



**EUROCHEM GROUP**

**INTERNATIONAL ACCOUNTING STANDARD No. 34**

**CONSOLIDATED CONDENSED INTERIM (SIX MONTHS) FINANCIAL  
INFORMATION AND  
REVIEW REPORT**

**30 JUNE 2020**

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Independent Auditor's Report on the Review of the Consolidated Condensed Interim Financial Information as of and for the six months ended 30 June 2020

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# EuroChem Group AG

## Zug

Review Report to the  
Board of Directors on the

Consolidated condensed interim financial information as of and for the six-month period ended 30 June 2020

# Report on the Review

## of consolidated condensed interim financial information to the Board of Directors of EuroChem Group AG

### Zug

#### Introduction

We have reviewed the accompanying consolidated condensed interim financial information (statement of financial position, statement of profit or loss, statement of comprehensive income, statement of cash flows, statement of changes in equity and notes) of EuroChem Group AG as of and for the six-month period ended 30 June 2020. The Board of Directors is responsible for the preparation and presentation of this consolidated condensed interim financial information in accordance with International Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this consolidated condensed interim 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 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 consolidated condensed interim financial information has not been prepared, in all material respects, in accordance with International Accounting Standard 34 "Interim Financial Reporting".

PricewaterhouseCoopers AG



Joanne Burgener

Audit Expert  
Auditor in charge



Maria Kotlyarenko

Zug, 31 July 2020

Enclosure:

Consolidated condensed interim financial information (statement of financial position, statement of profit or loss, statement of comprehensive income, statement of cash flows, statement of changes in equity and notes) as of and for the six-month periods ended 30 June 2020.

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	Note	30 June 2020	31 December 2019
<b>ASSETS</b>			
<b>Non-current assets:</b>			
Property, plant and equipment	6	7,488,533	8,190,662
Mineral rights		325,062	364,985
Goodwill		436,816	469,104
Intangible assets		59,508	74,592
Investment in associates and joint ventures		22,722	24,771
Originated loans		885	1,000
Restricted cash	9	40,959	37,049
Derivative financial assets	14	40,422	59,354
Deferred income tax assets		118,621	76,203
Other non-current assets		49,822	73,857
<b>Total non-current assets</b>		<b>8,583,350</b>	<b>9,371,577</b>
<b>Current assets:</b>			
Inventories	7	1,020,124	1,170,228
Trade receivables	8	410,516	443,902
Prepayments, other receivables and other current assets	8	328,159	336,015
Income tax receivable		6,386	11,412
Restricted cash	9	3,522	3,895
Derivative financial assets	14	28,830	9,167
Fixed-term deposits	9	91	124
Cash and cash equivalents	9	844,020	313,241
<b>Total current assets</b>		<b>2,641,648</b>	<b>2,287,984</b>
<b>TOTAL ASSETS</b>		<b>11,224,998</b>	<b>11,659,561</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Equity attributable to owners of the parent:</b>			
Share capital	10	111	111
Treasury shares	10	(785,050)	(785,050)
Cumulative currency translation differences		(2,496,439)	(1,825,722)
Hedging reserve	14	(2,656)	-
Retained earnings and other reserves		7,505,033	7,592,130
		<b>4,220,999</b>	<b>4,981,469</b>
Non-controlling interests		1,793	1,669
<b>Total equity</b>		<b>4,222,792</b>	<b>4,983,138</b>
<b>Non-current liabilities:</b>			
Bank borrowings and other loans received	11	1,029,777	1,405,458
Project Finance	12	415,363	435,192
Bonds issued	13	2,062,722	1,660,982
Derivative financial liabilities	14	57,908	7,453
Deferred income tax liabilities		259,249	286,627
Other non-current liabilities and deferred income		132,797	311,351
<b>Total non-current liabilities</b>		<b>3,957,816</b>	<b>4,107,063</b>
<b>Current liabilities:</b>			
Bank borrowings and other loans received	11	1,717,675	1,085,568
Project Finance	12	60,420	54,405
Bonds issued	13	-	366,225
Derivative financial liabilities	14	80,066	25,929
Trade payables		487,582	508,138
Other accounts payable and accrued expenses		648,607	472,126
Income tax payable		23,276	19,907
Other taxes payable		26,764	37,062
<b>Total current liabilities</b>		<b>3,044,390</b>	<b>2,569,360</b>
<b>Total liabilities</b>		<b>7,002,206</b>	<b>6,676,423</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>11,224,998</b>	<b>11,659,561</b>

The accompanying notes on pages 6 to 30 are an integral part of this consolidated condensed interim financial information.

	Note	Six months ended	
		30 June 2020	30 June 2019
Sales	15	3,005,895	3,046,239
Cost of sales	16	(1,865,564)	(1,822,571)
<b>Gross profit</b>		<b>1,140,331</b>	<b>1,223,668</b>
Distribution costs	17	(494,291)	(419,477)
General and administrative expenses	18	(128,639)	(102,896)
Other operating income/(expenses), net	19	90,288	(67,408)
<b>Operating profit</b>		<b>607,689</b>	<b>633,887</b>
Share of profit/(loss) from associates and joint ventures, net		(824)	435
Interest income		3,503	4,531
Interest expense		(135,262)	(76,442)
Financial foreign exchange gain/(loss), net		(317,697)	121,055
Other financial gain/(loss), net	20	(232,013)	48,032
<b>Profit/(loss) before taxation</b>		<b>(74,604)</b>	<b>731,498</b>
Income tax expense	21	(12,163)	(119,364)
<b>Profit/(loss)</b>		<b>(86,767)</b>	<b>612,134</b>
<b>Profit/(loss) attributable to:</b>			
Owners of the parent		(87,097)	611,912
Non-controlling interests		330	222
		<b>(86,767)</b>	<b>612,134</b>
Earnings/(loss) per share – basic and diluted	22	(96.77)	611.91

	Note	Six months ended	
		30 June 2020	30 June 2019
<b>Profit/(loss)</b>		<b>(86,767)</b>	<b>612,134</b>
<b>Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods</b>			
Currency translation differences		(670,541)	531,728
Effective portion of changes in fair value of cash flow hedges, net of deferred tax		(2,656)	-
Share of other comprehensive income/(loss) of associates and joint ventures, net		(382)	(314)
<b>Total other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods</b>		<b>(673,579)</b>	<b>531,414</b>
<b>Total comprehensive income/(loss)</b>		<b>(760,346)</b>	<b>1,143,548</b>
<b>Total comprehensive income/(loss) attributable to:</b>			
Owners of the parent		(760,470)	1,143,229
Non-controlling interests		124	319
		<b>(760,346)</b>	<b>1,143,548</b>

	Note	Six months ended	
		30 June 2020	30 June 2019
Operating profit		607,689	633,887
Income tax paid		(52,916)	(107,585)
<b>Operating profit less income tax paid</b>		<b>554,773</b>	<b>526,302</b>
Depreciation and amortisation	18	225,802	178,965
(Gain)/loss on disposals, impairment and write-off of property, plant and equipment, net		2,842	2,006
Change in provision for impairment of receivables (incl. ECL allowance) and provision for obsolete and damaged inventories, net		3,649	5,368
Other non-cash (income)/expenses, net		(71,929)	61,416
<b>Gross cash flow</b>		<b>715,137</b>	<b>774,057</b>
Cash proceeds/(payments) on operating derivatives, net		(2,117)	823
Changes in operating assets and liabilities:			
Trade receivables		(21,519)	(47,653)
Advances to suppliers		(28,710)	(9,613)
Other receivables		2,867	(213)
Inventories		22,847	(37,289)
Trade payables		43,910	(19,667)
Advances from customers		3,615	(41,853)
Other payables		(13,462)	(25,338)
Restricted cash		(8,289)	(26,727)
<b>Net cash – operating activities</b>		<b>714,279</b>	<b>566,527</b>
<b>Cash flows from investing activities</b>			
Capital expenditure on property, plant and equipment and intangible assets		(380,611)	(463,851)
Other payments related to mineral rights		(978)	(533)
Acquisition of subsidiaries, net of cash acquired		-	(4,949)
Proceeds from sale of property, plant and equipment		339	1,224
Net change in fixed-term deposits		-	1,660
Originated loans		(70,000)	(30)
Repayment of originated loans		70,000	3,000
Interest received		2,358	2,876
Other investing activities		2,670	30,407
<b>Net cash – investing activities</b>		<b>(376,222)</b>	<b>(430,196)</b>
<b>Free cash inflow/(outflow)</b>		<b>338,057</b>	<b>136,331</b>
<b>Cash flows from financing activities</b>			
Proceeds from bank borrowings and other loans received		661,866	523,908
Funds received under the Project Finance Facilities	12	-	93,746
Repayment of bank borrowings and other loans received		(401,100)	(652,523)
Repayment of the Project Finance Facility	12	(29,641)	(14,283)
Proceeds from bonds, net of transaction costs		470,485	990,743
Repayment of bonds	13	(332,808)	(978,694)
Prepaid and additional transaction costs related to bank borrowings and bonds		(3,037)	(7,830)
Prepaid and additional transaction costs related to the Project Finance Facilities		(5,145)	(4,852)
Interest paid		(114,423)	(102,112)
Cash proceeds/(payments) on derivatives, net	14	(25,421)	16,390
Payments of lease liabilities		(5,596)	(4,088)
Other financial activities		(3,540)	(12,921)
<b>Net cash – financing activities</b>		<b>211,640</b>	<b>(152,516)</b>
Effect of exchange rate changes on cash and cash equivalents		(18,918)	2,367
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>530,779</b>	<b>(13,818)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>9</b>	<b>313,241</b>	<b>341,911</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>9</b>	<b>844,020</b>	<b>328,093</b>

The accompanying notes on pages 6 to 30 are an integral part of this consolidated condensed interim financial information.



