ROS AGRO PLC

International Financial Reporting Standards Consolidated Financial Statements and Independent Auditors' Report

31 December 2022

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BOARD OF DIRECTORS AND OTHER OFFICERS

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Board of Directors

Mr. Maxim Basov
Chairman of the Board of Directors

Mr. Konstantinos Konstantinidis
Chairman of the Audit Committee
Independent Director

Ms. Ganna Khomenko
Member of the Audit Committee
Managing Director

Mrs. Androulla Koumourou
Member of the Audit Committee
Independent Director

Board Support

The Company Secretary is available to advise all Directors to ensure compliance with the Board procedures.

Company Secretary

Fiduciana Secretaries Limited
8 Mykinon
CY-1065, Nicosia
Cyprus

Registered office

25 Aphrodite Street
3rd floor, Office 300
CY-1060, Nicosia
Cyprus

The Board of Directors presents its report together with the audited consolidated financial statements of ROS AGRO PLC (the "Company") and its subsidiaries (collectively the "Group") for the year ended 31 December 2022. The Group's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by International Accounting Standards Board ("IASB").

Principal activities

The principal activities of the Group are the agricultural production (cultivation of sugar beet, grain and other agricultural crops), cultivation of pigs, processing of raw sugar and production of sugar from sugar beet, vegetable oil production and processing.

Review of developments, position and performance of the Group's business

In 2022 revenue increased by RR 17,297,812 thousand or 8%. All segments except for Agricultural segment demonstrated an increase in revenue. The major contributor to the sales increase was the Sugar segment where turnover was higher by RR 13,223,331 thousand or 36% comparing to the previous year. Revenue in Meat segment increased by 10%, in the Oil and Fat segment increased by 6%. Revenue in Agricultural segment decreased by 24% comparing to the previous year.

In 2022 Adjusted EBITDA decreased by RR 3,044,477 thousand or 6% with positive dynamics in Sugar and Oil and Fat segments. The highest increase demonstrated the Sugar division (by RR 6,732,589 thousand or 75%) due to the increase in gross profits. EBITDA in the Oil and Fat division was higher by RR 3,163,794 thousand or 25%. EBITDA in the Agricultural and Meat segments decreased by 58% and 72% respectively.

In 2022 the Group investments in property, plant and equipment and inventories intended for construction amounted to RR 11,973,369 thousand on a cash basis. Investments of RR 4,096,840 thousand were made in the Meat segment and were mainly related to pig farm construction in Primorsky Krai. The Agricultural segment invested RR 3,448,137 thousand in acquisition of land, new agricultural machinery and equipment. The Sugar segment invested RR 1,212,040 thousand in modernization of the sugar plants. Investments in the Oil and Fat division amounted to RR 3,216,352 thousand mainly related to purchases of machinery and equipment for production facilities renewal and maintenance.

Changes in the Group's structure

The following company was liquidated during the year:

- LLC Rusagro-Moloko on 31 May 2022
- LLC Tsyfrovoi Fermer on 11 August 2022
- LLC Regionstroy on 1 September 2022

The Group obtained 100.00% of ownership interest in the newly incorporated companies:

- LLP AgroPromKomplektatsiya-KZ on 25 March 2022
- LLC Meta-Agro on 21 February 2022

On 7 June 2022 the Group sold 49% in LLC Meta-Agro, thereby decreasing its shares in the share capital of LLC Meta-Agro to 51% (2021: 0%).

For more details regarding the Group structure refer to Note 1 and Note 30 of the consolidated financial statements.

Principal risks and uncertainties

The Group's critical estimates and judgments and financial risk management are disclosed in Notes 2 and 31 to the consolidated financial statements. The Group's operating environment is disclosed in Note 1 to the consolidated financial statements.

The Group's contingencies are disclosed in Note 32 to the consolidated financial statements.

Future developments

In 2022 and beyond, the Group plans to continue modernization and expansion of its production and storage facilities in all business segments. The Group plans to make further developments in the Far East region in agricultural and meat businesses.

Results

The Group's results for the year are set out on page 2 of the consolidated financial statements.

Human resources management and environmental protection

The Group offers its employees opportunities to realize their professional potential, improve their knowledge and skills, work on interesting innovative projects and be part of a cohesive team. Group management believes that one of the keys to a successful business is maintaining a balance between the high quality and efficient work of all employees who share common values and principles on one hand, and the Company's commitment to providing opportunities for career growth on the other. Group business divisions annually prepare and implement employee training and development plans based on the business's strategic and current objectives, as well as needs identified by comprehensive assessment. Based on the results of a comprehensive assessment, every employee draws up an individual development plan for a period of one to two years that lists all training and development activities that are intended to advance the employee's skills or pass on the knowledge they have gained.

The Group is committed to protecting the environment and minimizing the environmental impact of its operations in regions where it has a presence. All of the Group's divisions constantly monitor wastewater runoff and air quality, and are equipped with treatment facilities that meet all the standards of applicable environmental legislation. The Group has implemented guidelines for maximum allowable emissions and guidelines for waste generation and established sanitary buffer zones for warehouses storing crop protection agents. The Group also returns packaging from crop protection agents and fertilizer to counterparties and performs soil deacidification efforts on farmland.

The composition and diversity information of the Board of Directors of the Group

The authority and responsibilities of the Board of Directors are described in the Internal Rules of the Board of Directors.

On behalf of all shareholders and on the proposal or advice of the Management Board, the Board of Directors lays down the strategy and general policy of the Group. It also sets the Group's standards and monitors the implementation of that strategy.

It controls and gives direction to the management of the company and the Group and provides monitoring of risks.

It also ensures that the principles of good governance are respected.

The Board's acts are guided solely by a concern for the interests of the Company in relation to its shareholders, its customers and staff.

The Board of Directors is the decision-making body of our Group. Its role is to define the Group's strategic vision, assisted by a specialized committee (the Audit Committee). It is composed of 4 Directors, including 2 independent Directors and 1 managing Director. The Board offers a diverse and synergistic range of experience, nationalities and cultures and enables us to consider the interests of all our shareholders.

The Board has determined that, as a whole, it has the appropriate skills and experience necessary to discharge its functions. Directors have the experience required to contribute meaningfully to the Board's deliberations and resolutions. Independent Directors assist the Board by constructively challenging and helping develop strategy proposals.

