(in million of Russian rubles unless otherwise stated)

2. Basis of preparation and changes to the Group's accounting policies (continued)

2.2 Foreign currency transaction (continued)

Supplementary information

In addition to presenting these interim condensed consolidated financial statements in Russian rubles, supplementary information in US dollars (USD) has been prepared for the convenience of users of these consolidated financial statements. The method used to determine the supplementary information is as follows:

- (i) all items in the interim condensed consolidated statement of financial position, including all components of equity, are translated at the closing rate for each consolidated statement of financial position presented.
- (ii) income and expenses have been translated using the average rate of exchange for each for the period presented.

The Company has converted the financial information into USD by translating all items in the interim condensed consolidated statement of financial position, including all components of equity, using the closing rate. Such conversion is not in accordance with IFRS as translation differences resulting from translating opening net assets using the prior period closing rate has not been presented separately within other comprehensive income.

The relevant exchange rates of the RUB to USD 1 as quoted by the Central Bank of the Russian Federation (CBR) were as follows:

| | <u>RUB / USD million</u> |
|---|------------------------------|
| 30 June 2022 | 51.1580 |
| Average for the period ended 30 June 2022 | 62.7253 |
| 31 December 2022 | 70.3375 |
| Average for the period ended 30 June 2023 | 76.8996 |
| 30 June 2023 | 87.0341 |

The translation of RUB denominated assets and liabilities into USD for the purpose of these interim condensed consolidated financial statements does not indicate that the Group could or will in the future realize or settle in USD the translated values of these assets and liabilities.

2.3 New standards, interpretations and amendments adopted by the Group

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2022, except for the adoption of new standards effective from January 2023. The Company has not early adopted any- standards, interpretations or amendments that have been issued but are not yet effective.



KuibyshevAzot Group

Selected notes to the interim condensed consolidated financial statements (continued)

(in million of Russian rubles unless otherwise stated)

2. Basis of preparation and changes to the Group's accounting policies (continued)

2.3 New standards, interpretations and amendments adopted by the Group (continued)

The amendments set out below apply for the first time in 2023, but do not have an impact on the interim condensed financial statements of the Group.

IFRS 17 Insurance Contracts, including amendments

IFRS 17 Insurance Contracts covers recognition and measurement, presentation and disclosure of insurance contracts and replaces IFRS 4 *Insurance Contracts*. IFRS 17 applies to all types of insurance contracts regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. However, the standard provides a number of scope exceptions. In particular, it does not apply to the following transactions entered into by the Group:

- Warranties provided by a manufacturer, dealer or retailer in connection with the sale of its goods or services to a customer;
- Employers' assets and liabilities from employee benefit plans;
- Contractual rights or contractual obligations contingent on the future use of, or the right to use, a non-financial item (for example, some licence fees, royalties, variable and other contingent lease payments and similar items);
- Residual value guarantees provided by a manufacturer, dealer or retailer and a lessee's residual value guarantees when they are embedded in a lease;
- Financial guarantee contracts, unless the issuer has previously asserted explicitly that it regards such contracts as insurance contracts and has used accounting applicable to insurance contracts. The issuer shall choose to apply either IFRS 17 or IAS 32 *Financial Instruments: Presentation*, IFRS 7 *Financial Instruments: Disclosures* and IFRS 9 *Financial Instruments* to such financial guarantee contracts. The issuer may make that choice contract by contract, but the choice for each contract is irrevocable;
- Contingent consideration payable or receivable in a business combination;
- Insurance contracts in which the entity is the policyholder, unless those contracts are reinsurance contracts held.

Thus, the standard is not applicable to the Group.

Amendments to IAS 1 and IFRS Practice Statement 2 – Disclosure of Accounting Policies

The amendments provide guidance and examples to help entities apply materiality judgments to accounting policy disclosures. The amendments replace the requirement for entities to disclose their "significant accounting policies" with a requirement to disclose "material information" about their accounting policies and add guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The Group has concluded that the amendments are not applicable to its interim condensed consolidated financial statements as its accounting policies are disclosed in its annual consolidated financial statements. The Group expects that the amendments will result in insignificant changes in disclosures of accounting policies in the annual consolidated financial statements since the Group's current practice is in line with the new requirements.



KuibyshevAzot Group

Selected notes to the interim condensed consolidated financial statements (continued)

(in million of Russian rubles unless otherwise stated)

2. Basis of preparation and changes to the Group's accounting policies (continued)

2.3 New standards, interpretations and amendments adopted by the Group (continued)

Amendments to IAS 8 – Definition of Accounting Estimates

These amendments introduce the definition of "accounting estimates" and clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. They also clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments had no significant impact on the Group's interim condensed consolidated financial statements.

Amendments to IAS 12 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction

According to these amendments, the initial recognition exception no longer applies to transactions that give rise to equal taxable and deductible differences on their initial recognition. According to the amendments, the exception applies only when the initial recognition of the right-of-use asset and lease liabilities or the decommissioning obligation and the corresponding increase in the asset's value result in unequal amounts of taxable and deductible differences. In this case, even if the transaction results in the recognition of equal taxable and deductible differences, unequal amounts of deferred tax liabilities and deferred tax assets can be recognized with any resulting difference taken to profit or loss for the period. In particular, it can follow from the non-recoverability of the deferred tax asset or different tax rates applied to the deductible and taxable differences.

Since the Group's existing accounting policies comply with these amendments, their first application had no impact on its interim condensed consolidated financial statements.

The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

3. Operating segment information

For management purposes, the Group is organised into business units based on their products lines, and has the following reportable operating segments:

- (1) Production and sale of caprolactam and derivatives
- (2) Production and sale of ammonia and nitrogen fertilisers

Unallocated activities includes activities of the Company that do not relate to chemical production and subsidiaries' activities. Group financing and income taxes are managed on a group basis and are not allocated to operating segments.

Management monitors operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on management accounts, which in a number of respects, as explained in the table below, differs from the interim condensed consolidated financial statements.



KuibyshevAzot Group

Selected notes to the interim condensed consolidated financial statements (continued)

(in million of Russian rubles unless otherwise stated)

3. Operating segment information (continued)

Transactions between the business segments are mainly done on ordinary commercial terms and conditions.

The following table presents revenue and profit information regarding the Group's operating segments:

| Six months ended 30 June | Unaudited | | | | | | Total | |
|---|-----------------------------|--------|----------------------------------|--------|-------------------------|-------|--------------|---------------|
| | Caprolactam and derivatives | | Ammonia and nitrogen fertilisers | | Unallocated/elimination | | 2023 | 2022 |
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | | |
| Revenue from sales | 15,286 | 20,738 | 18,104 | 28,876 | 4,541 | 3,858 | 37,931 | 53,472 |
| Segment operating profit for the period | 3,142 | 5,938 | 6,078 | 16,516 | 741 | 341 | 9,961 | 22,795 |
| IFRS adjustments | | | | | | | | |
| Difference in depreciation of property, plant and equipment | | | | | | | (185) | (102) |
| Provision for retirement benefit obligations | | | | | | | (41) | (40) |
| Other | | | | | | | (222) | 142 |
| IFRS operating profit for the period | | | | | | | 9,513 | 22,795 |

Revenue from the segment 'Sale of ammonia and nitrogen fertilisers' comprises revenue received from one customer in the amount of RUB 2,933 million (for the six-month period ended 30 June 2022: RUB 3,257 million).