(all amounts are presented in thousands of US dollars, unless otherwise stated)

	Attributable to owners of the parent					Total	Non-controlling interests	Total equity
	Share capital	Treasury shares	Cumulative currency translation differences	Hedging reserve	Retained earnings and other reserves			
<b>Balance at 1 January 2019</b>	<b>111</b>	<b>-</b>	<b>(2,403,963)</b>	<b>-</b>	<b>6,578,487</b>	<b>4,174,635</b>	<b>117</b>	<b>4,174,752</b>
<b>Comprehensive income/(loss)</b>								
Profit/(loss)	-	-	-	-	611,912	611,912	222	612,134
<i>Other comprehensive income/(loss)</i>								
Currency translation differences	-	-	531,631	-	-	531,631	97	531,728
Share of other comprehensive income/(loss) of associates and joint ventures, net	-	-	(314)	-	-	(314)	-	(314)
<i>Total other comprehensive income/(loss)</i>	-	-	<b>531,317</b>	-	-	<b>531,317</b>	<b>97</b>	<b>531,414</b>
<b>Total comprehensive income/(loss)</b>	<b>-</b>	<b>-</b>	<b>531,317</b>	<b>-</b>	<b>611,912</b>	<b>1,143,229</b>	<b>319</b>	<b>1,143,548</b>
<b>Transactions with owners</b>								
Acquisition of subsidiaries	-	-	-	-	-	-	860	860
<b>Total transactions with owners</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>860</b>	<b>860</b>
<b>Balance at 30 June 2019</b>	<b>111</b>	<b>-</b>	<b>(1,872,646)</b>	<b>-</b>	<b>7,190,399</b>	<b>5,317,864</b>	<b>1,296</b>	<b>5,319,160</b>
<b>Balance at 1 January 2020</b>	<b>111</b>	<b>(785,050)</b>	<b>(1,825,722)</b>	<b>-</b>	<b>7,592,130</b>	<b>4,981,469</b>	<b>1,669</b>	<b>4,983,138</b>
<b>Comprehensive income/(loss)</b>								
Profit/(loss)	-	-	-	-	(87,097)	(87,097)	330	(86,767)
<i>Other comprehensive income/(loss)</i>								
Currency translation differences	-	-	(670,335)	-	-	(670,335)	(206)	(670,541)
Effective portion of changes in fair value of cash flow hedges, net of deferred tax	-	-	-	(2,656)	-	(2,656)	-	(2,656)
Share of other comprehensive income/(loss) of associates and joint ventures, net	-	-	(382)	-	-	(382)	-	(382)
<i>Total other comprehensive income/(loss)</i>	-	-	<b>(670,717)</b>	<b>(2,656)</b>	-	<b>(673,373)</b>	<b>(206)</b>	<b>(673,579)</b>
<b>Total comprehensive income/(loss)</b>	<b>-</b>	<b>-</b>	<b>(670,717)</b>	<b>(2,656)</b>	<b>(87,097)</b>	<b>(760,470)</b>	<b>124</b>	<b>(760,346)</b>
<b>Balance at 30 June 2020</b>	<b>111</b>	<b>(785,050)</b>	<b>(2,496,439)</b>	<b>(2,656)</b>	<b>7,505,033</b>	<b>4,220,999</b>	<b>1,793</b>	<b>4,222,792</b>

The accompanying notes on pages 6 to 30 are an integral part of this consolidated condensed interim financial information.

## 1 The EuroChem Group and its operations

The EuroChem Group comprises the parent entity, EuroChem Group AG (the "Company") and its subsidiaries (collectively the "Group" or "EuroChem Group"). The Company was incorporated under the laws of Switzerland on 16 July 2014 and has its registered office at: Baarerstrasse, 37, 6300, Zug, Switzerland.

A company that holds business interests beneficially for Mr. Andrey Melnichenko indirectly owns 100% of AIM Capital S.E., registered in the Republic of Cyprus (31 December 2019: 100%), which in turn owns 90% of the share capital of EuroChem Group AG (31 December 2019: 90%). The remaining 10% of the share capital is held by a Group's wholly-owned subsidiary (Note 10) (31 December 2019: 10%).

The Group's principal activity is the production of mineral fertilizers (nitrogen-, potash- and phosphate-based) as well as mineral extraction (apatite, phosphate rock, iron-ore, baddeleyite and potash), and the operation of a distribution network. The Group is developing two potassium salt deposits. Production of potassium fertilizers began at the Verkhnekamskoe deposit in the first half of 2018. The Group's main production facilities are located in Russia, Lithuania, Belgium and Kazakhstan. The Group's distribution assets are located globally across Europe, Russia, North and Latin America, Central and South-East Asia.

## 2 Basis of preparation and significant accounting policies

**Basis of preparation.** This consolidated condensed interim financial information for the six months ended 30 June 2020 has been prepared in accordance with IAS 34 "Interim Financial Reporting"; it supplements the annual consolidated financial statements for the year ended 31 December 2019 prepared in accordance with International Financial Reporting Standards.

The principal accounting policies and significant judgments and estimates applied therein are consistent with those of the consolidated financial statements for the year ended 31 December 2019, except for the changes in accounting policies as described below.

**Changes in accounting policy.** Effective 1 January 2020, the Group applied prospectively hedge accounting requirements of IFRS 9 "Financial instruments".

The Group's derivative instruments comprise forward and swap contracts, commodity swaps and collars, freight swaps and can be used as cash flow hedges. The Group does not have fair value hedges. All derivatives are measured at fair value and carried as assets when their fair value is positive and as liabilities when their fair value is negative. Derivatives are classified as current or non-current depending on the contractual maturity of the derivative.

Hedge effectiveness is determined at the inception of the hedge relationship and on the ongoing basis to ensure that economic relationship exists between the hedging instrument and hedged item.

Changes in the fair value of effective hedging instruments are recognised in other comprehensive income and accumulated within a hedging reserve in equity. Any cumulative gain or loss on the hedging instrument is reclassified to profit or loss (to "Other operating income/(expenses), net" or "Other financial gain/(loss), net", depending on cash flows being hedged), when the opposite effect arises from the hedge item. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss.

Changes in the fair value of derivative financial instruments to which hedge accounting is not applied are recognised immediately in profit or loss.

At 30 June 2020, the official exchange rates were: US\$ 1 = RUB 69.9513, US\$ 1 = EUR 0.8890 (31 December 2019: US\$ 1 = RUB 61.9057, US\$ 1 = EUR 0.8928). Average rates for the six months ended 30 June 2020 were: US\$ 1 = RUB 69.3714, US\$ 1 = EUR 0.9075 (six months ended 30 June 2019: US\$ 1 = RUB 65.3384, US\$ 1 = EUR 0.8849).

### **3 New or revised standards and interpretations**

New amendments to standards set out below became effective 1 January 2020 and did not have any impact or did not have a material impact on the Group's consolidated condensed interim financial information:

- Amendments to IFRS 3 – Definition of a business. The amendment has been early adopted by the Group as of 1 January 2019.
- Amendments to the Conceptual Framework for Financial Reporting;
- Amendments to IAS 1 and IAS 8 – Definition of materiality;
- Amendments to IFRS 9, IAS 39 and IFRS 7 – Interest rate benchmark reform;
- Amendments to IFRS 16 – Covid-19-Related Rent Concessions.

A number of new standards, amendments to standards and interpretations are not yet effective as at 30 June 2020, and have not been early adopted by the Group:

- IFRS 17 “Insurance contracts”;
- Amendments to IFRS 10 and IAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture;
- Amendments to IAS 1 – Classification of liabilities as current or non-current;
- Narrow scope amendments to IAS 16, IAS 37 and IFRS 3 – Proceeds before intended use, Onerous contracts (cost of fulfilling a contract), Reference to the Conceptual Framework;
- Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41 – Annual Improvements to IFRSs 2018-2020.

Unless otherwise described above, the new standards, amendments to standards and interpretations are expected to have no impact or to have a non-material impact on the Group's consolidated condensed interim financial information.

#### 4 Fair value of financial instruments

**Financial instruments measured subsequently at fair value.** Derivative financial instruments which typically include foreign exchange forward contracts, cross currency interest rate swaps, commodity swaps and collars and freight swaps are carried at fair value through profit or loss or through other comprehensive income, depending on whether these instruments are effective hedging instruments (Note 2). The fair values are based on recurring mark-to-market valuations provided by the financial institutions which deal in these financial instruments. The fair value of derivative financial assets and liabilities were included in Level 2 of the fair value hierarchy.

**Financial assets and liabilities measured subsequently at amortised cost.** The fair value of loans and borrowings, Project Finance and issued bonds at 30 June 2020 and 31 December 2019 are disclosed in Notes 11, 12 and 13. The fair value of other financial assets and liabilities carried at amortised cost approximates their carrying value.