Dividends

Pursuant to its Articles of Association the Company may pay dividends out of its profits. In August 2013 the Board of Directors has approved a dividend policy with payout ratio of at least 25% of the Group’s profit for the year applicable starting from the year ended 31 December 2013. On 13 September 2021 the Board of Directors has approved a new dividend policy with increased payout ratio to at least 50% of the Group’s profit for the year. To the extent that the Company declares and pays dividends, owners of Global Depositary Receipts (hereafter also referred as “GDRs”) on the relevant record date will be entitled to receive dividends payable in respect of Ordinary Shares underlying the GDRs, subject to the terms of the Deposit Agreement.

The Company is a holding company and thus its ability to pay dividends depends on the ability of its subsidiaries to pay dividends to the Company in accordance with the relevant legislation and contractual restrictions. The payment of such dividends by its subsidiaries is contingent upon the sufficiency of their earnings, cash flows and distributable reserves. The maximum dividend payable by the Company`s subsidiaries is restricted to the total accumulated retained earnings of the relevant subsidiary, determined according to the Russian law.

In 2022 the Company didn’t distribute any dividends.

Share capital

There were no changes in the share capital of the Company during 2022 and 2021.

The role of the Board of Directors

The Company is governed by its Board of Directors (hereafter also referred as the “Board”) which is collectively responsible to the shareholders for the successful performance of the Group.

The Board sets corporate strategic objectives, ensuring that the necessary financial and human resources are in place for the Group to meet its objectives and reviewing management performance. The Board of Directors sets the Group’s values and standards and ensures all obligations to shareholders are understood and met. The Board believes it maintains a sound system of internal control to safeguard the Group’s assets and shareholders’ investments in the Group.

Significant direct/indirect holdings

For the significant direct and indirect shareholdings held by the Company, please refer to Note 1 of the consolidated financial statements.

Members of the Board of Directors

The members of the Board of Directors at 31 December 2022 and at the date of this report are shown in the beginning of these consolidated financial statements. Mr. Maxim Basov and Ms. Ganna Khomenko were members of the Board throughout the year ended 31 December 2022. During the year ended 31 December 2022 Mr. Konstantinos Konstantinidis and Mrs. Androulla Koumourou were elected as members of the Board and Mr. Vadim Moshkovich, Mr. Anastassios Televantides and Mr. Richard Andrew Smyth have resigned from the Company's Board of Directors.

In accordance with the Company’s Articles of Association, one third of the Directors shall retire by rotation and seek re-election at each Annual General Meeting.

The Company’s Directors’ remuneration is disclosed in Note 28. There were no any significant changes to the Directors’ remuneration during the year ended 31 December 2022.

Directors’ Interests

The Director Mr. Maxim Basov held interest in the Company as at 31 December 2022 and 31 December 2021.

The number of shares and GDRs held directly by Mr. Maxim Basov as at 31 December 2022 is 1,000,000 and 5,400,000 GDRs (equivalent of 1,080,000 shares), respectively (31 December 2021: 1,000,000 shares and 5,392,809 GDRs equivalent to 1,078,562 shares).

Audit Committee

The Board of Directors has established an Audit Committee. The Audit Committee is primarily responsible for (i) ensuring the integrity of our consolidated financial statements, (ii) ensuring our compliance with legal and regulatory requirements, (iii) evaluating our internal control and risk management procedures, (iv) assuring the qualification and independence of our independent auditors and overseeing the audit process and (v) resolving matters arising during the course of audits and coordinating internal audit functions. The Audit Committee consists of three members appointed by the Board of Directors. The current members are Mr. Konstantinos Konstantinidis (Chairman), Mrs. Androulla Koumourou and Mrs. Ganna Khomenko.

Internal control and risk management systems in relation to the financial reporting process

The internal control and risk management systems relating to financial reporting are designed to provide reasonable assurance regarding the reliability of financial reporting and to ensure compliance with applicable laws and regulations. The Audit Committee of the Board of directors of the Company reviews high-risk areas at least once a quarter. Reporting from various Group entities to the central office is supervised on an ongoing basis and procedures have been established for control and checking of such reporting. With each acquisition the Group seeks to adapt and incorporate the financial reporting system of the acquired operations quickly and efficiently.

Corporate Governance

Since 2011, the Company adopted the following codes: Code of Conduct on insider information and Code of Business Conduct and Ethics. In addition, since May 2014 the Company together with its subsidiaries and affiliates adopted a new edition of the Codes for mandatory compliance by all employees. In 2017 the Company adopted a new Code of Conduct and Business Ethics.

Non-Financial and Diversity Information

The Group publishes its non -financial information and Diversity Statement together with the Annual report on the Company's website, www.rusagrogroup.ru.

Events after the balance sheet date

The material events after the consolidated balance sheet date are disclosed in Note 34 to the consolidated financial statements.

Branches

The Company operated through its branches in the United Arab Emirates and Hong Kong during the year.

Treasury shares

On 25 August 2011 the Board unanimously resolved that it is in the best interest of the Company to buy back GDRs from the market for the total amount of up to USD 10 million increased to up to USD 30 million via subsequent Board's decision on 17 July 2012.

At 31 December 2022 and 2021, the Company held 2,135,113 of its own GDRs (approximately 427,063 shares) that is equivalent to RR 490,607 thousand, representing 1.6% of its issued share capital. The GDRs are held as 'treasury shares'.

No GDRs were transferred to the employees under the share option incentive scheme during 2022 and 2021.

During 2022 and 2021 the Company did not buy back any of its own GDRs from the market.

Research and development activities

The Group is not engaged in research and development activities.

By Order of the Board

Konstantinos Konstantinidis
Director of ROS AGRO PLC

Nicosia
3 March 2023

The Company's Board of Directors is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS as adopted by IASB, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. This responsibility includes selecting appropriate accounting policies and applying them consistently; and making accounting estimates and judgements that are reasonable in the circumstances.

In preparing the consolidated financial statements, the Board of Directors is also responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Each of the Directors confirms to the best of his or her knowledge that the consolidated financial statements, which are presented on pages 1 to 64, have been prepared in accordance with IFRS as adopted by IASB, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company.

Further, the Board of Directors confirms that, to the best of its knowledge:

(i) adequate accounting records have been maintained which disclose with reasonable accuracy the financial position of the Company and explain its transactions;

(ii) all information of which it is aware that is relevant to the preparation of the consolidated financial statements, such as accounting records and all other relevant records and documentation, has been made available to the Company's auditors;

(iii) the consolidated financial statements disclose the information required by IFRS as adopted by IASB in the manner so required; and

(iv) the Management Report has been prepared in accordance with the requirements of the Disclosure Rules as issued by the Financial Services Authority of United Kingdom have been entered into, and the information given therein is consistent with the consolidated financial statements.