Unallocated amount relates mainly to activities of non-core subsidiaries.

Geographic information

Sales are allocated based on the region in which the customer is located:

| | Unaudited | |
|--------|--------------------------|---------------|
| | Six months ended 30 June | |
| | 2023 | 2022 |
| Russia | 22,496 | 29,634 |
| Asia | 8,634 | 6,833 |
| Europe | 3,912 | 10,341 |
| Other | 2,889 | 6,664 |
| | 37,931 | 53,472 |

4. Related party disclosures

For the purpose of these interim condensed consolidated financial statements, parties are considered to be related if one party has the ability to control the other party, is under common control, or can exercise significant influence 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. During the six months ended 30 June 2023 and 2022 the Group entered into transactions with the related parties, namely: associates, joint ventures and key management personnel.



KuibyshevAzot Group

Selected notes to the interim condensed consolidated financial statements (continued)

(in million of Russian rubles unless otherwise stated)

4. Related party disclosures (continued)

The following table provides the total amount of transactions that have been entered into with related parties for the six-month period ended 30 June 2023 and 2022.

Sales of goods and services

| | Unaudited | |
|--|--------------------------|--------------|
| | Six months ended 30 June | |
| | 2023 | 2022 |
| Sales of finished goods and other sales | 2,056 | 4,502 |
| Sale of electricity | 709 | 597 |
| Rental services | 22 | 31 |
| Interest income on loans issued to related parties | 4 | 96 |
| | 2,791 | 5,226 |

Purchase of goods and services

| | Unaudited | |
|--------------------------------|--------------------------|--------------|
| | Six months ended 30 June | |
| | 2023 | 2022 |
| Purchase of goods and services | 7,759 | 6,596 |
| | 7,759 | 6,596 |

The following table represents outstanding balances with related parties as at 30 June 2023 and 31 December 2022.

| | Unaudited | |
|--|--------------|------------------|
| | 30 June 2023 | 31 December 2022 |
| Receivables from related parties | 420 | 414 |
| Payables to related parties | 890 | 874 |
| Non-interest-bearing borrowings and promissory notes issued to related parties | 2,723 | 3,313 |
| Interest-bearing borrowings issued to related parties | 384 | 326 |
| Borrowings received from related parties | 1,015 | 1,015 |
| Loan commitment | 4,036 | 4,121 |

As at 30 June 2023 interest-bearing borrowings issued to related parties were represented by a euro-denominated borrowing in the amount equivalent to RUB 359 million issued to Nitrogen Terminal Kotka Oy at the interest rate of 2.5% (31 December 2022: RUB 301 million at the interest rate of 2.5%) and a borrowing in the amount of RUB 25 million issued to LLC Volgatechnool at the interest rate of 8% (31 December 2022: RUB 25 million at the interest rate of 8%).



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Selected notes to the interim condensed consolidated financial statements (continued)

(in million of Russian rubles unless otherwise stated)

4. Related party disclosures (continued)

As at 30 June 2023, borrowings and promissory notes issued to related parties were represented by:

- ▶ Non-interest-bearing borrowings novated into promissory notes issued to LLC Volgatechnool, a joint venture, in the amount of RUB 44 million (31 December 2022: RUB 44 million). The borrowings are maturing not earlier than 31 December 2031. At initial recognition, non-interest-bearing borrowings novated into promissory notes are recorded at fair value using the effective interest rate of 9.08% p.a. The difference between the nominal amount of the borrowings and their fair value is recorded as an increase in the Group's investment in the associate (equal to the Group's share in the share capital of LLC Volgatechnool) and an increase in finance costs (in the share owned by another investor). The nominal amount of the non-interest-bearing borrowings as at 30 June 2023 is RUB 96 million (31 December 2022: RUB 96 million);
- ▶ Non-interest-bearing borrowings novated into promissory notes issued to LLC Nitrocom, a joint venture, in the amount of RUB 571 million (31 December 2022: RUB 540 million). The borrowings are maturing not earlier than 2034. At initial recognition, non-interest-bearing borrowings are recorded at fair value using the effective interest rate of 9.30% p.a. The difference between the nominal amount of the borrowings and their fair value is recorded as an increase in the Group's investment in the associate (equal to the Group's share in the share capital of LLC Nitrocom) and an increase in finance costs (in the share owned by another investor). As at 30 June 2023 the nominal amount of the borrowings is RUB 1,488 million (31 December 2022: RUB 1,466 million). The Group issued these borrowings under a framework agreement to provide rouble-denominated borrowings for the total amount of RUB 7,855 million. The agreement stipulates that the borrowings bear no interest and mature in 2034. As at 30 June 2023 a balance of unused credit facilities was RUB 6,367 million (31 December 2022: RUB 6,389 million). The Group estimated the loan commitment in accordance with IFRS 9 based on the analysis of average market rates for similar loans. As at 30 June 2023 the commitment amounted to RUB 4,036 million (31 December 2022: RUB 3,952 million). The revaluation loss in the amount of RUB 98 million was recognized within finance costs;
- ▶ Non-interest-bearing borrowings issued to LLC Volgafert, a joint venture, in the amount of RUB 2,108 million (31 December 2022: RUB 2,728 million). The borrowings are maturing not earlier than 2031. At initial recognition, non-interest-bearing borrowings are recorded at fair value using the effective interest rate of 10.98% p.a. The difference between the nominal amount of the borrowings and their fair value is recorded as an increase in the Group's investment in the associate (equal to the Group's share in the share capital of LLC Volgafert) and an increase in finance costs (in the share owned by another investor). As at 30 June 2023 the nominal amount of the borrowings is RUB 4,911 million (31 December 2022: RUB 4,140 million). The Group issued these borrowings under a framework agreement to provide rouble-denominated borrowings for the total amount equivalent to EUR 60 million. The agreement stipulates that the borrowings bear no interest.

As at 30 June 2023 borrowings received from related parties include a short-term interest-free borrowing in the amount of RUB 1,015 obtained from LLC Praxair Azot Togliatti in the amount of RUB 1,015 million (31 December 2022: RUB 1,015 million).



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Selected notes to the interim condensed consolidated financial statements (continued)

(in million of Russian rubles unless otherwise stated)

4. Related party disclosures (continued)

Key management compensation

The remuneration of key management personnel of the Company amounted to RUB 245 million and RUB 196 million for the six months ended 30 June 2023 and 2022, respectively. It comprised salaries, discretionary bonuses and other short-term benefits. Statutory social payments made in respect of key management personnel remuneration amounted of RUB 40 million and RUB 33 million, respectively. Dividends paid to key management personnel amounted to RUB 826 million and RUB 627 million, respectively.