The Group's financial assets and liabilities were as follows:

	30 June 2020	31 December 2019
<b>Financial assets</b>		
<b>Non-current financial assets</b>		
Restricted cash	40,959	37,049
Originated loans	885	1,000
Derivative financial assets	40,422	59,354
Other non-current assets	4,012	4,012
<b>Total non-current financial assets</b>	<b>86,278</b>	<b>101,415</b>
<b>Current financial assets</b>		
Restricted cash	3,522	3,895
Trade receivables	410,516	443,902
Derivative financial assets total	28,830	9,167
including cash flow hedges	17,507	-
Other receivables and other current assets including:		
Other receivables	45,002	45,610
Collateral held by banks to secure derivative transactions	1,669	464
Interest receivables	816	606
Fixed-term deposits	91	124
Cash and cash equivalents	844,020	313,241
<b>Total current financial assets</b>	<b>1,334,466</b>	<b>817,009</b>
<b>Total financial assets</b>	<b>1,420,744</b>	<b>918,424</b>

#### 4 Fair value of financial instruments (continued)

	30 June 2020	31 December 2019
<b>Financial liabilities</b>		
<b>Non-current financial liabilities</b>		
Bank borrowings and other loans received	1,029,777	1,405,458
Bonds issued	2,062,722	1,660,982
Project Finance	415,363	435,192
Derivative financial liabilities	57,908	7,453
Other non-current liabilities including:		
Contingent liability related to business combination	-	172,946
Long-term portion of deferred payables related to mineral rights acquisition	11,822	11,346
Long-term portion of lease payables	56,167	57,014
<b>Total non-current financial liabilities</b>	<b>3,633,759</b>	<b>3,750,391</b>
<b>Current financial liabilities</b>		
Bank borrowings and other loans received	1,717,675	1,085,568
Project Finance	60,420	54,405
Bonds issued	-	366,225
Derivative financial liabilities total	80,066	25,929
including cash flow hedges	27,676	-
Trade payables	487,582	508,138
Other accounts payable and accrued expenses including:		
Interest payables	48,805	42,177
Short-term portion of lease payables	9,282	10,193
Short-term portion of deferred payables related to business combinations and acquisition of additional interest in subsidiary	229,683	1,500
Short-term portion of deferred payables related to mineral rights acquisition	1,364	1,642
<b>Total current financial liabilities</b>	<b>2,634,877</b>	<b>2,095,777</b>
<b>Total financial liabilities</b>	<b>6,268,636</b>	<b>5,846,168</b>

As required by IAS 7 "Statement of cash flows", the Group presents the reconciliation of movements in liabilities arising from financing activities:

	Bank borrowings and other loans received	Bonds issued	Project Finance	Interest payable	Lease liabilities	Total
<b>Balance at 1 January 2020</b>	<b>2,491,026</b>	<b>2,027,208</b>	<b>489,597</b>	<b>42,177</b>	<b>67,207</b>	<b>5,117,215</b>
<b>Cash flows</b>						
Proceeds	661,866	470,485	-	-	-	1,132,351
Repayments	(401,100)	(332,808)	(29,641)	-	(5,596)	(769,145)
Prepaid and additional transaction costs	(333)	(2,704)	(5,145)	-	-	(8,182)
Interest paid	-	-	-	(114,423)	(2,152)	(116,575)
<b>Non-cash flows</b>						
Lease liabilities arising due to new contracts	-	-	-	-	8,322	8,322
Interest expenses accrued	-	-	-	124,490	2,131	126,621
Amortisation of transaction costs	3,170	1,409	8,837	-	-	13,416
Financial foreign exchange (gain)/loss, net	136,999	22,982	70,679	629	4	231,293
Currency translation difference, net	(144,176)	(122,768)	(58,544)	(4,068)	(4,467)	(334,023)
Other movements	-	(1,082)	-	-	-	(1,082)
<b>Balance at 30 June 2020</b>	<b>2,747,452</b>	<b>2,062,722</b>	<b>475,783</b>	<b>48,805</b>	<b>65,449</b>	<b>5,400,211</b>

#### 4 Fair value of financial instruments (continued)

	<b>Bank borrowings and other loans received</b>	<b>Bonds issued</b>	<b>Project Finance</b>	<b>Interest payable</b>	<b>Lease liabilities</b>	<b>Total</b>
<b>Balance at 1 January 2019</b>	<b>2,374,408</b>	<b>1,427,111</b>	<b>441,682</b>	<b>27,457</b>	<b>67,184</b>	<b>4,337,842</b>
<b>Cash flows</b>						
Proceeds	523,908	990,743	93,746	-	1,533	1,609,930
Repayments	(652,523)	(978,694)	(14,283)	-	(4,088)	(1,649,588)
Prepaid of additional transaction costs	(1,436)	(6,394)	(4,852)	-	-	(12,682)
Interest paid	-	-	-	(102,112)	(2,123)	(104,235)
<b>Non-cash flows</b>						
Loans and interest payable acquired in a business combination	2,834	-	-	587	-	3,421
Interest expenses accrued	-	-	-	103,141	2,179	105,320
Amortisation of transaction costs	3,265	4,263	9,376	-	-	16,904
Financial foreign exchange (gain)/loss, net	5,453	(32,729)	(57,649)	(456)	10	(85,371)
Currency translation difference, net	8,382	83,497	45,784	1,345	1,564	140,572
Other movements	-	(3,709)	-	-	-	(3,709)
<b>Balance at 30 June 2019</b>	<b>2,264,291</b>	<b>1,484,088</b>	<b>513,804</b>	<b>29,962</b>	<b>66,259</b>	<b>4,358,404</b>

## 5 Segment information

The Group has a vertically integrated business model conducted by three operating divisions, representing reportable segments, which are *Mining*, *Fertilizers* and *Commercial*:

- *Mining* division encompasses the extraction of ores to obtain apatite, baddeleyite, iron-ore concentrates and phosphorite; as well as the potash production at the Verkhnekamskoe deposit that started in 2018 and the development of the potassium salt deposit (potash) at the Gremyachinskoe deposit. The division also includes the exploration and subsequent development of hydrocarbons fields;
- *Fertilizers* division includes the production of mineral fertilizers (nitrogen, phosphate and complex) and industrial products;
- *Commercial* division is responsible for the sale of the complete range of products produced by the Group as well as third-party products through the Group's global distribution network spanning across Europe, Russia, North and Latin America, Central and South-East Asia. The division also covers all supply chain operations including different types of transportation services as well as purchase and delivery of raw materials and finished goods.

Activities not assigned to a particular division are reported in "Other". These include certain service activities, central management and other items. All intersegment transactions and unrealised profit in inventory from intragroup sales are eliminated through "Elimination".

The review of financial reports of the Group, evaluation of the operating results and allocation of resources between the operating divisions are performed by the Management Board (considered to be the chief operating decision maker in the Group). The development and approval of strategies, market and risk analysis, investment focus, technological process changes are undertaken mostly in accordance with the operating divisions. Budgets and financial reports are prepared in a standard format according to the IFRS accounting policy adopted by the Group. Sales between divisions are carried out on an arm's length basis.

The Management Board assesses the performance of the operating divisions based on, among other factors, a measure of EBITDA (profit before taxation adjusted by interest expense, depreciation and amortisation, financial foreign exchange gain or loss, other non-cash and one-off items, excluding profit attributed to non-controlling interests), allocated by division according to internal rules. Since the EBITDA term is not a standard IFRS measure, EuroChem Group's definition of EBITDA may differ from that of other companies.

The division results for the six months ended 30 June 2020 were:

	<b>External sales</b>	<b>Internal sales</b>	<b>Total sales</b>	<b>EBITDA</b>
Mining	21,791	435,882	457,673	207,542
Fertilizers	14,209	1,426,903	1,441,112	334,575
Commercial	2,968,312	130,916	3,099,228	243,248
Other	1,583	4,645	6,228	40,300
Elimination	-	(1,998,346)	(1,998,346)	4,755
<b>Total</b>	<b>3,005,895</b>	<b>-</b>	<b>3,005,895</b>	<b>830,420</b>

## 5 Segment information (continued)

The division results for the six months ended 30 June 2019 were:

	External sales	Internal sales	Total sales	EBITDA
Mining	22,850	459,509	482,359	239,772
Fertilizers	40,197	1,706,344	1,746,541	507,363
Commercial	2,988,941	117,769	3,106,710	98,409
Other	2,154	5,327	7,481	(72,506)
Elimination	(7,903)*	(2,288,949)	(2,296,852)	46,028
<b>Total</b>	<b>3,046,239</b>	<b>-</b>	<b>3,046,239</b>	<b>819,066</b>

\* Elimination of revenue earned before an asset is ready for its intended use

A reconciliation of EBITDA to profit before taxation is provided below:

	Note	Six months ended	
		30 June 2020	30 June 2019
<b>EBITDA</b>		<b>830,420</b>	<b>819,066</b>
Depreciation and amortisation	18	(225,802)	(178,965)
(Impairment)/reversal of impairment/(write-off) of idle property, plant and equipment	16, 19	(2,154)	(1,470)
Non-recurring income/(expenses), net	19	10,922	-
COVID-19 associated expenses	19	(3,348)	-
Interest expense		(135,262)	(76,442)
Financial foreign exchange gain/(loss), net		(317,697)	121,055
Other financial gain/(loss), net	20	(232,013)	48,032
Non-controlling interests		330	222
<b>Profit before taxation</b>		<b>(74,604)</b>	<b>731,498</b>

The main Group's manufacturing facilities are based in Russia, Lithuania, Belgium and Kazakhstan.