By Order of the Board

Konstantinos Konstantinidis
Director of ROS AGRO PLC

Nicosia
3 March 2023

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Independent Auditors’ Report

To the Shareholders and the Board of Directors of ROS AGRO PLC

Opinion

We have audited the consolidated financial statements of ROS AGRO PLC (the “Company”) and its subsidiaries (the “Group”), which comprise the consolidated statement of financial position as at 31 December 2022, the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2022, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors’ Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the independence requirements that are relevant to our audit of the consolidated financial statements in the Russian Federation and with the International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) *(IESBA Code)*, and we have fulfilled our other ethical responsibilities in accordance with the requirements in the Russian Federation and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Assessment of fair value of investment in LLC GK Agro–Belogorie	
Please refer to the Note 11 in the financial statements.	
The key audit matter	**How the matter was addressed in our audit**
At 31 December 2022, the carrying amount of investment in LLC GK Agro-Belogorie at fair value through other comprehensive income amounted to RUB 8,556,556 thousand.	We assessed the appropriateness of classifying the investment in LLC GK Agro-Belogorie as financial assets at fair value through other comprehensive income rather than as an investment in an associate by analysing respective shareholder rights and other indicators.

The fair value of this investment was measured using a discounted cash flow model based primarily on Level 3 inputs, involving significant management judgment. Given the significance of the amounts and the subjective nature of the valuation, we consider this to be a key audit matter.	We involved our own valuation specialists to assist us in evaluating the assumptions and methodologies used by the Group. Among others, our audit procedures included: - evaluating the principles and the integrity of the Group's discounted cash flow model; - a comparison by our valuation specialists of the Group's assumptions on projected EBITDA margins and discount rates to the market and industry trends using externally derived data as well as our own assessments; - assessing the historical accuracy of the Group's previous forecasts to support evaluation of forecasts incorporated in the discounted cash flow model. We also considered the adequacy of the Group's disclosures with regard to fair value measurement of this investment.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual report, but does not include the consolidated financial statements and our auditors' report thereon. The Annual report is expected to be made available to us after the date of this auditors' report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditors' report is:

Акционерное общество * ОГРН 1027700125628 * Москва
Кэпт
Kept

Valentina Gnatovskaya

Principal registration number of the entry in the Register of Auditors and Audit organizations No. 21906100181, acts on behalf of the audit organization based on the power of attorney No. 376/22 as of 1 July 2022

JSC "Kept"

Principal registration number of the entry in the Register of Auditors and Audit Organizations No. 12006020351

Moscow, Russia

3 March 2023

ROS AGRO PLC
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022
(IN THOUSANDS OF RUSSIAN ROUBLES, UNLESS NOTED OTHERWISE)

	Note	31 December 2022	31 December 2021
ASSETS			
Current assets			
Cash and cash equivalents	3	21,473,030	46,462,179
Short-term investments	4	91,382,536	21,001,760
Trade and other receivables	5	24,176,680	12,558,401
Prepayments	6	13,435,149	5,414,032
Current income tax receivable		832,423	1,532,726
Other taxes receivable	7	8,360,935	8,321,193
Inventories	8	68,886,207	69,756,363
Short-term biological assets	10	9,694,110	7,752,670
Other current assets	9	4,126,715	47
Total current assets		**242,367,785**	**172,799,371**
Non-current assets			
Property, plant and equipment	12	121,165,803	119,159,412
Inventories intended for construction	12	864,550	1,604,570
Right-of-use assets	13	6,916,539	7,346,538
Goodwill	26	2,364,942	2,364,942
Advances paid for property, plant and equipment	6	5,482,770	7,355,467
Long-term biological assets	10	3,240,959	2,744,863
Long-term investments	11	42,527,657	42,527,657
Investments in associates		455,916	359,782
Deferred income tax assets	27	5,964,527	4,835,268
Intangible assets	14	1,284,263	1,144,057
Other non-current assets		190,978	79,125
Total non-current assets		**190,458,904**	**189,521,681**
TOTAL ASSETS		**432,826,689**	**362,321,052**
LIABILITIES AND EQUITY			
Current liabilities			
Short-term borrowings	16	172,351,514	108,748,840
Lease liabilities	13	863,452	1,130,831
Trade and other payables	17	17,024,472	15,440,635
Current income tax payable		76,061	464,471
Other taxes payable	18	8,149,780	7,454,558
Provisions for other liabilities and charges		137,542	494,709
Total current liabilities		**198,602,821**	**133,734,044**
Non-current liabilities			
Long-term borrowings	16	61,038,393	63,975,025
Government grants	19	11,153,211	9,325,530
Lease liabilities	13	5,086,897	5,535,014
Deferred income tax liabilities	27	2,283,752	1,876,244
Total non-current liabilities		**79,562,253**	**80,711,813**
TOTAL LIABILITIES		**278,165,074**	**214,445,857**
EQUITY			
Share capital	15	12,269	12,269
Treasury shares	15	(490,607)	(490,607)
Share premium	15	26,964,479	26,964,479
Share-based payment reserve	28	1,313,691	1,313,691
Fair value reserve		49,486	49,486
Retained earnings		126,843,525	120,080,307
Equity attributable to owners of ROS AGRO PLC		**154,692,843**	**147,929,625**
Non-controlling interest		(31,228)	(54,430)
TOTAL EQUITY		**154,661,615**	**147,875,195**
TOTAL LIABILITIES AND EQUITY		**432,826,689**	**362,321,052**

Approved for issue and signed on behalf of the Board of Directors on 3 March 2023.