5. Cash and cash equivalents

| | <u>Unaudited</u> | <u>31 December</u> |
|--|---------------------|--------------------|
| | <u>30 June 2023</u> | <u>2022</u> |
| Ruble-denominated cash on hand and balances with banks | 2,813 | 2,072 |
| Short-term deposits | 21,887 | 9,689 |
| Foreign currency denominated balances with banks | 1,622 | 19,776 |
| | 26,322 | 31,537 |

As at 30 June 2023 cash deposits of RUB 21,887 million (31 December 2022: RUB 9,689 million) bear interest of 0.3-7.2% (31 December 2022: 0.4-7.45%).

Balances with banks bear interest of 6.7-7.4%.

Foreign currency denominated balances with banks consist of the following:

| | <u>Unaudited</u> | <u>31 December</u> |
|-----------------|---------------------|--------------------|
| <u>Currency</u> | <u>30 June 2023</u> | <u>2022</u> |
| US dollars | 546 | 10,667 |
| Euros | 564 | 5,323 |
| Yuans | 492 | 1,585 |
| Serbian dinars | 7 | 1,833 |
| Indian rupees | 8 | 368 |
| Turkish liras | 5 | - |
| | 1,622 | 19,776 |



KuibyshevAzot Group

Selected notes to the interim condensed consolidated financial statements (continued)

(in million of Russian rubles unless otherwise stated)

6. Trade and other receivables

| | Unaudited | 31 December |
|--------------------------------------|---------------------|--------------------|
| | 30 June 2023 | 2022 |
| Trade receivables | 4,071 | 4,123 |
| Provision for expected credit losses | (72) | (83) |
| | 3,999 | 4,040 |
| Other receivables | 475 | 644 |
| | 475 | 644 |
| Advances paid (contract assets) | 1,895 | 1,299 |
| | 1,895 | 1,299 |
| | 6,369 | 5,983 |

Set out below is the movement in the provision for expected credit losses of trade and other receivables:

| | |
|---|-----------|
| Balance as at 31 December 2021 | 47 |
| Accrued / (unused amounts reversed) | — |
| Utilised | (7) |
| Balance as at 30 June 2022 (unaudited) | 40 |
| Balance as at 31 December 2022 | 83 |
| Accrued / (unused amounts reversed) | 15 |
| Utilised | (26) |
| Balance as at 30 June 2023 (unaudited) | 72 |

7. Inventories

| | Unaudited | 31 December |
|--|---------------------|--------------------|
| | 30 June 2023 | 2022 |
| Raw materials (at cost) | 4,995 | 4,736 |
| Work in progress (at cost) | 1,651 | 1,538 |
| Finished goods (at the lower of cost and net realisable value) | 5,283 | 5,177 |
| | 11,929 | 11,451 |



KuibyshevAzot Group

Selected notes to the interim condensed consolidated financial statements (continued)

(in million of Russian rubles unless otherwise stated)

8. Property, plant and equipment

Movements in property, plant and equipment were as follows:

| | |
|---|---------------|
| Balance as at 31 December 2021 | 35,965 |
| Additions | 2,953 |
| Disposals | (515) |
| Depreciation charge | (1,366) |
| Foreign exchange differences | (473) |
| | <hr/> |
| Balance as at 30 June 2022 (unaudited) | 36,564 |
| | <hr/> |
| Balance as at 31 December 2022 | 38,071 |
| Additions | 2,841 |
| Disposals | (330) |
| Depreciation charge | (1,396) |
| Foreign exchange differences | 302 |
| | <hr/> |
| Balance as at 30 June 2023 (unaudited) | 39,488 |
| | <hr/> |

At 30 June 2023 property, plant and equipment carried at RUB 4,729 million (31 December 2022: RUB 4,729 million) have been pledged as collateral for bank loans and other borrowings (Note 12).

Borrowing costs capitalised amounted to RUB 43 million (for the six months ended 30 June 2022: RUB 83 million). A capitalisation rate of 3% (for the six months ended 30 June 2022: 5%) was used, representing the borrowing costs of the loans used to finance the investment projects.

9. Intangible assets

Movements in intangible assets were as follows:

| | |
|---|--------------|
| Balance as at 31 December 2021 | 2,572 |
| Additions | 25 |
| Disposals | (2) |
| Depreciation charge | (258) |
| | <hr/> |
| Balance as at 30 June 2022 (unaudited) | 2,337 |
| | <hr/> |
| Balance as at 31 December 2022 | 2,094 |
| Additions | 45 |
| Disposals | - |
| Depreciation charge | (262) |
| | <hr/> |
| Balance as at 30 June 2023 (unaudited) | 1,877 |
| | <hr/> |



KuibyshevAzot Group

Selected notes to the interim condensed consolidated financial statements (continued)

(in million of Russian rubles unless otherwise stated)

10. Investments in associates and joint ventures

| | LLC Praxair Azot Togliatti | Other associates | LLC Linde Azot Togliatti | LLC Volgafert | LLC Volgatechnool | LLC Nitrocom | Other joint ventures | Total |
|---|-------------------------------|---------------------|-----------------------------|------------------|----------------------|-----------------|-------------------------|---------------|
| As at 31 December 2021 | 2,049 | 457 | 4,406 | 4,356 | 1,672 | 2,956 | 83 | 15,979 |
| Additions | — | — | — | 1,227 | 64 | — | — | 1,291 |
| Share of profit/ (loss) | 291 | 149 | 625 | 2,093 | 129 | 201 | 20 | 3,508 |
| Disposals | — | (297) | — | — | — | — | — | (297) |
| Dividends received | (338) | (30) | (446) | — | — | — | (22) | (836) |
| As at 30 June 2022 (unaudited) | 2,002 | 279 | 4,585 | 7,676 | 1,865 | 3,157 | 81 | 19,645 |
| As at 31 December 2022 | 2,034 | 303 | 4,582 | 6,903 | 1,420 | 3,026 | 89 | 18,357 |
| Additions | — | — | — | 710 | — | — | — | 710 |
| Share of profit/ (loss) | 320 | 83 | 444 | (1,162) | 88 | (118) | 3 | (342) |
| Disposals | — | — | — | — | — | — | — | — |
| Dividends received | (235) | (55) | — | — | (160) | — | — | (450) |
| As at 30 June 2023 (unaudited) | 2,119 | 331 | 5,026 | 6,451 | 1,348 | 2,908 | 92 | 18,275 |

LLC Volgafert

LLC Volgafert was established to produce urea for the Group's own needs. Production is planned to start in the second half of 2023.

LLC Volgafert cannot distribute its profits or make key decisions unless it obtains unanimous consent from the both shareholders of the joint venture.

As at the reporting date, the Group has a call option and a put option to acquire 32% interest in the joint venture from its independent partner. The Group may use its call option commencing 2025. The put option grants the independent partner a right to sell its 32% interest in LLC Volgafert to the Group up to 2069.

As at 30 June 2023 the Group assessed the probability of the options' exercise and recognized a respective liability of RUB 814 million within derivative financial instruments (as at 31 December 2022: a liability of RUB 642 million). Loss from the remeasurement of the derivative financial instrument of RUB 172 million was recognized in the Group's finance costs for the reporting period.