The analysis of Group sales by region was:

	Six months ended	
	30 June 2020	30 June 2019
Europe	795,495	889,385
Latin America	645,431	537,878
North America	589,368	570,204
Russia	420,844	581,520
Asia Pacific	365,903	269,947
CIS*	107,071	156,636
Africa	81,783	40,669
<b>Total sales</b>	<b>3,005,895</b>	<b>3,046,239</b>

\* including associate states

The sales are allocated to regions based on the destination country. During the six months ended 30 June 2020, the Group had sales in excess of 10% to Brazil, the United States of America and Russia, representing 18.3%, 16.2% and 14.0% of total revenues, respectively (six months ended 30 June 2019: sales to Brazil, the United States of America and Russia, representing 14.4 %, 15.0% and 19.1% of total revenues, respectively).

During the six months ended 30 June 2020 and 30 June 2019, there were no sales in excess of 10% to one customer.



## 6 Property, plant and equipment

Movements in the carrying amount of property, plant and equipment were:

	Note	2020	2019
<b>Carrying amount at 1 January</b>		<b>8,190,662</b>	<b>6,734,739</b>
<i>Including advances given to construction companies and suppliers of property, plant and equipment</i>		91,677	345,180
Additions		418,002	550,106
Additions through business combination		-	3,653
Disposals		(1,027)	(1,760)
Depreciation charge for the period		(235,164)	(184,917)
(Impairment)/(write-off) of idle property, plant and equipment	16, 19	(2,154)	(1,470)
Currency translation differences		(881,786)	616,701
<b>Carrying amount at 30 June</b>		<b>7,488,533</b>	<b>7,717,052</b>
<i>Including advances given to construction companies and suppliers of property, plant and equipment</i>		104,677	92,038

### **Right-of-use assets**

The right-of-use assets are accounted for within "Property, plant and equipment" and mainly comprised lease of land plots and buildings, amounting to US\$65,116 thousand as at 30 June 2020 (31 December 2019: US\$67,290 thousand).

### **Borrowing costs capitalised**

During the six months ended 30 June 2020, borrowing costs totalling US\$2,644 thousand were capitalised in property, plant and equipment at an average interest rate of 5.46% p.a. (six months ended 30 June 2019: US\$43,603 thousand capitalised at an average interest rate of 5.20% p.a.).

### **Payables to suppliers of property, plant and equipment and construction companies**

As at 30 June 2020, trade payables included payables to suppliers of property, plant and equipment and construction companies amounting to US\$137,906 thousand (31 December 2019: US\$172,551 thousand). Trade payables included payables with irrevocable documentary letter of credit with a deferred term of payment opened in the amount of US\$25,248 thousand (31 December 2019: US\$86,191 thousand) under the contracts with the construction companies.

## 7 Inventories

	30 June 2020	31 December 2019
Finished goods	606,273	762,013
Materials	236,460	226,108
Catalysts	100,984	104,475
Work in progress	85,631	86,894
Less: provision for obsolete and damaged inventories	(9,224)	(9,262)
<b>Total inventories</b>	<b>1,020,124</b>	<b>1,170,228</b>

## 8 Trade receivables, prepayments, other receivables and other current assets

	30 June 2020	31 December 2019
<b>Trade receivables</b>		
Trade receivables denominated in US\$	289,110	279,588
Trade receivables denominated in EUR	57,369	56,021
Trade receivables denominated in RUB	39,718	73,754
Trade receivables denominated in BRL	35,819	46,569
Trade receivables denominated in other currencies	10,541	12,976
Less: ECL allowance	(22,041)	(25,006)
<b>Total trade receivables</b>	<b>410,516</b>	<b>443,902</b>
<b>Prepayments, other receivables and other current assets</b>		
Advances to suppliers	112,082	98,037
VAT recoverable and receivable	114,920	149,848
Other taxes receivable	7,890	7,039
Other receivables and other current assets	102,218	92,280
Collateral held by banks to secure derivative transactions	1,669	464
Interest receivable	816	606
Less: provision for impairment	(11,436)	(12,259)
<b>Total prepayments, other receivables and other current assets</b>	<b>328,159</b>	<b>336,015</b>
<b>Total trade receivables, prepayments, other receivables and other current assets</b>	<b>738,675</b>	<b>779,917</b>

## 9 Cash and cash equivalents, fixed-term deposits and restricted cash

	30 June 2020	31 December 2019
Cash on hand*	65	90
Bank balances denominated in US\$	214,401	169,311
Bank balances denominated in RUB	14,377	10,316
Bank balances denominated in EUR	33,972	18,335
Bank balances denominated in other currencies	14,796	16,015
Term deposits denominated in US\$	474,006	65,805
Term deposits denominated in RUB	30,438	6,434
Term deposits denominated in other currencies	61,965	26,935
<b>Total cash and cash equivalents</b>	<b>844,020</b>	<b>313,241</b>
Fixed-term deposits in different currencies	91	124
<b>Total fixed-term deposits</b>	<b>91</b>	<b>124</b>
Current restricted cash	3,522	3,895
Non-current restricted cash	40,959	37,049
<b>Total restricted cash</b>	<b>44,481</b>	<b>40,944</b>

\* Includes cash on hand denominated in different currencies.

Term deposits as at 30 June 2020 and 31 December 2019 were held to meet short-term cash needs and had various original maturities but could be withdrawn on request without any restrictions.

Fixed-term deposits have various original maturities and can be withdrawn with an early notification and/or with a penalty accrued or interest income forfeited.

## **9 Cash and cash equivalents, fixed-term deposits and restricted cash (continued)**

At 30 June 2020, non-current restricted cash consisted of US\$38,300 thousand (31 December 2019: US\$34,723 thousand) held in a debt service reserve account as required by the Project Finance Facility Agreement (Note 12), US\$2,033 thousand held in bank accounts as security deposits for third parties (31 December 2019: US\$1,892 thousand) and US\$626 thousand held in deposit against possible environmental obligations in compliance with the statutory rules of several countries in CIS and Europe (31 December 2019: US\$434 thousand).

At 30 June 2020, current restricted cash consisted of US\$894 thousand received under targeted loan agreements with a state industrial development fund (31 December 2019: US\$1,010 thousand) and of US\$2,628 thousand held at banks under regulatory requirements for state contracts (31 December 2019: US\$2,885 thousand).

## **10 Equity**

**Share capital.** As at 30 June 2020 and 31 December 2019, the nominal registered amount of the Company's issued share capital in Swiss francs ("CHF") was CHF 100 thousand (US\$111 thousand). The total authorised number of ordinary shares is 1,000 shares with a par value of CHF 100 (US\$111) per share. All authorised shares were issued and fully paid in 2014.

**Treasury shares.** In August 2019, MCC EuroChem JSC, a Group's wholly-owned subsidiary, bought from a company that holds business interests for Mr. Dmitry Strezhnev 100 ordinary shares of EuroChem Group AG, representing 10% of the issued share capital, for US\$785 million paid in cash.

The voting rights in the Company's 100 ordinary shares owned by MCC EuroChem JSC, as well as the rights associated therewith, are suspended.

**Dividends.** During the six months ended 30 June 2020 and 30 June 2019 the Group did not declare or pay dividends.

**Capital contribution.** In 2016, the Group signed an agreement and subsequently several amendments with the parent company AIM Capital S.E. to receive a capital contribution in a form of a perpetual loan up to US\$1 billion with the availability period to 31 December 2020. In 2016 and in 2018 the Group received the funds of US\$250 million and US\$600 million, respectively.

**Other reserves within "Retained earnings and other reserves".** At 30 June 2020 and 31 December 2019, other reserves of the Company included a cash contribution of US\$5,000 thousand from AIM Capital S.E., the parent company.

## 11 Bank borrowings and other loans received

<b>Currency and rate</b>	<b>Interest rate 2020*</b>	<b>Interest rate 2019*</b>	<b>30 June 2020</b>	<b>31 December 2019</b>
<b>Current loans and borrowings</b>				
Short-term unsecured bank loans				
US\$ with floating rate	2.72% - 7.04%	3.58% - 6.80%	104,850	34,520
US\$ with fixed rate	2.24% - 5.35%	3.41% - 4.23%	357,773	477,961
RUB with fixed rate	5.00%	5.00%	82,103	11,954
BRL with fixed rate	7.50%	7.50%	6,653	9,024
Current portion of unsecured targeted loans				
RUB with fixed rate	5.00%	5.00%	7,094	2,895
Current portion of unsecured long-term bank loans				
US\$ with floating rate	1.75% - 2.85%	3.25% - 3.96%	915,640	497,794
US\$ with fixed rate	4.50%	-	200,000	-
RUB with fixed rate	7.70%	7.55% - 8.30%	44,960	53,189
RUB with floating rate	5.80%	-	501	-
Current portion of secured long-term bank loans				
BRL with fixed rate	2.94%	2.94%	365	495
Less: short-term portion of transaction costs			(2,264)	(2,264)
<b>Total current loans and borrowings</b>			<b>1,717,675</b>	<b>1,085,568</b>

<b>Currency and rate</b>	<b>Interest rate 2020*</b>	<b>Interest rate 2019*</b>	<b>30 June 2020</b>	<b>31 December 2019</b>
<b>Non-current loans and borrowings</b>				
Long-term unsecured bank loans				
RUB with floating rate	5.35% - 5.50%	-	138,975	-
US\$ with fixed rate	3.60% - 4.60%	4.20% - 4.60%	600,000	650,000
Long-term unsecured targeted loans				
RUB with fixed rate	3.00% - 5.00%	3.00% - 5.00%	14,296	21,275
Long-term portion of unsecured bank loans				
US\$ with floating rate	1.75% - 2.85%	3.25% - 3.96%	269,549	731,215
RUB with fixed rate	10.20%	7.55% - 10.20%	12,621	11,498
RUB with floating rate	5.80%	-	460	-
Long-term portion of secured bank loans				
BRL with fixed rate	2.94%	2.94%	517	948
Less: long-term portion of transaction costs			(6,641)	(9,478)
<b>Total non-current loans and borrowings</b>			<b>1,029,777</b>	<b>1,405,458</b>
<b>Total loans and borrowings</b>			<b>2,747,452</b>	<b>2,491,026</b>

\* Contractual interest rate on 30 June 2020 and 31 December 2019, respectively.