Ganna Khomenko
Director of ROS AGRO PLC

Konstantinos Konstantinidis
Director of ROS AGRO PLC

(IN THOUSANDS OF RUSSIAN ROUBLES, UNLESS NOTED OTHERWISE)

	Note	Year ended 31 December 2022	Year ended 31 December 2021
Sales	20	240,230,251	222,932,439
Net (loss)/gain on revaluation of biological assets and agricultural produce	10	(8,542,435)	3,409,309
Cost of sales	21	(184,436,046)	(169,248,281)
Net loss from trading derivatives	30	-	(5)
Gross profit		**47,251,770**	**57,093,462**
Distribution and selling expenses	22	(16,851,961)	(10,475,137)
General and administrative expenses	23	(9,071,112)	(10,975,898)
(Provision)/ reversal of provision for impairment of loans issued	16	(74,356)	4,574,481
Other operating (expenses)/ income, net	24	(2,194,559)	2,334,177
Operating profit		**19,059,782**	**42,551,085**
Interest expense	25	(7,865,190)	(5,498,991)
Interest income calculated using the effective interest method		7,306,531	6,511,247
Other interest income		2,091,120	2,099,641
Net gain/(loss) from bonds held for trading		1,063	(1,630)
Other financial (expenses)/ income, net	25	(12,187,973)	(705,356)
Profit before income tax		**8,405,333**	**44,955,996**
Income tax expense	27	(1,618,793)	(3,522,144)
Profit for the year		**6,786,540**	**41,433,852**
Total comprehensive income for the year		**6,786,540**	**41,433,852**
Profit/(loss)is attributable to:			
- Owners of ROS AGRO PLC		6,763,338	41,477,865
- Non-controlling interest		23,202	(44,013)
Profit for the year		**6,786,540**	**41,433,852**
Total comprehensive income is attributable to:			
- Owners of ROS AGRO PLC		6,763,338	41,477,865
- Non-controlling interest		23,202	(44,013)
Total comprehensive income for the year		**6,786,540**	**41,433,852**
Earnings per ordinary share for profit attributable to the owners of ROS AGRO PLC, basic and diluted (in RR per share)	29	251.37	1 541.57

(IN THOUSANDS OF RUSSIAN ROUBLES, UNLESS NOTED OTHERWISE)

		Equity attributable to owners of ROS AGRO PLC								
	Notes	**Share Capital**	**Treasury shares**	**Share premium**	**Share-based payment reserve**	**Fair value reserve***	**Retained earnings***	**Total**	**Non-controlling interest**	**Total equity**
Balance at 1 January 2021		**12,269**	**(490,607)**	**26,964,479**	**1,313,691**	**49,486**	**98,185,038**	**126,034,356**	**42**	**126,034,398**
Total comprehensive income for the year:		-	-	-	-	-	41,477,865	41,477,865	(44,013)	41,433,852
Profit for the year		-	-	-	-	-	41,477,865	41,477,865	(44,013)	41,433,852
Dividends	15	-	-	-	-	-	(19,526,532)	(19,526,532)	-	(19,526,532)
Dividends to non-controlling interest shareholders		-	-	-	-	-	(523)	(523)	-	(523)
Acquisition of non-controlling interest	15	-	-	-	-	-	(55,541)	(55,541)	(10,459)	(66,000)
Balance at 31 December 2021		**12,269**	**(490,607)**	**26,964,479**	**1,313,691**	**49,486**	**120,080,307**	**147,929,625**	**(54,430)**	**147,875,195**
Balance at 1 January 2022		**12,269**	**(490,607)**	**26,964,479**	**1,313,691**	**49,486**	**120,080,307**	**147,929,625**	**(54,430)**	**147,875,195**
Total comprehensive income for the year:		-	-	-	-	-	6,763,338	6,763,338	23,202	6,786,540
Profit for the year		-	-	-	-	-	6,763,338	6,763,338	23,202	6,786,540
Dividends to non-controlling interest shareholders		-	-	-	-	-	(120)	(120)	-	(120)
Balance at 31 December 2022		**12,269**	**(490,607)**	**26,964,479**	**1,313,691**	**49,486**	**126,843,525**	**154,692,843**	**(31,228)**	**154,661,615**

**Retained earnings and Fair value reserve in the separate financial statements of the Company are the only reserves that are available for distribution in the form of dividends.*

(IN THOUSANDS OF RUSSIAN ROUBLES, UNLESS NOTED OTHERWISE)

	Note	Year ended 31 December 2022	Year ended 31 December 2021
Cash flows from operating activities			
Profit before income tax		**8,405,333**	**44,955,996**
Adjustments for:			
Depreciation and amortization	21, 22, 23	14,161,546	13,945,546
Interest expense	25	20,783,744	10,566,994
Reimbursement of interest expense (government grants)	24,25	(14,935,568)	(7,846,960)
Interest income		(9,397,651)	(8,610,888)
Net (gain)/loss on disposal of property, plant and equipment and intangible assets	24	(340,308)	4,424
Net loss/(gain) on revaluation of biological assets and agricultural produce	10	8,542,435	(3,409,309)
Provision/(reversal) of provision for impairment of loans issued		74,356	(4,574,481)
Change in provision for net realizable value of inventory		657,857	1,240,531
Interest expense on leases	13	690,914	591,558
Change in provision for impairment of receivables and prepayments	5, 6	23,385	824,151
Foreign exchange loss /(gain), net	24, 25	13,066,836	(59,354)
Lost harvest write-off	21, 24	598,041	272,407
Net (gain)/loss from bonds held for trading		(1,063)	1,630
Change in provision for impairment of advances paid for property, plant and equipment		32,076	26,084
Change in other provisions		(357,167)	314,918
Gain on other investments	24	(397,362)	(754,538)
Realized deferred day-one gain	24	-	(552,748)
(Gain)/loss on disposal of other assets	24	(21,698)	256,144
Gain on SolPro loans redemption	24	(563,487)	(605,233)
Other non-cash and non-operating expenses, net		51,701	234,325
Operating cash flows before working capital changes		**41,073,920**	**46,821,197**
Change in trade and other receivables and prepayments		(21,003,370)	(6,377,712)
Change in other taxes receivable		(39,742)	(2,814,518)
Change in inventories		(6,763,581)	(4,236,443)
Change in biological assets		(3,078,151)	(2,340,945)
Change in trade and other payables		1,414,887	82,068
Change in other taxes payable		993,307	3,278,845
Change in other current assets		(5,727,866)	140,894
Cash generated from operations		**6,869,404**	**34,553,386**
Income taxes paid		(2,446,340)	(3,679,541)
Net cash from operating activities		**4,423,064**	**30,873,845**
Cash flows from investing activities			
Purchases of property, plant and equipment		(11,718,704)	(42,029,048)
Purchases of intangible assets		(925,855)	(1,042,618)
Purchases of land lease rights		(358,879)	(68,772)
Proceeds from sales of property, plant and equipment		486,542	896,286
Purchases of inventories intended for construction		(254,665)	(476,322)
Change in cash on bank deposits		(58,841,928)	(18,000,000)
Purchases of associates		(96,134)	(102,000)
Proceeds from sales of bonds with maturity over three months	16	141,804	220,282
Purchases of loan issued	16	(24,866,023)	(2,256,313)
Loans repaid	16	15,504,119	22,959,494
Interest received	16	8,692,280	8,786,038
Dividends received		722,768	377,331
Purchases of other investments		-	(19,083)
Proceeds from sales of other investments		-	18,000
Proceeds from sales of other assets		-	217,591
Proceeds from sales of other investments		178,281	811,901
Net cash used in investing activities		**(71,336,394)**	**(29,707,233)**
Cash flows from financing activities			
Proceeds from borrowings	16	151,465,684	107,856,022
Repayment of borrowings	16	(93,010,994)	(52,668,951)
Interest and other finance cost paid	16	(7,028,058)	(4,591,935)
Purchases of non-controlling interest		-	(66,000)
Dividends paid to owners of ROS AGRO PLC	16	-	(19,417,565)
Proceeds from government grants	16	1,837,714	2,879,218
Repayment of lease liabilities-principal	16	(466,795)	(335,167)
Other financial activities		(119)	21,631
Net cash from financing activities		**52,797,432**	**33,677,253**
Effect of exchange rate changes on cash and cash equivalents		(10,873,251)	(248,484)
Net increase in cash and cash equivalents		**(24,989,149)**	**34,595,381**
Cash and cash equivalents at the beginning of the year	3	**46,462,179**	**11,866,798**
Cash and cash equivalents at the end of the year	3	**21,473,030**	**46,462,179**