In 2022 the Group and LLC Volgafert signed a framework agreement to provide ruble-denominated borrowings for the total amount of EUR 60 million (settlements are made in rubles on the date of funds transfer). The agreement stipulates that the borrowings bear no interest and mature in 2031.



KuibyshevAzot Group

Selected notes to the interim condensed consolidated financial statements (continued)

(in million of Russian rubles unless otherwise stated)

10. Investments in associates and joint ventures (continued)

LLC Volgafert (continued)

Summarised financial information of LLC Volgafert, based on its IFRS financial statements, and reconciliation with the carrying amount of the investment in the interim condensed consolidated financial statements are set out below:

| | Unaudited | 31 December |
|---|---------------------|--------------------|
| | 30 June 2023 | 2022 |
| Assets | | |
| Non-current assets | 20,357 | 19,725 |
| Current assets, including cash and cash equivalents of RUB 1,192 million (2022: RUB 990 million) | 1,503 | 1,607 |
| Liabilities | | |
| Non-current liabilities, including long-term borrowings, of RUB 10,540 million (2022: RUB 9,091 million) | (10,566) | (9,703) |
| Current liabilities | (1,807) | (1,851) |
| Net assets | 9,487 | 9,778 |
| The Group's commitment to provide financing included in the value of a joint venture upon recognition of a financial instrument | - | 373 |
| Proportion of the Group's ownership | 68% | 68% |
| Carrying amount of the investment | 6,451 | 6,903 |

| | Unaudited | |
|--|---------------------------------|--------------|
| | Six months ended 30 June | |
| | 2023 | 2022 |
| Summarised statement of profit or loss | | |
| Revenue from sales | - | - |
| Cost of sales | (16) | (14) |
| Other expenses | (69) | (26) |
| Finance income/(costs), including foreign exchange gain/(loss) of RUB (2,063) million (for the six months ended 30 June 2022: RUB 3,929 million) | (2,068) | 3,900 |
| Income tax expense | 444 | (782) |
| Profit/(loss) after tax | (1,709) | 3,078 |
| Total comprehensive income/(loss) | (1,709) | 3,078 |
| Share of profit of the joint venture | (1,162) | 2,093 |



KuibyshevAzot Group

Selected notes to the interim condensed consolidated financial statements (continued)

(in million of Russian rubles unless otherwise stated)

10. Investments in associates and joint ventures (continued)

LLC Volgafert (continued)

As at 30 June 2023 collateral issued by the Group for the joint venture in the form of pledged share in the joint venture as collateral for loans received amounted to RUB 4,054 million (31 December 2022: RUB 4,054 million).

LLC Volgatechnool

LLC Volgatechnool was established to produce sulphuric acid and oleum for the Group's own needs.

LLC Volgatechnool cannot distribute its profits or make key decisions unless it obtains unanimous consent from the both shareholders of the joint venture.

As at the reporting date, the Group has a call option and a put option to acquire 49% interest in the joint venture from its independent partner. The Group may use its call option commencing July 2025. The put option grants the independent partner a right to sell its 49% interest in LLC Volgatechnool to the Group up to 2039.

As at 30 June 2022 the Group assessed the probability of the options' exercise and recognized a respective asset of RUB 53 million within derivative financial instruments (31 December 2022: an asset of RUB 121 million). Loss from the remeasurement of the derivative financial instrument of RUB 68 million was recognized in the Group's finance costs for the reporting period.

Summarised financial information of LLC Volgatechnool, based on its IFRS financial statements, and reconciliation with the carrying amount of the investment in the interim condensed consolidated financial statements are set out below:

| | Unaudited | |
|---|---------------------|-------------------------|
| | 30 June 2023 | 31 December 2022 |
| Assets | | |
| Non-current assets | 6,247 | 6,332 |
| Current assets, including cash and cash equivalents of RUB 194 million (2022: RUB 118 million) | 226 | 164 |
| Liabilities | | |
| Non-current liabilities, including long-term borrowings, of RUB 3,679 million (2022: RUB 3,575 million) | (3,749) | (3,643) |
| Current liabilities | (82) | (68) |
| Net assets | 2,642 | 2,785 |
| Proportion of the Group's ownership | 51% | 51% |
| Carrying amount of the investment | 1,348 | 1,420 |



KuibyshevAzot Group

Selected notes to the interim condensed consolidated financial statements (continued)

(in million of Russian rubles unless otherwise stated)

10. Investments in associates and joint ventures (continued)

LLC Volgatechnool (continued)

| | Unaudited | |
|---|--------------------------|------------|
| | Six months ended 30 June | |
| | 2023 | 2022 |
| Summarised statement of profit or loss | | |
| Revenue from sales | 655 | 987 |
| Cost of sales | (337) | (670) |
| Other income | (4) | 116 |
| Finance income/(costs) | (138) | (72) |
| Income tax expense | (4) | (110) |
| Profit after tax | 172 | 252 |
| Total comprehensive income | 172 | 252 |
| Share of profit of the joint venture | 88 | 129 |

As at 30 June 2023 collateral issued by the Group for the joint venture in the form of pledged share in the joint venture and securities as collateral for the loans received amounted to RUB 1,333 million. (31 December 2022: RUB 1,333 million).

LLC Nitrocom

LLC Nitrocom was established to produce nitric acid and ammonium nitrate solution for the Group's own needs. Production is planned to start in 2027. LLC Nitrocom in Togliatti, the Samarskaya oblast of the Russian Federation.

LLC Nitrocom cannot distribute its profits or make key decisions unless it obtains unanimous consent from the both shareholders of the joint venture.

As at 30 June 2023 the Group has a call option and a put option to acquire 49% interest in LLC Nitrocom from its independent partner. The Group may use its call option commencing December 2024. The third party may demand exercise of the put option before 2041.

As at 30 June 2023 the Group assessed the probability of the options' exercise and recognized the respective asset of RUB 449 million within derivative financial instruments (31 December 2022: a liability of RUB 489 million). Loss from the remeasurement of the derivative financial instrument of RUB 40 million was recognized in the Group's finance costs for the reporting period.

As at 30 June 2023 the Group and LLC Nitrocom signed a framework agreement to provide ruble-denominated borrowings for the total amount of RUB 7,855 million. The agreement stipulates that the borrowings bear no interest and mature in 2034. As at 30 June 2023 a balance of unused credit facilities was RUB 6,367 million (31 December 2022: RUB 6,389 million). The Group estimated the loan commitment in accordance with IFRS 9 based on the analysis of average market rates for similar loans. As at 30 June 2023 the commitment amounted to RUB 4,036 million (31 December 2022: RUB 3,952 million).

As at 30 June 2023 collateral issued by the Group for the joint venture in the form of pledged share in the joint venture and securities as collateral for the loans received amounted to RUB 300 million.