According to IFRS 7, Financial Instruments: Disclosures, an entity shall disclose the fair value of financial liabilities. The fair value of short-term bank borrowings and borrowings bearing floating interest rates is not materially different from their carrying amounts.

The fair value of the long-term borrowings bearing a fixed interest rate is estimated based on expected cash flows discounted at a prevailing market interest rate. As at 30 June 2020, the total fair value of long-term loans with fixed interest rates was less than their carrying amount by US\$2,043 thousand (31 December 2019: the fair value of long-term loans was more than their carrying amount by US\$22,147 thousand).

Under the terms of the loan agreements, the Group is required to comply with a number of covenants and restrictions, including the maintenance of certain financial ratios and financial indebtedness and cross-default provisions. The Group was in compliance with covenants during the reporting period.

### **Interest rates and outstanding amounts of major loans and borrowings**

In April 2020, the Group signed an uncommitted revolving credit facility with a Russian bank. The funds through this facility may be obtained in multiple currencies with a credit limit up to RUB 50 billion maturing in September 2025. As at 30 June 2020, the outstanding amount was RUB 9,722 million (31 December 2019: nil).

## **11 Bank borrowings and other loans received (continued)**

In the period from July 2019 to February 2020, the Group signed three non-revolving credit facilities of US\$40 million each, maturing in the period from July 2020 to February 2021. As at 30 June 2020, the outstanding amount was US\$120 million (31 December 2019: US\$80 million).

In December 2019, the Group signed a RUB 6 billion committed revolving credit facility bearing a fixed interest rate and maturing in May 2021. As at 30 June 2020, the outstanding amount was RUB 5,743 million (31 December 2019: RUB 740 million).

In September 2019, the Group signed a US\$100 million committed revolving credit facility bearing a floating interest rate and maturing in September 2021. As at 30 June 2020, the outstanding amount was US\$100 million (31 December 2019: nil).

In December 2018, the Group signed an uncommitted revolving credit facility with a Russian bank with credit limit increased to US\$300 million in 2019. The funds through this facility may be obtained in multiple currencies. As at 30 June 2020, the outstanding amount was US\$300 million (31 December 2019: US\$150 million).

In June 2018, the Group signed a US\$820 million committed credit facility bearing a floating interest rate and maturing in July 2021. As at 30 June 2020, the outstanding amount was US\$820 million (31 December 2019: US\$820 million).

In March 2018, the Group signed a US\$200 million committed credit facility bearing a floating interest rate and maturing in April 2022. As at 30 June 2020, the outstanding amount was US\$176 million (31 December 2019: US\$200 million).

In 2017, the Group signed a US\$750 million unsecured credit facility bearing a floating interest rate and maturing in September 2022. As at 30 June 2020, the outstanding amount was US\$89 million (31 December 2019: US\$109 million).

In 2014, the Group signed an uncommitted revolving credit facility with a Russian bank. The funds through this facility may be obtained in multiple currencies. As at 30 June 2020, the outstanding amount was US\$500 million (31 December 2019: US\$500 million).

### ***Undrawn facilities***

As at 30 June 2020, the Group had a US\$125 million uncommitted revolving credit facility bearing a floating interest rate, signed in April 2016, maturing in March 2021. This facility is available to the Group and had no outstanding balance as at 30 June 2020.

### ***Collaterals and pledges***

As at 30 June 2020, loans of a Brazilian subsidiary totalling US\$881 thousand were collateralised by property, plant and equipment with the carrying value of US\$5,334 thousand (31 December 2019: loans of US\$1,443 thousand were collateralised by property, plant and equipment with the carrying value of US\$7,062 thousand).

As at 30 June 2020 and 31 December 2019, all other bank borrowings and loans received listed in Note 11 were not secured.

## 12 Project Finance

Due to the non-recourse nature of the Project Finance facilities they are excluded from financial covenant calculations in accordance with the Group's various debt, project, finance, legal and other documents and are presented as a separate line "Project Finance" in the consolidated interim statement of financial position.

**Ammonia project in Kingisepp.** In 2015, the Group signed a EUR 557 million non-recourse 13.5-year Project Finance Facility with a floating interest rate based on 3-month Euribor to finance the construction of an ammonia plant in Kingisepp, Russia.

During the six months ended 30 June 2020, the Group made a repayment of EUR 27,390 thousand (US\$29,641 thousand) (six months ended 30 June 2019: EUR 12,778 thousand (US\$14,283 thousand)). During the six months ended 30 June 2020, the Group did not receive additional funds under the Facility (six months ended 30 June 2019: EUR 82,939 thousand (US\$93,746 thousand)).

As at 30 June 2020, the outstanding balance was US\$475,783 thousand shown net of transaction costs of US\$82,322 thousand (31 December 2019: US\$489,597 thousand shown net of transaction costs of US\$96,856 thousand). The contractual interest rate as at 30 June 2020 was 1.3% p.a. (31 December 2019: 1.3% p.a.).

The fair value of this Facility was not materially different from its carrying amount.

As at 30 June 2020, in compliance with terms of the facility agreement the Group held US\$38,300 thousand on a debt service reserve account (31 December 2019: US\$34,723 thousand) (Note 9).

As at 30 June 2020 and 31 December 2019, under the terms of the facility agreement 100% of the shares in EuroChem Northwest JSC, the project owner and wholly-owned subsidiary of the Group, were pledged as collateral. The carrying value of the total assets of the company pledged under the Facility related to the project amounted to US\$1,043,494 thousand as at 30 June 2020 (31 December 2019: US\$1,196,921 thousand).

During the six months ended 30 June 2020, the EBITDA of the subsidiary under the Ammonia project was US\$39,416 thousand (six months ended 30 June 2019: US\$19,845 thousand).

## 13 Bonds issued

Currency	Rate	Coupon rate, p.a.	Maturity	30 June 2020		31 December 2019	
				Fair value	Carrying amount	Fair value	Carrying amount
<b>Current bonds issued</b>							
US\$	Fixed	3.80%	2020	-	-	124,749	124,128
RUB	Fixed	8.75%	2020	-	-	244,727	242,304
Less: transaction costs				-	-	-	(207)
<b>Total current bonds issued</b>				<b>-</b>	<b>-</b>	<b>369,476</b>	<b>366,225</b>
<b>Non-current bonds issued</b>							
US\$	Fixed	3.95%	2021	130,064	128,046	129,511	128,046
US\$	Fixed	5.50%	2024	758,380	700,000	765,884	700,000
RUB	Fixed	8.55%	2022	284,139	271,618	318,428	306,918
RUB	Fixed	7.85%	2023	496,352	471,757	546,492	533,069
RUB	Fixed	8.05%	2025	382,766	357,391	-	-
RUB	Fixed	8.25%	2025	142,957	142,957	-	-
Less: transaction costs				-	(9,047)	-	(7,051)
<b>Total non-current bonds issued</b>				<b>2,194,658</b>	<b>2,062,722</b>	<b>1,760,315</b>	<b>1,660,982</b>
<b>Total bonds issued</b>				<b>2,194,658</b>	<b>2,062,722</b>	<b>2,129,791</b>	<b>2,027,207</b>

US\$-denominated bonds and RUB-denominated bonds were listed on the Irish Stock Exchange and the Moscow Exchange, respectively. The fair value of the bonds was determined with reference to their market quotations or executable prices.

### 13 Bonds issued (continued)

In March 2019, the Group completed a tender offer for its 3.80% US\$-denominated loan participation notes and 3.95% US\$-denominated guaranteed notes with total nominal value of US\$1 billion, which were partially redeemed at total nominal value of US\$748 million, with a simultaneous new issue of US\$-denominated guaranteed notes at a nominal value of US\$700 million bearing a semi-annual coupon rate of 5.50% per annum to finance the purchase of notes under the tender offer. The new US\$700 million bonds issue matures in March 2024. 3.80% US\$ denominated loan participation notes of US\$124 million were redeemed at maturity in full amount in April 2020.

In April 2019, the Group issued RUB-denominated bonds totalling RUB 19 billion bearing a semi-annual coupon rate of 8.55% per annum maturing in April 2022.

In the period from July to August 2019, the Group made three issues of RUB-denominated bonds totalling RUB 33 billion bearing a quarter-annual and a semi-annual coupon rate of 7.85% per annum each and maturing in the period from January to August 2023.