(IN THOUSANDS OF RUSSIAN ROUBLES, UNLESS NOTED OTHERWISE)

1. Background

Description of the business

These consolidated financial statements were prepared for ROS AGRO PLC (hereinafter the “Company”) and its subsidiaries (hereinafter collectively with the Company, the “Group”). The Company does not have the ultimate controlling party in accordance with the definitions of control described in IFRS 10 Consolidated financial statements.

The principal activities of the Group are:

- agricultural production (cultivation of sugar-beet, grain and other agricultural crops);
- cultivation of pigs and meat processing;
- processing of raw sugar and production of sugar from sugar-beet;
- vegetable oil extraction and processing.

The registered office of ROS AGRO PLC is at 25 Aphrodite Street, CY-1060, Nicosia, Cyprus.

The Group mainly operates in the Russian Federation except for goods trading activity. The subsidiaries of the Group were incorporated and are domiciled in the Russian Federation except for Ros Agro Trading Limited, Ros Agro China Limited, Hangzhou E Nong Maoyi Ltd which are incorporated in Hong Kong and LLP Agropromkomplectatsiya KZ incorporated in Kazakhstan.

Principal subsidiaries of the Group included into these consolidated financial statements are listed below. The Group’s ownership share is the same as the voting share.

		Group’s share in the share capital,%	
Entity	**Principal activity**	**31 December 2022**	**31 December 2021**
JSC Rusagro Group	Investment holding, financing	100	100
LLC Group of Companies Rusagro	Investment holding, financing	100	100
Ros Agro Trading Limited	Trading operations with goods for all principal segments	100	100
LLC RusagroTechnologii	IT services	100	100
	Sugar segment		
LLC Rusagro-Sakhar	Sugar division trading company, sales operations	100	100
LLC Rusagro-Belgorod	Beet and raw sugar processing	100	100
LLC Rusagro-Tambov	Beet and raw sugar processing	100	100
JSC Krivets-Sakhar	Beet and raw sugar processing	100	100
JSC Kshenskiy Sugar Plant	Beet and raw sugar processing	100	100
JSC Otradinskiy Sugar Plant	Beet and raw sugar processing	100	100
JSC Hercules	Buckwheat processing plant	100	100
	Oil and Fat segment		
JSC Fats and Oil Integrated Works	Oil processing	100	100
JSC Samaraagroprompererabotka	Oil extraction	100	100
LLC Primorskaya Soya	Oil extraction and processing	100	100
LLC Rusagro-Saratov	Oil processing	100	100
LLC Rusagro-Atkarsk	Oil extraction	100	100
LLC Rusagro-Balakovo	Oil extraction	100	100
LLC Rusagro-Zakupki	Oil and Fat raw materials procurement	100	100
	Meat segment		
LLC Tambovsky Bacon	Cultivation of pigs	100	100
LLC Rusagro-Primorie	Cultivation of pigs	100	100
LLC Regionstroy	Construction for cultivation of pigs	-*	100
	Agriculture segment		
LLC Rusagro-Invest	Agriculture	100	100
LLC Agrotehnology	Agriculture	100	100
JSC Primagro	Agriculture	100	100
LLC Kshenagro	Agriculture	100	100
LLC Otradaagroinvest	Agriculture	100	100
LLC Vozrozhdenie	Agriculture	100	100
LLC Agromeliorant	Production of fertilizers	100	100

** Liquidated during the year 2022.*

1. Background (continued)

Russian Federation. The Russian Federation displays certain characteristics of an emerging market. Its economy is particularly sensitive to oil and gas prices. The legal, tax and regulatory frameworks continue to develop and are subject to frequent changes and varying interpretations (Note 32) which contribute together with other legal and fiscal impediments to the challenges faced by entities operating in the Russian Federation. The Russian economy continues to be negatively impacted by ongoing political tension in the region and international sanctions against certain Russian companies and individuals.

Starting in 2014, the United States of America, the European Union and some other countries have imposed and gradually expanded economic sanctions against a number of Russian individuals and legal entities. Since February 2022, after the recognition of the self-proclaimed Donetsk and Lugansk People's Republics and the start of a special military operation in Ukraine by the Russian Federation, the above countries have imposed additional tough sanctions against the Government of the Russian Federation, as well as large financial institutions, legal entities and individuals in Russia. In addition, restrictions were imposed on the supply of various goods and services to Russian enterprises. Also, in the context of the imposed sanctions, a number of large international companies from the United States, the European Union and other countries discontinued, significantly reduced or suspended their own activities in the Russian Federation, as well as doing business with Russian citizens and legal entities.

In September 2022, partial mobilization was announced in the Russian Federation. Referendums were held in the recognized republics of Donetsk and Lugansk, as well as in the Zaporozhye and Kherson regions of Ukraine, which resulted in incorporation of the territories into the Russian Federation. As a result of these events further sanctions were imposed and there is a risk of increasing pressure on the Russian economy. In response to the above , the Government of the Russian Federation has introduced a set of measures, which are counter-sanctions, currency control measures, a number of key interest rate decisions and other special economic measures to ensure the security and maintain the stability of the Russian economy.