KuibyshevAzot Group

Selected notes to the interim condensed consolidated financial statements (continued)

(in million of Russian rubles unless otherwise stated)

10. Investments in associates and joint ventures (continued)

LLC Nitrocom (continued)

Summarised financial information of LLC Nitrocom, based on its IFRS financial statements, and reconciliation with the carrying amount of the investment in the interim condensed consolidated financial statements are set out below:

| | Unaudited | 31 December |
|---|---------------------|--------------------|
| | 30 June 2023 | 2022 |
| Assets | | |
| Non-current assets | 3,153 | 2,986 |
| Current assets, including cash and cash equivalents of RUB 340 million (2022: RUB 313 million) | 341 | 347 |
| Liabilities | | |
| Non-current liabilities (short-term borrowings) | (1,967) | (1,673) |
| Current liabilities | (46) | (36) |
| Net assets | 1,481 | 1,624 |
| The Group's commitment to provide financing included in the value of a joint venture upon recognition of a financial instrument | 4,221 | 4,309 |
| Proportion of the Group's ownership | 51% | 51% |
| Carrying amount of the investment | 2,908 | 3,026 |

11. Financial assets

Current financial assets include:

| | Unaudited | 31 December |
|---|---------------------|--------------------|
| | 30 June 2023 | 2022 |
| Short-term bank deposits at 2.4% (2022: 0.5%-5.35%) | 915 | 497 |
| Short-term portion of a borrowing issued to the joint venture | - | 450 |
| Short-term interest-free borrowings issued to third parties | 245 | 245 |
| Short-term portion of housing loans allowed to employees: 0-21% (2022: 0-21%) | 62 | 67 |
| Other | 47 | 210 |
| | 1,269 | 1,469 |



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Selected notes to the interim condensed consolidated financial statements (continued)

(in million of Russian rubles unless otherwise stated)

11. Financial assets (continued)

Non-current financial assets include:

| | <u>Unaudited</u> | <u>31 December</u> |
|--|---------------------|--------------------|
| | <u>30 June 2023</u> | <u>2022</u> |
| Borrowings issued to joint ventures (Note 4) | 2,492 | 2,604 |
| Long-term borrowings issued to joint ventures novated into promissory notes (Note 4) | 615 | 583 |
| Long-term housing loans allowed to employees: 0-11% (2022: 0-11%) | 309 | 325 |
| Other | 11 | 15 |
| | 3,427 | 3,527 |

As at 30 June 2023 long-term loans issued to employees have different maturity dates up to 2043 (31 December 2022: up to 2041).

12. Loans and borrowings

Short-term loans and borrowings

| | | | <u>Unaudited</u> | <u>31 December</u> |
|--|-------------------------|-----------------|---------------------|--------------------|
| | <u>Interest rate</u> | <u>Currency</u> | <u>30 June 2023</u> | <u>2022</u> |
| Current portion of long-term loans and borrowings | | | | |
| Banca Intesa | 1.9-2.82% | Euros | 397 | 436 |
| Rosbank | 2.52% | US dollars | 453 | 1,098 |
| Rosbank | 6M EURIBOR + 2.0% | Euros | 556 | 210 |
| Sberbank | 9.04-9.2% | Rubles | 2,275 | 3,313 |
| Raiffeisenbank | 1.98-5.64% | Euros | 2,298 | 444 |
| Raiffeisenbank | 6M EURIBOR + 1.95-2.80% | Euros | 159 | - |
| Gazprombank | 9.10% | Rubles | 112 | - |
| Other | | | 75 | 35 |
| Total current portion of long-term loans and borrowings | | | 6,325 | 5,536 |
| Short-term loans and borrowings | | | | |
| LLC Praxair Azot Togliatti | 0% | Rubles | 1,015 | 1,015 |
| Other | | | 148 | 122 |
| Total short-term loans and borrowings | | | 1,163 | 1,137 |
| | | | 7,488 | 6,673 |



KuibyshevAzot Group

Selected notes to the interim condensed consolidated financial statements (continued)

(in million of Russian rubles unless otherwise stated)

12. Loans and borrowings (continued)

Short-term loans and borrowings (continued)

The Group's short-term borrowings are denominated in currencies as follows:

| | Unaudited | 31 December |
|----------------------------------|---------------------|--------------------|
| | 30 June 2023 | 2022 |
| Borrowing denominated in: | | |
| - Russian rubles | 3,522 | 4,398 |
| - US dollars | 453 | 1,101 |
| - euros | 3,436 | 1,113 |
| - Indian rupees | 77 | 61 |
| | 7,488 | 6,673 |

Long-term loans and borrowings

| | | | | Unaudited | 31 December |
|----------------|----------------------------|----------------------|-----------------|------------------|--------------------|
| | Interest rate | Maturity date | Currency | 30 June | 2022 |
| | | | | 2023 | 2022 |
| Sberbank | 9.04-9.20% | 2024-2026 | Rubles | 4,550 | 5,688 |
| Gazprombank | 8.95-9.1% | 2024-2028 | Rubles | 1,141 | 1,253 |
| Raiffeisenbank | 2.01-5.64% | 2024-2026 | Euros | - | 1,447 |
| Rosbank | 3% | 2024 | US dollars | 453 | 366 |
| Banca Intesa | 1.9-2.82% | 2024 | Euros | - | 142 |
| Rosbank | 6M EURIBOR + 1.8% | 2024-2025 | Euros | 208 | 398 |
| Sberbank | 3M EURIBOR + 1.4% | 2024-2025 | Euros | 23 | 23 |
| Raiffeisenbank | 6M EURIBOR + 1.95-2.80% | 2025 | Euros | - | 126 |
| Other | | | | 274 | 205 |
| | | | | 6,649 | 9,648 |

The maturity of long-term borrowings is as follows:

| | Unaudited | 31 December |
|------------------------------------|---------------------|--------------------|
| | 30 June 2023 | 2022 |
| Current | 5,040 | 5,535 |
| 1 to 2 years | 4,454 | 4,495 |
| 2 to 3 years | 3,033 | 3,258 |
| 3 to 5 years | 445 | 1,845 |
| Over 5 years | 2 | 51 |
| | 12,974 | 15,184 |
| Less: Current portion | (5,040) | (5,536) |
| Less loans with breached covenants | (1,285) | - |
| | 6,649 | 9,648 |



KuibyshevAzot Group

Selected notes to the interim condensed consolidated financial statements (continued)

(in million of Russian rubles unless otherwise stated)

12. Loans and borrowings (continued)

Long-term loans and borrowings (continued)

As at 30 June 2023 the Group was not in compliance with covenants set by loan agreements with Raiffeisenbank, which are connected with a decrease in revenue. The Group obtained a waiver from Raiffeisenbank in relation to the breached covenant.

The Group's long-term borrowings are denominated in currencies as follows:

| | Unaudited | 31 December |
|----------------------------------|---------------------|--------------------|
| | 30 June 2023 | 2022 |
| Borrowing denominated in: | | |
| - Russian rubles | 5,965 | 7,146 |
| - US dollars | 453 | 366 |
| - euros | 231 | 2,136 |
| | 6,649 | 9,648 |

Total amount of collateral issued by the Group for long-term and short-term borrowings is RUB 4,729 million (2018: RUB 4,729 million), which is represented by pledged equipment and real estate.

The Group does not apply hedge accounting and has not entered into any hedging arrangements in respect of interest rate exposures.