In April 2020, the Group made two issues of RUB-denominated bonds at a nominal value of RUB 10 billion and RUB 25 billion, bearing semi-annual coupon rates of 8.25% and 8.05% per annum, respectively, and maturing in April 2025.

In May 2020, 8.75% RUB-denominated bonds were redeemed at maturity in full amount of RUB 15 billion or US\$209 million.

### 14 Derivative financial assets and liabilities

At 30 June 2020, net derivative financial assets and liabilities were:

	Assets		Liabilities	
	Non-current	Current	Non-current	Current
<b>Cash flow hedges:</b>				
RUB/US\$ non-deliverable forward contracts with a nominal amount of RUB 44,671 million	-	14,702	-	21,064
BRL/US\$ non-deliverable forward contracts with a nominal amount of US\$84 million	-	2,805	-	709
Cross currency interest rate swaps	-	-	-	5,903
<b>Derivative instruments for which hedge accounting is not applied:</b>				
Commodity swaps	-	47	-	523
Freight swaps	-	-	-	301
EUR/US\$ non-deliverable forward contracts with a nominal amount of EUR 93 million	-	-	4,449	9,634
BRL/US\$ non-deliverable forward contracts with a nominal amount of BRL 1,260 million	-	-	-	37,272
RUB/US\$ non-deliverable forward contracts with a nominal amount of RUB 15,554 million	-	9,265	736	758
RUB/US\$ non-deliverable forward contracts with a nominal amount of US\$213 million	736	2,011	-	3,902
Cross currency interest rate swaps	39,686	-	52,723	-
<b>Total</b>	<b>40,422</b>	<b>28,830</b>	<b>57,908</b>	<b>80,066</b>

#### 14 Derivative financial assets and liabilities (continued)

At 31 December 2019, net derivative financial assets and liabilities were:

	Assets		Liabilities	
	Non-current	Current	Non-current	Current
Commodity collars	-	-	-	1,717
Commodity swaps	-	-	-	332
RUB/US\$ non-deliverable forward contracts with a nominal amount of RUB 9,000 million	-	8,683	-	-
EUR/US\$ non-deliverable forward contracts with a nominal amount of EUR 122 million	-	-	7,453	7,984
BRL/US\$ non-deliverable forward contracts with a nominal amount of US\$65 million	-	-	-	772
Cross currency interest rate swaps	59,354	484	-	15,124
<b>Total</b>	<b>59,354</b>	<b>9,167</b>	<b>7,453</b>	<b>25,929</b>

Movements in the carrying amount of derivative financial assets/(liabilities) were:

	1 January 2020	Gain/(loss) from changes of fair value, net	Cash (proceeds)/ payments on derivatives, net	Currency translation difference	30 June 2020
<b>Operating activities</b>	<b>6,252</b>	<b>(5,343)</b>	<b>2,117</b>	<b>297</b>	<b>3,323</b>
Commodity collars	(1,717)	863	854	-	-
Commodity swaps	(332)	47	(191)	-	(476)
Freight swaps	-	(301)	-	-	(301)
Foreign exchange non-deliverable forward contracts, net	8,301	(5,952)	1,454	297	4,100
<b>Investing activities</b>	<b>-</b>	<b>(37,272)</b>	<b>-</b>	<b>-</b>	<b>(37,272)</b>
Foreign exchange non-deliverable forward contracts, net	-	(37,272)	-	-	(37,272)
<b>Financing activities</b>	<b>28,887</b>	<b>(88,919)</b>	<b>25,421</b>	<b>(162)</b>	<b>(34,773)</b>
Foreign exchange non-deliverable forward contracts, net	(15,827)	(993)	1,149	(162)	(15,833)
Cross currency interest rate swaps, net	44,714	(87,926)	24,272	-	(18,940)
<b>Total derivative financial assets and liabilities, net</b>	<b>35,139</b>	<b>(131,534)</b>	<b>27,538</b>	<b>135</b>	<b>(68,722)</b>

#### **Cash flow hedges of foreign currency risk**

The Group is exposed to foreign exchange risk to the extent that its future cash inflows and outflows over a certain period of time are denominated in different currencies.

The objective of the Group's foreign exchange risk management is to minimise the volatility of the Group's cash flows arising from fluctuations in exchange rates versus the US\$ (which is viewed by the Group as its base currency), while simultaneously achieving at least average annual market exchange rates for the Group's non-US\$ purchases. Management focuses on assessing the Group's future cash flows in currencies other than US\$ and managing operational currency position - the gaps arising between inflows and outflows. Management also pursues to avoid open transactional currency positions by balancing non-US\$ cash assets and liabilities.

The Group believes that it benefits from the strengthening of US\$ exchange rate versus the RUB and the EUR, and the other way around. This is mainly due to the fact that in terms of economic substance, as opposed to purely settlement perspective, the Group's revenues are directly or indirectly US\$-denominated, whereas a part of its operating and capital costs is denominated in RUB and EUR.



#### 14 Derivative financial assets and liabilities (continued)

The Group enters into foreign exchange non-deliverable and deliverable forward contracts in order to achieve lower RUB exchange rates for its RUB purchases than the average annual exchange rates. The Group also routinely enters into forward and swap agreements aimed at lowering the cost of its debt portfolio in US\$ terms.

The Group enters into derivative contracts where the critical terms of the hedging instrument match with the terms of the hedged item. The Group performs a qualitative assessment of effectiveness. Where the critical terms of the hedging instrument do not match exactly with the terms of the hedged item, the Group uses the hypothetical derivative method to assess hedge effectiveness. Ineffectiveness that arises due to differences in timing of payments between the derivative financial instrument and the hedged item is not material for the Group.

##### **Foreign exchange non-deliverable forward contracts**

Details of the foreign exchange non-deliverable forward contracts related to operating activities were as follows:

	30 June 2020		31 December 2019	
	Volume (million RUB)	Derivative (thousand US\$)	Volume (million RUB)	Derivative (thousand US\$)
<b>Derivative assets</b>				
2020	20,676	17,124	9,000	8,683
2021	3,700	5,363	-	-
<b>Total</b>	<b>24,376</b>	<b>22,487</b>	<b>9,000</b>	<b>8,683</b>
<b>Derivative liabilities</b>				
2020	31,039	18,231	-	-
2022	1,489	736	-	-
<b>Total</b>	<b>32,528</b>	<b>18,967</b>	<b>-</b>	<b>-</b>
<b>Total derivative financial assets and (liabilities), net</b>	<b>-</b>	<b>3,520</b>	<b>-</b>	<b>8,683</b>

	30 June 2020		31 December 2019	
	Volume (million US\$)	Derivative (thousand US\$)	Volume (million US\$)	Derivative (thousand US\$)
<b>Derivative assets</b>				
2020	63	2,918	-	-
2021	52	1,252	-	-
2022	20	736	-	-
<b>Total</b>	<b>135</b>	<b>4,906</b>	<b>-</b>	<b>-</b>
<b>Derivative liabilities</b>				
2020	139	4,326	33	382
<b>Total</b>	<b>139</b>	<b>4,326</b>	<b>33</b>	<b>382</b>
<b>Total derivative financial assets and (liabilities), net</b>	<b>-</b>	<b>580</b>	<b>-</b>	<b>(382)</b>

#### 14 Derivative financial assets and liabilities (continued)

Details of the foreign exchange non-deliverable forward contracts related to financing activities were as follows:

	30 June 2020		31 December 2019	
	Volume (million RUB)	Derivative (thousand US\$)	Volume (million RUB)	Derivative (thousand US\$)
<b>Derivative assets</b>				
2020	929	1,480	-	-
<b>Total</b>	<b>929</b>	<b>1,480</b>	-	-
<b>Derivative liabilities</b>				
2020	2,392	3,590	-	-
<b>Total</b>	<b>2,392</b>	<b>3,590</b>	-	-
<b>Total derivative financial assets and (liabilities), net</b>	-	<b>(2,110)</b>	-	-

	30 June 2020		31 December 2019	
	Volume (million US\$)	Derivative (thousand US\$)	Volume (million US\$)	Derivative (thousand US\$)
<b>Derivative assets</b>				
2020	10	646	-	-
<b>Total</b>	<b>10</b>	<b>646</b>	-	-
<b>Derivative liabilities</b>				
2020	13	285	32	390
<b>Total</b>	<b>13</b>	<b>285</b>	<b>32</b>	<b>390</b>
<b>Total derivative financial assets and (liabilities), net</b>	-	<b>361</b>	-	<b>(390)</b>

	30 June 2020		31 December 2019	
	Volume (million EUR)	Derivative (thousand US\$)	Volume (million EUR)	Derivative (thousand US\$)
<b>Derivative liabilities</b>				
2020	31	4,940	60	7,984
2021	62	9,143	62	7,453
<b>Total</b>	<b>93</b>	<b>14,083</b>	<b>122</b>	<b>15,437</b>
<b>Total derivative financial assets and (liabilities), net</b>	-	<b>(14,083)</b>	-	<b>(15,437)</b>

Details of the foreign exchange non-deliverable forward contracts related to investing activities were as follows:

	30 June 2020		31 December 2019	
	Volume (million BRL)	Derivative (thousand US\$)	Volume (million BRL)	Derivative (thousand US\$)
<b>Derivative liabilities</b>				
2020	1,260	37,272	-	-
<b>Total</b>	<b>1,260</b>	<b>37,272</b>	-	-
<b>Total derivative financial assets and (liabilities), net</b>	-	<b>(37,272)</b>	-	-