The imposition and subsequent strengthening of sanctions and the partial mobilization resulted in elevated economic uncertainty, including reduced liquidity and high volatility in the capital markets, volatility of the Rouble exchange rate and the key interest rate, a decrease in foreign and domestic direct investments, difficulties in making payments for Russian Eurobond issuers, and also a significant reduction in the availability of sources of debt financing.

In addition, Russian companies have virtually no access to the international stock market, the debt capital market and other development opportunities, which may lead to their increased dependence on the governmental support. The Russian economy is in the process of adaptation associated with the replacement of retiring export markets, a change in supply markets and technologies, as well as changes in logistics, supply and production chains.

It is difficult to assess the consequences of the imposed and possible additional sanctions as well as partial mobilization, in the long term, however, these events can have a significant negative impact on the Russian economy.

Although the COVID-19 pandemic had no significant impact on business activity, the Group is taking actions to reduce COVID-19 exposure and support its personnel. The specifics of the Group's business does not allow transferring all personnel to distance work. However, the Group did utmost to increase the share of employees handling their duties remotely. All employees were provided with personal protective equipment and antiseptics, and all surfaces and common areas at offices and enterprises were given additional disinfection. Maintaining business processes and additional focusing on occupational safety helped the Group to demonstrate strong operating and financial results in 2022.

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

2. Summary of significant accounting policies

2.1 Basis of preparation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by IASB. The consolidated financial statements have been prepared under the historical cost convention, as modified by the initial recognition of financial instruments based on fair value, financial instruments categorized at fair value through profit or loss and at fair value through other comprehensive income, biological assets that are presented at fair value less point-of-sale costs and agricultural produce which is measured at fair value less point-of-sale costs at the point of harvest. The Group entities registered in Russia keep their accounting records in Russian Roubles (RR) in accordance with Russian accounting regulations (RAR). These consolidated financial statements significantly differ from the financial statements prepared for statutory purposes under RAR in that they reflect certain adjustments, which are necessary to present the Group's consolidated financial position, results of operations, and cash flows in accordance with IFRS as adopted by IASB.

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented unless otherwise stated.

The preparation of consolidated financial statements in conformity with IFRS as adopted by IASB requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed below in Note 2.2.

2.2 Critical Accounting Estimates and Judgements in Applying Accounting Policies

The Group makes estimates and assumptions that affect the amounts recognised in the consolidated financial statements and the carrying amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Management also makes certain judgements, apart from those involving estimations, in the process of applying the accounting policies. Judgements that have the most significant effect on the amounts recognised in the consolidated financial statements and estimates that can cause a significant adjustment to the carrying amount of assets and liabilities within the next financial year include:

Useful lives of property, plant and equipment

The estimation of the useful lives of items of property, plant and equipment is a matter of judgement based on the experience with similar assets. The future economic benefits embodied in the assets are consumed principally through use. However, other factors, such as technical or commercial obsolescence and wear and tear, often result in the diminution of the economic benefits embodied in the assets. Management assesses the remaining useful lives in accordance with the current technical conditions of the assets and estimated period during which the assets are expected to earn benefits for the Group. The following primary factors are considered: (a) expected usage of the assets; (b) expected physical wear and tear, which depends on operational factors and maintenance programme; and (c) technical or commercial obsolescence arising from changes in market conditions.

Were the estimated useful lives to differ by 10% from management's estimates, the impact on depreciation for the year ended 31 December 2022 would be to increase it by RR 1,296,599 or decrease it by RR 1,584,733 (2021: increase by RR 1,201,860 or decrease by RR 1,468,940).

Fair value of livestock and agricultural produce

The fair value less estimated point-of-sale costs of livestock at the end of each reporting period is determined using the physiological characteristics of the animals, management expectations concerning the potential productivity and market prices of animals with similar characteristics. The fair value of the Group's bearer livestock is determined by using valuation techniques, as there were no observable market prices near the reporting date for pigs of the same physical conditions, such as weight and age. The fair value of the bearer livestock was determined based on the expected quantity of remaining farrows for pigs and the market prices of the young animals. The fair value of mature animals is determined based on the expected cash flow from the sale of the animals at the end of the production usage. The cash flow was

(IN THOUSANDS OF RUSSIAN ROUBLES, UNLESS NOTED OTHERWISE)

2. Summary of significant accounting policies (continued)

2.2 Critical Accounting Estimates and Judgements in Applying Accounting Policies (continued)

calculated based on the actual prices of sales of culled animals from the Group's entities to independent processing enterprises taking place near the reporting date, and the expected weight of the animals. Future cash flows were discounted to the reporting date at a current market-determined pre-tax rate. In the fair value calculation of the immature animals of bearer livestock management considered the expected culling rate.

Key inputs used in the fair value measurement of bearer livestock of the Group were as follows:

	31 December 2022		31 December 2021	
	Pigs (sows)	**Pigs (boars)**	**Pigs (sows)**	**Pigs (boars)**
Length of production usage in farrows	6	-	6	-
Market prices for comparable bearer livestock in the same region (in Russian Roubles/kg, excl. VAT)	246	607	217	715

Should the key assumptions used in determination of fair value of bearer livestock have been 10% higher/lower with all other variables held constant, the fair value of the bearer livestock as at the reporting dates would be higher or lower by the following amounts:

	31 December 2022		31 December 2021	
	10% increase	**10% decrease**	**10% increase**	**10% decrease**
Pigs				
Length of production usage in farrows	94,949	(78,841)	66,079	(51,082)
Market prices for comparable bearer livestock in the same region	258,477	(258,477)	212,238	(212,238)

The fair value of consumable livestock (pigs) is determined based on the market prices multiplied by the livestock weight at the end of each reporting period, adjusted for the expected culling rates. The average market price of consumable pigs being the key input used in the fair value measurement was 98.5 Russian Roubles per kilogram, excluding VAT, as at 31 December 2022 (31 December 2021: 101.7 Russian Roubles per kilogram, excluding VAT).

Should the market prices used in determination of fair value of consumable livestock have been 10% higher/lower with all other variables held constant, the fair value of the consumable livestock as at 31 December 2022 would be higher/lower by RR 610,160 (31 December 2021: RR 583,222).