Changes in liabilities arising from financing activities are as follows:

| | 31 December | Changes in | Changes in | Other | Unaudited |
|---------------------------------|--------------------|-------------------|-----------------------|--------------|---------------------|
| | 2022 | cash flows | currency rates | | 30 June 2023 |
| Short-term loans and borrowings | 6,673 | (3,497) | 272 | 4,040 | 7,488 |
| Long-term loans and borrowings | 9,648 | 161 | 840 | (4,000) | 6,649 |
| Total | 16,321 | (3,336) | 1,112 | 40 | 14,137 |

The 'Other' column includes the effect of reclassification of non-current portion of loans and borrowings to current due to the passage of time and the effect of accrued but not yet paid interest on loans and borrowings. The Group classifies interest paid as cash flows from operating activities.



KuibyshevAzot Group

Selected notes to the interim condensed consolidated financial statements (continued)

(in million of Russian rubles unless otherwise stated)

13. Other current liabilities

| | Unaudited | |
|-------------------|---------------------|-------------------------|
| | 30 June 2023 | 31 December 2022 |
| Salaries payable | 764 | 605 |
| Dividends payable | 85 | 51 |
| Other | 211 | 248 |
| | 1,060 | 904 |

Other current liabilities are non-interest bearing and have an average term of two months.

14. Taxes payable other than income tax

| | Unaudited | |
|---|---------------------|-------------------------|
| | 30 June 2023 | 31 December 2022 |
| VAT payable | 156 | 217 |
| Payments to the Pension Fund and other social taxes | 178 | 138 |
| Property tax | 68 | 71 |
| Personal income tax | 41 | 37 |
| Other taxes | 78 | 88 |
| | 521 | 551 |

The Group had no tax liabilities past due at 30 June 2023 and 31 December 2022.

15. Share capital

| | Number of issued shares (thousand) | | Number of treasury shares (thousand) | Total number of outstanding shares (thousand) | Share capital (RUB million) | Treasury shares (RUB million) |
|-----------------------------------|---------------------------------------|----------|---|---|--------------------------------|-------------------------------------|
| | Preference | Ordinary | | | | |
| As at 1 January 2022 | 3,697 | 234,148 | (67,310) | 170,535 | 634 | (6,396) |
| As at 30 June 2022 (unaudited) | 3,697 | 234,148 | (67,310) | 170,535 | 634 | (6,396) |
| As at 1 January 2023 | 3,697 | 234,148 | (67,310) | 170,535 | 634 | (6,396) |
| As at 30 June 2023 (unaudited) | 3,697 | 234,148 | (67,310) | 170,535 | 634 | (6,396) |



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Selected notes to the interim condensed consolidated financial statements (continued)

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15. Share capital (continued)

The total number of authorised ordinary shares is 549,148 thousand shares (31 December 2022: 549,148 thousand) and preference shares is 138,897 thousand shares (31 December 2022: 138,897 thousand) with a nominal value of 1 ruble per share of both types.

Shares that were purchased before 30 June 2023 from shareholders and that were not cancelled are held as 'treasury shares'. As at 30 June 2023 PJSC KuibyshevAzot and LLC Togliattichiminvest held 65,828 thousand ordinary and 1,482 thousand preference shares of the Company (31 December 2022: 65,828 thousand ordinary shares and 1,482 thousand preference shares).

Preference shares are non-redeemable, non-cumulative and give the holders the right to participate in the general shareholders' meetings without voting rights except in instances where decisions are made in relation to re-organisation and liquidation of the Company, and where changes and amendments to the Company's charter which restrict the rights of preference shareholders are proposed. The non-cumulative preference shares give holders the right to receive dividends per share of not less than 1% of their nominal value and, in case of liquidation of the Company, they give holders the right to receive liquidation value in the amount of their nominal value. If the Company fails to pay dividends, the preferred shareholders have the right to vote in the general shareholders' meeting, which ceases when dividends on preference shares are paid in full.

The Company cannot declare and pay dividends on ordinary shares if dividends on preference shares are not declared in full.

Dividends declared and paid during the period on ordinary and preference shares were as follows:

| | <u>2023</u> | <u>2022</u> |
|---|-------------|--------------|
| Dividends payable at 1 January | 51 | 2,393 |
| Dividends declared during the period | 6,011 | 2,572 |
| Dividends paid during the period | (5,977) | (4,894) |
| Dividends payable at 30 June (unaudited) | 85 | 71 |
| Dividends per share declared during the period, rubles | 35 | 17.4 |

In May 2023 the annual general meeting of shareholders decided to pay final dividends for 2022 in the amount of RUB 35 per ordinary or preference share (on 12 May 2022, it was decided to pay final dividends for 2021 in the amount of RUB 17.4 per ordinary or preference share).



KuibyshevAzot Group

Selected notes to the interim condensed consolidated financial statements (continued)

(in million of Russian rubles unless otherwise stated)

16. Revenue from sales

Set out below is the disaggregation of the Group's revenue from contracts with customers:

| | Unaudited | |
|----------------------------------|--------------------------|---------------|
| | Six months ended 30 June | |
| | 2023 | 2022 |
| Type of goods or service | | |
| Caprolactam and derivatives | 15,286 | 20,738 |
| Ammonia and nitrogen fertilisers | 18,104 | 28,876 |
| Other | 4,541 | 3,858 |
| | 37,931 | 53,472 |
| Geographical markets | | |
| Russia | 22,496 | 29,634 |
| Asia | 8,634 | 6,833 |
| Europe | 3,912 | 10,341 |
| Other | 2,889 | 6,664 |
| | 37,931 | 53,472 |

17. Cost of sales

| | Unaudited | |
|--|--------------------------|---------------|
| | Six months ended 30 June | |
| | 2023 | 2022 |
| Raw materials | 14,702 | 17,111 |
| Heat energy and electricity | 2,745 | 2,491 |
| Labour costs | 2,047 | 1,988 |
| Depreciation and amortization | 2,003 | 1,637 |
| Processing costs | 657 | 1,026 |
| Other | 1,533 | 1,359 |
| Changes in finished goods and work in progress | (333) | (1,382) |
| | 23,354 | 24,230 |

18. Distribution costs

| | Unaudited | |
|-------------------------------|--------------------------|--------------|
| | Six months ended 30 June | |
| | 2023 | 2022 |
| Transportation costs | 3,623 | 2,877 |
| Labour costs | 264 | 250 |
| Materials | 115 | 162 |
| Depreciation and amortization | 123 | 61 |
| Other | 395 | 145 |
| | 4,520 | 3,495 |



KuibyshevAzot Group

Selected notes to the interim condensed consolidated financial statements (continued)

(in million of Russian rubles unless otherwise stated)

19. General and administrative expenses

| | Unaudited | |
|-------------------------------|--------------------------|--------------|
| | Six months ended 30 June | |
| | 2023 | 2022 |
| Labour costs | 1,691 | 1,197 |
| Third party services | 360 | 251 |
| Taxes other than income tax | 163 | 204 |
| Consulting services | 75 | 48 |
| Depreciation and amortization | 43 | 39 |
| Materials | 47 | 67 |
| Insurance | 14 | 19 |
| Other | 145 | 182 |
| | 2,538 | 2,007 |