## 14 Derivative financial assets and liabilities (continued)

### Cross currency interest rate swaps

Details of the cross currency interest rate swaps were as follows:

	30 June 2020		31 December 2019	
	Volume (million RUB)	Derivative (thousand US\$)	Volume (million RUB)	Derivative (thousand US\$)
<b>Derivative assets</b>				
2020	-	-	3,145	484
2022	7,512	5,641	19,000	20,671
2023	-	-	33,000	38,683
2024	2,210	397	-	-
2025	30,000	33,648	-	-
<b>Total</b>	<b>39,722</b>	<b>39,686</b>	<b>55,145</b>	<b>59,838</b>
<b>Derivative liabilities</b>				
2020	3,145	5,903	15,000	15,124
2022	19,000	19,318	-	-
2023	33,000	33,405	-	-
<b>Total</b>	<b>55,145</b>	<b>58,626</b>	<b>15,000</b>	<b>15,124</b>
<b>Total derivative financial assets and (liabilities), net</b>	<b>-</b>	<b>(18,940)</b>	<b>-</b>	<b>44,714</b>

The impact of cash flow hedges of foreign currency risk on comprehensive income and profit or loss was as follows:

	Six months ended 30 June 2020		
	Gain/(loss) recognised in comprehensive income	Gain/(loss) reclassified from comprehensive income to profit or loss	Line in the statement of profit or loss
<b>Operating activities</b>			
Foreign exchange non- deliverable forward contracts, net	(2,416)	-	Other operating income/(expenses), net
<b>Total</b>	<b>(2,416)</b>	<b>-</b>	

During six months ended 30 June 2020, there was no material hedge ineffectiveness.

The impact of cash flow hedges of foreign currency risk on changes in equity was as follows:

	2020
<b>As at 1 January</b>	<b>-</b>
Effective portion of changes in fair value of cash flow hedges	(2,416)
Transfer of changes in fair value of cash flow hedges to profit or loss	-
Deferred tax	(240)
<b>Total hedging reserve as at 30 June</b>	<b>(2,656)</b>

## 15 Sales

	Six months ended			
	30 June 2020		30 June 2019	
	Sales volume (thousand metric tonnes)	Sales (thousand US\$)	Sales volume (thousand metric tonnes)	Sales (thousand US\$)
<b>Nitrogen products</b>	<b>4,898</b>	<b>1,086,156</b>	<b>4,693</b>	<b>1,156,076</b>
Nitrogen fertilizers	4,883	1,081,569	4,687	1,154,857
Other products	15	4,587	6	1,219
<b>Phosphate products and complex fertilizers</b>	<b>3,338</b>	<b>1,150,736</b>	<b>2,679</b>	<b>1,113,335</b>
Phosphate fertilizers	1,453	493,105	1,098	484,560
Complex fertilizers	1,694	576,488	1,390	542,009
Feed phosphates	191	81,143	191	86,766
<b>Potash fertilizers</b>	<b>1,002</b>	<b>274,866</b>	<b>389</b>	<b>146,308</b>
<b>Mining products</b>	<b>2,346</b>	<b>200,925</b>	<b>3,016</b>	<b>261,475</b>
Iron ore concentrate	2,343	189,814	2,934	235,461
Other products	3	11,111	82	26,014
<b>Industrial products</b>	<b>873</b>	<b>248,831</b>	<b>997</b>	<b>309,226</b>
<b>Other sales</b>	-	<b>44,381</b>	-	<b>59,819</b>
Logistic services	-	13,001	-	17,899
Other products	-	6,995	-	8,067
Other services	-	24,385	-	33,853
<b>Total sales</b>		<b>3,005,895</b>		<b>3,046,239</b>

The sales of fertilizers, mining and industrial products for the six months ended 30 June 2020 included US\$181,534 thousand of revenues from delivery of these products to customers (six months ended 30 June 2019: US\$147,769 thousand).

## 16 Cost of sales

	Six months ended	
	30 June 2020	30 June 2019
Raw materials	520,654	602,832
Goods for resale	629,971	634,662
Other materials	93,571	102,828
Energy	94,952	97,044
Utilities and fuel	37,499	47,451
Labour, including contributions to social funds	141,910	133,745
Depreciation and amortisation	187,278	148,208
Repairs and maintenance	26,117	23,795
Production overheads	34,383	36,029
Property tax, rent payments for land and related taxes	13,252	16,136
Impairment/(reversal of impairment)/write-off of idle property, plant and equipment, net	148	83
Provision/(reversal of provision) for obsolete and damaged inventories, net	632	(251)
Changes in work in progress and finished goods	69,423	(26,525)
Other costs/(compensations), net	15,774	6,534
<b>Total cost of sales</b>	<b>1,865,564</b>	<b>1,822,571</b>

## 17 Distribution costs

	Six months ended	
	30 June 2020	30 June 2019
Transportation	385,199	318,022
Labour, including contributions to social funds	48,514	46,461
Depreciation and amortisation	28,584	22,406
Repairs and maintenance	3,657	2,120
Provision/(reversal of provision) for impairment of receivables, including ECL allowance, net	1,650	4,705
Other costs	26,687	25,763
<b>Total distribution costs</b>	<b>494,291</b>	<b>419,477</b>

## 18 General and administrative expenses

	Six months ended	
	30 June 2020	30 June 2019
Labour, including contributions to social funds	75,625	59,641
Depreciation and amortisation	9,940	8,351
Consulting, legal and audit services	15,951	9,857
Bank charges	1,705	1,793
Social expenditure	1,033	1,017
Repairs and maintenance	756	635
Provision/(reversal of provision) for impairment of receivables, including ECL allowance, net	1,367	914
Other expenses	22,262	20,688
<b>Total general and administrative expenses</b>	<b>128,639</b>	<b>102,896</b>

The total depreciation and amortisation expenses included in the consolidated interim statement of profit or loss amounted to US\$225,802 thousand (six months ended 30 June 2019: US\$178,965 thousand).

The total labour costs (including social expenses) included in the consolidated interim statement of profit or loss amounted to US\$266,049 thousand (six months ended 30 June 2019: US\$239,847 thousand).

## 19 Other operating income and expenses

	Six months ended	
	30 June 2020	30 June 2019
Sponsorship	1,838	6,996
(Gain)/loss on disposal of property, plant and equipment and intangible assets, net	652	928
Foreign exchange (gain)/loss from operating activities, net	(73,803)	49,220
Impairment/(reversal of impairment)/write-off of idle property, plant and equipment, net	2,006	1,387
(Gain)/loss on sales and purchases of foreign currencies, net	(2,229)	180
Non-recurring (income)/expenses, net*	(10,922)	-
COVID-19 associated expenses	3,348	-
Other operating (income)/expenses, net	(11,178)	8,697
<b>Total other operating (income)/expenses, net</b>	<b>(90,288)</b>	<b>67,408</b>

\* This amount includes an income of US\$14,000 thousand from settlement agreements with counterparties under trading activities of the Group, net of related legal expenses of US\$3,078 thousand.

## 20 Other financial gain and loss

	Note	Six months ended	
		30 June 2020	30 June 2019
Changes in fair value of cross currency interest rate swaps	14	87,926	(45,976)
Changes in fair value of foreign exchange deliverable and non-deliverable forward contracts	14	38,265	(5,503)
Change in fair value of foreign exchange swap contracts	14	-	(2,723)
Reassessment of liability from contingent consideration related to business combination	23	101,430	10,284
Unwinding of discount on deferred payables		306	304
Unwinding of discount on land restoration obligation		1,155	803
Other financial (gain)/loss, net		2,931	(5,221)
<b>Total other financial (gain)/loss, net</b>		<b>232,013</b>	<b>(48,032)</b>

## 21 Income tax

	Six months ended	
	30 June 2020	30 June 2019
Income tax expense – current	57,761	104,957
Deferred income tax – (origination)/reversal of temporary differences, net	(49,311)	13,950
Prior periods adjustments for income tax	3,713	457
<b>Income tax expense</b>	<b>12,163</b>	<b>119,364</b>

The Group companies are subject to tax rates depending on the country of domicile.

Subsidiaries located in Russia applied a tax rate of 20.0% on taxable profits during the six months ended 30 June 2020 (six months ended 30 June 2019: 20.0%). Several subsidiaries applied reduced income tax rates within a range from 16.5% to 19.0% according to regional tax law and agreements with regional authorities (six months ended 30 June 2019: within a range from 15.5% to 19.6%).

Under the terms of a special investment contract in respect of its ammonia project, EuroChem Northwest JSC recognised a deferred tax asset from tax losses for the six months ended 30 June 2020 carried forward at the reduced income tax rate of 5% (six months ended 30 June 2019: the reduced income tax rate of 5% on taxable profits). A loss before taxation for the six months ended 30 June 2020 occurred due to foreign exchange loss on EUR-denominated Project Finance Facility (Note 12).

Under the terms of the signed special investment contracts in respect of their potash projects, EuroChem-VolgaKaliy LLC and EuroChem-Usolsky potash complex LLC may apply the reduced income tax rates of 5% and 0% respectively. EuroChem-Usolsky potash complex LLC applied the reduced income tax rate of 0% for the six months ended 30 June 2020. Under the contract terms of EuroChem-VolgaKaliy LLC, the subsidiary needs to generate revenue from its primary activity to apply for the income tax rate reduction. As at 30 June 2020 the subsidiary did not generate revenue from the production, therefore the reduced income tax rate was not applied by EuroChem-VolgaKaliy LLC.