The fair value less estimated point-of-sale costs for agricultural produce at the time of harvesting was calculated based on quantities of crops harvested and the prices on deals that took place in the region of location on or about the moment of harvesting and was adjusted for estimated point-of-sale costs at the time of harvesting.

The average market prices (Russian Roubles/tonne, excluding VAT) used for fair value measurement of harvested crops were as follows:

	2022	**2021**
Sugar beet	3,526	3,677
Wheat	9,576	12,907
Barley	10,000	11,262
Sunflower	25,076	37,211
Corn	14,283	14,984
Soya bean	31,760	47,078
Rapeseed	26,430	46,375

Should the market prices used in determination of fair value of harvested crops have been 10% higher/lower with all other variables held constant, the fair value of the crops harvested in 2022 would be higher/lower by RR 2,911,137 (2021: RR 4,041,059).

(IN THOUSANDS OF RUSSIAN ROUBLES, UNLESS NOTED OTHERWISE)

2. Summary of significant accounting policies (continued)

2.2 Critical Accounting Estimates and Judgements in Applying Accounting Policies (continued)

The fair value less estimated point-of-sale costs for unharvested crops are calculated based on expected yield, degree of readiness for each crop and the forward market prices.

The average forward market prices (Russian Roubles/tonne, excluding VAT) used for fair value measurement of unharvested crops were as follows:

	2022	2021
Winter wheat	10,089	13,001
Winter rapeseed	25,728	45,568

Should the forward market prices used in determination of fair value of growing crops have been 10% higher/lower with all other variables held constant, the fair value of the crops as of 31 December 2022 would be higher/lower by RR 87,868 (2021: RR 181,700).

Fair value of investment in LLC GK Agro-Belogorie

Key inputs and assumptions used in the fair value measurement of investment in LLC GK Agro-Belogorie are disclosed in Note 11 and Note 31. Change in fair value of investment in LLC GK Agro-Belogorie is accounted within Fair value reserve line of Statement of financial position.

Estimated impairment of goodwill

The Group tests goodwill for impairment at least annually. The recoverable amounts of cash-generating units (“CGUs”) have been determined based on value-in-use calculations. These calculations require the use of estimates as further detailed in Note 26.

Deferred income tax asset recognition

The recognised deferred income tax asset represents income taxes recoverable through future deductions from taxable profits and is recorded in the consolidated statement of financial position. Deferred income tax assets are recorded to the extent that realisation of the related tax benefit is probable and in relation to losses carried forward it is also based on management judgement about deductibility of expenses included in the related profit tax base. The future taxable profits and the amount of tax benefits that are probable in the future are based on a medium-term business plan prepared by management and extrapolated results thereafter. The business plan is based on management expectations that are believed to be reasonable under the circumstances.

Tax legislation

Russian tax, currency and customs legislation is subject to varying interpretations (Note 32).

Assessment of existence of control over the Group of companies Solnechnye producty

Management assessed the existence of control over Group of companies Solnechnye producty (hereinafter – “Solnechnye producty” or SolPro) in terms of control criteria set out in IFRS 10. The Group’s rights in relation to Solnechnye producty being in the stage of bankruptcy are by nature protective and do not result in power over investee. Additionally, the Group has no ability to exercise its rights in order to influence variable returns from Solnechnye producty, meaning that at least two essential control existence criteria are not met. Thus, management of the Group believes that control over Solnechnye producty does not exist.

Estimated credit loss measurement of loans issued to Solnechnye producty

Key inputs and assumptions used in the estimated credit loss measurement of loans issued to Solnechnye producty are disclosed in Note 16.

2. Summary of significant accounting policies (continued)

2.2 Critical Accounting Estimates and Judgements in Applying Accounting Policies (continued)

Depreciation of right-of-use assets

Extension and termination options. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). For leases of buildings, machinery, equipment and vehicles, the following factors are normally the most relevant:

- If there are significant penalties to terminate (or not extend), the Group is typically reasonably certain to extend (or not terminate) the lease.
- If any leasehold improvements are expected to have a significant remaining value, the Group is typically reasonably certain to extend (or not terminate) the lease.

Otherwise, the Group considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

As for the land leases historical lease durations were used in determining the terms of right-of-use assets depreciation. Based on the management assessment and previous experience, lease term was set as 10 years as a minimum for the contracts with prolongation option.

Discount rates used for determination of lease liabilities

The Group uses its incremental borrowing rate as a base for calculation of the discount rate because the interest rate implicit in the lease cannot be readily determined. The Group's incremental borrowing rate is the rate that the Group would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, collateral and conditions.

10% increase in discount rate at 31 December 2022 would result in a decrease in lease liabilities of RR 264,458 (31 December 2021: RR 271,024). 10% decrease in discount rate at 31 December 2022 would result in an increase in lease liabilities of RR 291,979 (31 December 2021: RR 299,321).

2.3 Foreign currency and translation methodology

Functional and presentation currency

The functional currency of the Group's consolidated entities is the Russian Rouble (RR), which is the currency of the primary economic environment in which the Group operates. The Russian Rouble has been chosen as the presentation currency for these consolidated financial statements.

Translation of foreign currency items into functional currency

Transactions in foreign currencies are translated to Russian Roubles at the official exchange rate of the Central Bank of the Russian Federation (CBRF) at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into the functional currency at the exchange rate ruling at that date. Foreign exchange gains and losses resulting from the settlement of the transactions and from the translation of monetary assets and liabilities at year-end exchange rates are recognised in profit or loss.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the consolidated statement of profit or loss and other comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the consolidated statement of profit or loss and other comprehensive income within 'Other operating income/(expenses), net'. Translation at year-end rates does not apply to non-monetary items that are measured at historical cost. Non-monetary items measured at fair value in a foreign currency, including equity investments, are translated using the exchange rates at the date when the fair value was determined. Effects of exchange rate changes on non-monetary items measured at fair value in a foreign currency are recorded as part of the fair value gain or loss.

2. Summary of significant accounting policies (continued)

2.4 Group accounting

Consolidation

Subsidiaries are those investees, including structured entities, that the Group controls because the Group (i) has power to direct relevant activities of the investees that significantly affect their returns, (ii) has exposure, or rights, to variable returns from its involvement with the investees, and (iii) has the ability to use its power over the investees to affect the amount of investor's returns. The existence and effect of substantive rights, including substantive potential voting rights, are considered when assessing whether the Group has power over another entity. For a right to be substantive, the holder must have practical ability to exercise that right when decisions about the direction of the relevant activities of the investee need to be made. The Group may have power over an investee even when it holds less than majority of voting power in an investee. In such a case, the Group assesses the size of its voting rights relative to the size and dispersion of holdings of the other vote holders to determine if it has de-facto power over the investee. Protective rights of other investors, such as those that relate to fundamental changes of investee's activities or apply only in exceptional circumstances, do not prevent the Group from controlling an investee. Subsidiaries are consolidated from the date on which control is transferred to the Group (acquisition date) and are deconsolidated from the date on which control ceases.