20. Other operating income

| | Unaudited | |
|---|--------------------------|--------------|
| | Six months ended 30 June | |
| | 2023 | 2022 |
| Excise taxes refund | 675 | 777 |
| Foreign exchange gains on operating activities | 1,105 | - |
| Proceeds from sale of property, plant and equipment and investments | 264 | - |
| Gain from acquisition of subsidiaries | - | 176 |
| Disposal of inventory | 71 | 71 |
| Other | 46 | 90 |
| | 2,161 | 1,114 |

21. Other operating expenses

| | Unaudited | |
|---|--------------------------|--------------|
| | Six months ended 30 June | |
| | 2023 | 2022 |
| Social expenses | 167 | 102 |
| Foreign exchange loss on operating activities | - | 1,913 |
| Loss on disposal of property, plant and equipment | - | 24 |
| Other | - | 20 |
| | 167 | 2,059 |



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Selected notes to the interim condensed consolidated financial statements (continued)

(in million of Russian rubles unless otherwise stated)

22. Finance income

| | Unaudited | |
|---|--------------------------|--------------|
| | Six months ended 30 June | |
| | 2023 | 2022 |
| Interest income | 398 | 1,136 |
| Foreign exchange gains on financing activities | 4,401 | 1,081 |
| Income from derivative instruments at fair value through profit or loss | - | 2,788 |
| Other | - | 12 |
| | 4,799 | 5,017 |

23. Finance costs

| | Unaudited | |
|---|--------------------------|--------------|
| | Six months ended 30 June | |
| | 2023 | 2022 |
| Interest expense | 540 | 904 |
| Less capitalised borrowing costs | (43) | (83) |
| Loss on derivative instruments at fair value through profit or loss | 351 | - |
| Loss on recognition of commitment to provide borrowings to joint ventures | 603 | 578 |
| Net effect on remeasurement of commitment to provide borrowings to joint ventures | 98 | 44 |
| Other | 9 | 61 |
| | 1,558 | 1,504 |

24. Income tax

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the interim condensed consolidated statement of comprehensive income are:

| | Unaudited | |
|--|--------------------------|--------------|
| | Six months ended 30 June | |
| | 2023 | 2022 |
| Current income tax expense | 2,801 | 4,884 |
| Deferred tax expense relating to profit or loss | 390 | 74 |
| Income tax expense recognized in profit or loss | 3,191 | 4,958 |
| Deferred tax (benefit)/expense relating to items recognized in OCI | 14 | (8) |
| Income tax expense/(benefit) recognised on OCI | 14 | (8) |
| Income tax expense for the period | 3,205 | 4,950 |



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Selected notes to the interim condensed consolidated financial statements (continued)

(in million of Russian rubles unless otherwise stated)

25. Contractual commitments for future transactions and contingencies

25.1 Contractual commitments for future transactions

As at 30 June 2023 and 31 December 2022 the Group had contractual commitments for the purchase of property, plant and equipment from third parties of RUB 2,613 million and RUB 2,435 million respectively, including VAT where applicable, designated for construction of new and modernisation of existing production facilities.

25.2 Taxation

Russian tax, currency and customs legislation is subject to varying interpretations, and changes, which can occur frequently. Management's interpretation of legislation as applied to the transactions and activity of the Group may be challenged by the relevant regional and federal authorities.

In addition to the Russian Federation, the Group operates in a number of foreign jurisdictions. The Group includes companies established outside the Russian Federation that are subject to taxation at rates and in accordance with the laws of jurisdictions in which the companies of the Group are recognized as tax residents. Tax liabilities of foreign companies of the Group are determined on the basis that foreign companies of the Group are not tax residents of the Russian Federation, nor do they have a permanent representative office in the Russian Federation and are therefore not subject to income tax under Russian law, except for income tax deductions at the source (i.e. dividends, interest, capital gains, etc.).

Management believes that at 30 June 2023 its interpretation of the relevant legislation, both in the Russian Federation and in jurisdictions where the Group companies are recognized as tax residents, is appropriate and that the Group's tax, currency and customs positions will be sustained.

25.3 Environmental matters

The enforcement of environmental regulation in the Russian Federation is evolving and the enforcement posture of government authorities is continually being reconsidered. The Group periodically evaluates its obligations under environmental regulations. As obligations are determined, they are recognised immediately. Expenditures which extend the life of the related property or mitigate or prevent future environmental contamination are capitalised. Potential liabilities which might arise as a result of stricter enforcement of existing regulations, civil litigation or changes in legislation or regulation cannot be estimated but could be material. In the current enforcement climate under existing legislation, management believe that there are no significant unrecorded liabilities for environmental damage.

25.4 Lawsuits

During the reporting period, the Group was involved in a number of court proceedings (both as a plaintiff and a defendant) arising in the ordinary course of business. The total amount of contingent liabilities determined by management as at the reporting date in relation to the negative outcome of the litigation and not accrued in the consolidated financial statements is estimated in the amount not exceeding RUB 13 million.



KuibyshevAzot Group

Selected notes to the interim condensed consolidated financial statements (continued)

(in million of Russian rubles unless otherwise stated)

25. Contractual commitments for future transactions and contingencies (continued)

25.5 Contingencies

Contingencies that were determined by management at the reporting date as those that may be subject to different interpretations of legislation and regulations, and were not accrued in the condensed consolidated financial statements, can amount up to RUB 311 million. In respect of these contingencies there is also uncertainty over the term of their execution, as they depend on the occurrence (non-occurrence) of one or more future uncertain events not controlled by the Group.

25.6 Operating environment of the Group

In 2023 the continuing conflict related to Ukraine and the resulting aggravation of geopolitical tensions have had an impact on the economy of the Russian Federation. During this conflict, including 2023, the European Union, the United States and several other countries have been imposing new sanctions against a number of Russian state organizations and commercial entities, including banks, individuals and certain industries, as well as restrictions on certain types of transactions, including freezing Russian accounts with foreign banks and blocking payments on Eurobonds of the Russian Federation and Russian entities. Some global companies announced that they would either suspend their operations in or stop supplies to Russia. This resulted in increased volatility in stock and currency markets. The Russian Federation introduced temporary restrictive economic measures; in particular, it prohibited Russian residents from providing foreign currency loans to non-residents and from crediting foreign currency to their accounts with foreign banks, as well as imposed restrictions on securities-related payments to foreign investors and on transactions involving persons of a number of foreign countries.

The Group continues to assess the effect of these circumstances and changes in micro- and macroeconomic conditions on its operations, financial position and financial performance.

The Group's management believes it is taking appropriate measures to support the sustainability of the Group's business in the current circumstances.

26. Financial instruments and fair value hierarchy

Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation, and is best evidenced by an active quoted market price.

The estimated fair values of financial instruments have been determined by the Group using available market information, where it exists, and appropriate valuation methodologies. However, judgment is necessarily required to interpret market data to determine the estimated fair value. Market quotations may be outdated or reflect distress sale transactions and therefore not represent fair values of financial instruments. Management has used all available market information in estimating the fair value of financial instruments.