Subsidiaries located in Europe, North and Latin Americas and Asia are subject to the income tax rates ranging from 9.0% to 34.0% (six months ended 30 June 2019: 9.0% to 34.0%).

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

## 22 Earnings/(loss) per share

Basic earnings/(loss) per share are calculated by dividing the profit/(loss) attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period, excluding treasury shares (Note 10). The Company has no dilutive potential ordinary shares and, therefore, the diluted earnings per share equals the basic earnings per share.

	Six months ended	
	30 June 2020	30 June 2019
Profit/(loss) for the period attributable to owners of the parent	(87,097)	611,912
Weighted average number of ordinary shares outstanding	900	1,000
<b>Earnings/(loss) per share – basic and diluted</b>	<b>(96.77)</b>	<b>611.91</b>

## 23 Balances and transactions with related parties

The Group's related parties are considered to include the ultimate beneficiaries, affiliates and entities under common ownership and control within the Group and/or entities having common principal ultimate beneficiary. The relationships with those related parties with whom the Group entered into significant transactions or had significant balances outstanding are detailed below:

Financial statements caption	Nature of relationship	31 December	
		30 June 2020	2019
<b>Consolidated interim statement of financial position</b>			
<b>Assets</b>			
Non-current originated loans	Joint ventures	885	1,000
Current derivative financial assets	Other related parties*	4,659	-
Trade receivables	Other related parties*	1,647	3,753
Other receivables	Other related parties*	-	2,670
<b>Liabilities</b>			
Non-current derivative financial liabilities	Other related parties*	736	-
Non-current bonds issued	Parent company	-	4,234
Non-current bonds issued	Other related parties*	25,675	24,411
Current bonds issued	Other related parties*	-	25,104
Liability from contingent consideration related to business combination	Other related parties*	229,683	172,946
Trade payables	Joint ventures	2,778	5,573
Trade payables	Other related parties*	2,982	1,328

Financial statements caption	Nature of relationship	Six months ended	
		30 June 2020	30 June 2019
<b>Consolidated interim statement of profit or loss</b>			
Sales	Joint ventures	5	6,970
Sales	Other related parties*	17,306	16,544
Distribution costs	Other related parties*	(11,014)	(10,103)
Other operating income/(expenses), net	Other related parties*	(3,924)	-
Interest expense	Other related parties*	(1,567)	-
Other financial gain/(loss), net	Other related parties*	(101,430)	7,063
<b>Consolidated interim statement of cash flows</b>			
(Increase)/decrease in trade receivables	Other related parties*	(765)	(1,268)
Increase/(decrease) in trade payables	Other related parties*	1,815	(2,253)
Capital expenditure on property, plant and equipment and other intangible assets	Joint ventures	(2,624)	(3,873)
Originated loans	Parent company	(70,000)	-
Repayment of originated loans	Parent company	70,000	-
Other investing activities	Other related parties*	2,670	30,054
Repayment of bonds issued	Parent company	-	(28,516)
Repayment of bonds issued	Other related parties*	(22,190)	-
Interest paid	Other related parties*	(1,786)	-
Other financing activities	Other related parties*	-	(7,500)

\* Other related parties are represented by the companies under common control with the Group and/or by the company ultimately controlled by one of Group's shareholders or key management personnel.

## **23 Balances and transactions with related parties (continued)**

In May 2020, the Group entered into a share purchase agreement with a related party to acquire the remaining 50% interest minus one share in Fertilizantes Tocantins Ltda. The acquisition allows EuroChem to continue an active development of distribution chain in Brazil. As at 30 June 2020, the respective liability was reassessed based on a final purchase consideration as specified in the agreement. The put and call options for the purchase of remaining interest, which the Group entered into in 2016, will cease on the completion of the transaction under the signed share purchase agreement. The total consideration denominated in BRL of US\$229,683 thousand (BRL 1,260 million) was paid in cash at the end of July 2020.

**Management compensation.** The total key management personnel compensation amounted to US\$9,718 thousand and US\$5,586 thousand for the six months ended 30 June 2020 and 30 June 2019, respectively. This compensation of members of the Management Board for their services in full time positions is made up of an annual fixed remuneration plus a performance bonus accrual.

## **24 Contingencies, commitments and operating risks**

### ***i Capital expenditure and lease commitments***

As at 30 June 2020, the Group had contractual commitments for capital expenditures of US\$1,645,874 thousand (31 December 2019: US\$400,107 thousand), including amounts denominated in EUR of US\$1,147,449 thousand and in USD of US\$276,657 thousand, which will represent cash outflows in the next 6 years according to the contractual terms.

As at 30 June 2020, the Group had future minimum undiscounted lease payments under non-cancellable operating lease contracts of US\$69,395 thousand (31 December 2019: US\$78,599 thousand). These payments were not included in the measurement of lease liabilities as being variable payments and based on cadastral value of land.

### ***ii Tax legislation***

Management of the Group believes that its interpretation of the tax legislation is appropriate and the Group's tax position will be sustained.

Given the scale and international nature of the Group's business, intra-group transfer pricing and issues such as controlled foreign corporations' legislation, beneficial ownership, permanent establishment and tax residence issues, are inherent tax risks just as they are for other international businesses. Changes in tax laws or their application with respect to tax matters in the countries where the Group has subsidiaries could increase the Group's effective tax rate.

The majority of the Group's production subsidiaries are located in Russia and are required to comply with Russian tax, currency and customs legislation. The Russian tax authorities may be taking a more assertive position in their interpretation of the legislation and assessments than the Management of the Group, and it is possible that transactions and activities that have not been challenged in the past may be challenged. Fiscal periods remain open to review by the authorities in respect of taxes for three calendar years preceding the year of review with possible extension of this period under certain circumstances.

Where management believes that it is probable that certain tax positions taken by the Group may not be sustained if challenged by the tax authorities, the Group recognises provisions for related taxes, interest and penalties. There were no such provisions recorded by the Group at 30 June 2020 and 31 December 2019.



## **24 Contingencies, commitments and operating risks (continued)**

### **iii Insurance policies**

The Group obtains risk insurance cover as mandated by statutory requirements. The Group also holds voluntary insurance policies covering directors' and officers' liability (D&O insurance), general third party and product liability, physical property damage and business interruption insurance at major production plants, as well as insurance policies related to trade operations, including export shipments, and credit insurance of certain trade debtors.

The Group also carries voluntary life and accident insurance for employees.

The Group insures the risks of physical property damage and business interruption in the production of ammonia in Kingisepp under the terms of the facility agreement and in compliance with the requirements of lenders.

### **iv Environmental matters**

The Group's plants and operations are subject to numerous national, state and local environmental laws and regulations. The Group's management regularly evaluates its obligations under these laws and regulations and believes that the Group's plants and operations are in material compliance with environmental laws and regulations. The estimated cost of known environmental obligations has been provided for in these consolidated condensed interim financial information in accordance with the Group's accounting policies.

The environmental laws and regulations are essentially complex and tend to change over time. The scope, extent and speed of this change may vary substantially in different jurisdictions. Accordingly, the Group's management system provides for ongoing monitoring of the key trends in applicable environmental laws and regulations. Though it is inherently difficult to estimate precisely all costs associated with current and newly proposed environmental requirements. The Group's management does not expect these costs to have a material effect on the Group's financial position or liquidity.

### **v Legal proceedings**

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. In the opinion of management, there are no current legal proceedings or other claims outstanding which could have a material effect on the results of operations or the financial position of the Group.

### **vi Operating environment of the Group**

The Group operates in the fertilizer industry with production assets in Russia, Lithuania, Belgium, Kazakhstan, China and sales networks in Europe, Russia, the CIS, North and Latin America, Central and South-East Asia. The highly competitive nature of the market makes prices of the Group's key products relatively volatile.

Possible deteriorating economic conditions may have an impact on management's cash flow forecasts and assessment of the impairment of financial and non-financial assets. Debtors of the Group may also become adversely affected by the financial and economic environment, which could in turn impact their ability to repay amounts owed or fulfil obligations undertaken.

Management is unable to predict all developments which could have an impact on the industry and the wider economy and consequently what effect, if any, they could have on the future financial position of the Group. Management believes all necessary measures are being taken to support the sustainability and growth of the Group's business in the current circumstances.

Under the terms of valid licences for the exploration and development of mineral resource deposits, the Group is required to comply with a number of conditions, including preparation of design documentation, commencement of the construction of mining facilities and commencement of the extraction of mineral resources by certain dates. If the Group fails to materially comply with the terms of the licence agreements there are circumstances whereby the licences can be revoked. Management of the Group believes that the Group faces no material regulatory risks in relation to the validity and operation of any of its licences.

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## **24 Contingencies, commitments and operating risks (continued)**

### ***Covid-19 situation***

Management closely monitors the situation caused by Covid-19 (coronavirus) and takes necessary measures to ensure continuity of a business. The Group has not experienced significant shutdowns in operations or disruptions to supply chains due to coronavirus, except for some delays in materials delivery from contractors. The Group's primary focus is to safeguard its employees, customers and communities it serves. The Group incurred expenses mainly connected with personal protective equipment for on-site staff responsible for maintaining business processes. These expenses were reported within the line "COVID-19 associated expenses". The Group follows official advice in all markets, where it operates, and continues to focus on managing operations in a fast-moving environment.