At 30 June 2023 and 31 December 2022, the fair value of financial instruments, which is estimated by discounting the future contractual cash flows at the current market interest rate available to the Group for similar financial instruments with the same remaining maturity, approximates their carrying value.



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Selected notes to the interim condensed consolidated financial statements (continued)

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26. Financial instruments and fair value hierarchy (continued)

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- ▶ Level 1: quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- ▶ Level 2: techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable;
- ▶ Level 3: techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Set out below is a comparison by category of carrying amounts and fair values of all of the Group's financial instruments that are carried in the interim condensed consolidated financial statements:

| | Carrying amount | | Assets and liabilities for which fair values are disclosed (Level 2) | | Assets and liabilities at fair value (Level 3) | |
|----------------------------------|-----------------|------------------|--|------------------|--|------------------|
| | 30 June 2023 | 31 December 2022 | 30 June 2023 | 31 December 2022 | 30 June 2023 | 31 December 2022 |
| | (unaudited) | | (unaudited) | | (unaudited) | |
| Financial assets | | | | | | |
| Cash and cash equivalents | 26,322 | 31,537 | 26,322 | 31,537 | – | – |
| Financial assets - current | 1,269 | 1,469 | 1,269 | 1,469 | – | – |
| Financial assets – non-current | 3,427 | 3,527 | 3,427 | 3,527 | – | – |
| Trade receivables | 4,071 | 4,123 | 4,071 | 4,123 | – | – |
| Derivative financial instruments | 502 | 610 | – | – | 502 | 610 |
| Financial liabilities | | | | | | |
| Short-term loans and borrowings | 7,488 | 6,673 | 7,488 | 6,673 | – | – |
| Long-term loans and borrowings | 6,649 | 9,648 | 6,649 | 9,648 | – | – |
| Derivative financial instruments | 814 | 642 | – | – | 814 | 642 |
| Trade payables | 2,481 | 3,332 | 2,481 | 3,332 | – | – |

During the six months ended 30 June 2023, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

Derivative financial instruments (options to buy shares)

The fair value of options to buy or sell shares is determined using a binomial model. The valuation requires management to make certain assumptions about the model inputs, including fair value of the underlying asset as at the reporting date, credit risk/spread, dividends and volatility. The probabilities of the various estimates within the range can be reasonably assessed and are used in management's estimate of fair value for these non-listed equity investments.



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26. Financial instruments and fair value hierarchy (continued)

Derivative financial instruments (options to buy shares) (continued)

The significant unobservable inputs used in the fair value measurements categorised within Level 3 of the fair value hierarchy, together with a quantitative sensitivity analysis as at 30 June 2023 and 2018 are shown below:

| | Valuation technique | Significant unobservable inputs | Range (weighted average) | Sensitivity of fair value to inputs |
|---|----------------------------|--|---------------------------------|--|
| Options to buy or sell stock of LLC Volgatechnool | Binomial model | Volatility | 6m 2023: 59.26% | An increase (decrease) in the volatility by 10% will lead to an increase (decrease) in fair value by RUB 41 million |
| | | Credit risk / spread | 6m 2023: 1.56% | An increase (decrease) in the credit risk / spread by 5% will lead to an increase (decrease) in fair value by RUB 82 million |
| | | Return on dividends | 6m 2023: 11.38% | An increase in the return on dividends by 5% will lead to an decrease in fair value by RUB 65 million A decrease in the return on dividends by 5% will lead to an increase in fair value by RUB 15 million |
| | | Fair value of the underlying asset | 6m 2023: RUB 3,492 million | An increase (decrease) in the fair value of the underlying asset by 20% will lead to an increase (decrease) in fair value by RUB 306 million |
| | Valuation technique | Significant unobservable inputs | Range (weighted average) | Sensitivity of fair value to inputs |
| Options to buy or sell stock of LLC Volgafert | Binomial model | Volatility | 6m 2023: 59.36% | An increase (decrease) in the volatility by 10% will lead to an increase (decrease) in fair value by RUB 164 million |
| | | Credit risk / spread | 6m 2023: 6.74% | An increase (decrease) in the credit risk / spread by 5% will lead to an increase (decrease) in fair value by RUB 402 million |
| | | Return on dividends | 6m 2023: 27.01% | An increase (decrease) in the return on dividends by 5% will lead to a decrease in fair value by RUB 12 million |
| | | Fair value of the underlying asset | 6m 2023: RUB 9,487 million | An increase (decrease) in the fair value of the underlying asset by 20% will lead to an increase (decrease) in fair value by RUB 468 million |
| | Valuation technique | Significant unobservable inputs | Range (weighted average) | Sensitivity of fair value to inputs |
| Options to buy or sell stock of LLC Nitrocom | Binomial model | Volatility | 6m 2023: 62.70% | An increase (decrease) in the volatility by 10% will lead to an increase (decrease) in fair value by RUB 24 million |
| | | Credit risk / spread | 6m 2023: 1.56% | An increase (decrease) in the credit risk / spread by 5% will lead to an increase (decrease) in fair value by RUB 46 million |
| | | Return on dividends | 6m 2023: 2.36% | An increase (decrease) in the return on dividends by 5% will lead to an increase (decrease) in fair value by RUB 21 million |
| | | Fair value of the underlying asset | 6m 2023: RUB 1,482 million | An increase (decrease) in the fair value of the underlying asset by 20% will lead to an increase (decrease) in fair value by RUB 139 million |



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27. Events after the reporting period

On 4 August 2023, Federal Law No. 414-FZ On Excess Profits Tax was adopted. The Law establishes the procedure to determine and pay a one-off excess profits tax. The Law is effective from 1 January 2024.

According to the provisions of the Law, Russian entities, permanent establishments of foreign entities and foreign entities that are deemed Russian tax residents (subject to a number of exceptions envisaged by the Law) shall file a corresponding tax return with the tax authorities until 25 January 2024 and pay the excess profits tax calculated at a rate of 10% until 28 January 2024.

The tax base for the excess profits tax is determined as an excess of the arithmetic mean of profits for 2021-2022 over the same indicator for 2018-2019. The Law provides a number of specific procedures for the calculation of the tax base, including specific procedures for companies that were members of the consolidated taxpayer group in these periods, and an opportunity to reduce the effective tax rate to 0% or 5% when specific conditions are met. The Law also provides the option of voluntary payment of the "security deposit" during the period from 1 October through 30 November 2023 and this amount will form a tax credit, which can be used by the taxpayer to reduce the tax amount. The amount of this tax credit cannot exceed $\frac{1}{2}$ of the amount of the calculated tax. The tax credit is assumed to be equal to zero if the security deposit is repaid (in full or in part) over the taxpayer's claim.

The Group's management estimates that the expected excess profits tax will amount to RUB 2,355 million. As of the date of the financial statements issue, the Group's management has not made a decision to pay the security deposit during the period from 1 October through 30 November 2023. If such a decision is made, the excess profit tax payable will amount to RUB 1,177 million.