The acquisition method of accounting is used to account for the acquisition of subsidiaries other than those acquired from parties under common control. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. The Group measures non-controlling interest on a transaction by transaction basis, either at: (a) fair value, or (b) the non-controlling interest's proportionate share of net assets of the acquiree.

Goodwill is measured by deducting the fair value of net assets of the acquiree from the aggregate of the fair value of the consideration transferred for the acquiree, the amount of non-controlling interest in the acquiree and fair value of an interest in the acquiree held immediately before the acquisition date. Any negative amount ("negative goodwill, bargain purchase") is recognised in profit or loss, after management reassesses whether it identified all the assets acquired and all liabilities and contingent liabilities assumed and reviews appropriateness of their measurement. The consideration transferred for the acquiree is measured at the fair value of the assets given up, equity instruments issued and liabilities incurred or assumed, including fair value of assets or liabilities from contingent consideration arrangements but excludes acquisition related costs such as advisory, legal, valuation and similar professional services. Transaction costs related to the acquisition and incurred for issuing equity instruments are deducted from equity; transaction costs incurred for issuing debt as part of the business combination are deducted from the carrying amount of the debt and all other transaction costs associated with the acquisition are expensed.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated; unrealised losses are also eliminated unless the cost cannot be recovered. The Company and all of its subsidiaries use uniform accounting policies consistent with the Group's policies.

Non-controlling interest is that part of the net results and of the equity of a subsidiary attributable to interests which are not owned, directly or indirectly, by the Company. Non-controlling interest forms a separate component of the Group's equity.

Associates

Associates are entities over which the Group has significant influence (directly or indirectly), but not control, generally accompanying a shareholding of between 20 and 50 percent of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of changes in net asset of investee after the date of acquisition. Dividends received from associates reduce the carrying value of the investment in associates. Other post-acquisition changes in the Group's share of net assets of an associate are recognised as follows: (i) the Group's share of profits or losses of associates is recorded

2. Summary of significant accounting policies (continued)

2.4 Group accounting (continued)

in the consolidated profit or loss for the year as the share of results of associates, (ii) the Group's share of other comprehensive income is recognised in other comprehensive income and presented separately, (iii) all other changes in the Group's share of the carrying value of net assets of associates are recognised in profit or loss within the share of results of associates.

However, when the Group's share of losses in an associate is equal or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates; unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Purchases of non-controlling interest

The Group applies the economic entity model to account for transactions with owners of non-controlling interest. The difference, if any, between the carrying amount of a non-controlling interest acquired and the purchase consideration is recorded as capital transaction in the consolidated statements of changes in equity.

Purchases of subsidiaries from parties under common control

Business combinations involving entities under common control (ultimately controlled by the same party, before and after the business combination, and that control is not transitory) are accounted for using the predecessor basis of accounting. Under this method the consolidated financial statements of the acquiree are included in the consolidated financial statements from the beginning of the earliest period presented or, if later, the date when common control was established. The assets and liabilities of the subsidiary transferred under common control are accounted for at the predecessor entity's IFRS carrying amounts using uniform accounting policies on the assumption that the Group was in existence from the date when common control was established. Any difference between the carrying amount of net assets, including the predecessor entity's goodwill, and the consideration for the acquisition is accounted for in these consolidated financial statements as an adjustment to retained earnings within equity.

Disposals of subsidiaries and associates

When the Group ceases to have control or significant influence, any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity, are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

2.5 Property, plant and equipment

Property, plant and equipment are carried at cost less accumulated depreciation and provision for impairment, if any.

Assets under construction are accounted for at purchase cost less provision for impairment, if required.

Costs of minor repairs and maintenance are expensed when incurred. Cost of replacing a major part or component of property, plant and equipment items is capitalized and the replaced part is retired.

Upon sale or retirement, the cost and related accumulated depreciation are eliminated from the consolidated financial statements. Gains and losses on disposals are determined by comparing proceeds with the carrying amount and are included in operating profit or loss for the year within other operating income and expenses.

2. Summary of significant accounting policies (continued)

2.6 Depreciation

Depreciation on property, plant and equipment other than land and assets under construction is calculated using the straight-line method to allocate their cost to the residual values over their estimated useful lives:

Asset category	Useful life, years
Buildings	15-50
Constructions	5-50
Machinery, vehicles and equipment	2-20
Other	4-6

Assets are depreciated on a straight-line basis from the month following the date they are ready for use.

The residual value of an asset is the estimated amount that the Group would currently obtain from disposal of the asset less the estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life. The residual value of an asset is nil if the Group expects to use the asset until the end of its physical life. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

2.7 Biological assets and agricultural produce

Biological assets of the Group consist of unharvested crops (grain crops, sugar beets and other plant crops) and pigs livestock.

Livestock is measured at their fair value less estimated point-of-sale costs. Fair value at initial recognition is assumed to be approximated by the purchase price incurred. Point-of-sale costs include all costs that would be necessary to sell the assets. All the gains or losses arising from initial recognition of biological assets and from changes in fair-value-less-cost-to-sell of biological assets less the amounts of these gains or losses related to the realised biological assets are included in a separate line "Net gain/ (loss) on revaluation of biological assets and agricultural produce" above the gross profit line.

At the year-end unharvested crops are measured at fair value less estimated point-of-sale costs. A gain or loss from the changes in the fair value less estimated point-of-sale costs of unharvested crops less the amount of such gain or loss related to the realisation of agricultural products is included as a separate line "Net gain/ (loss) on revaluation of biological assets and agricultural produce" above the gross profit line.

Upon harvest, grain crops, sugar beets and other plant crops are included into inventory for further processing or for sale and are initially measured at their fair value less estimated point-of-sale costs at the time of harvesting. A gain or loss arising on initial recognition of agricultural produce at fair value less estimated point-of-sale costs of unharvested crops less the amount of such gain or loss related to the realisation of agricultural products is recognised in profit or loss in the period in which it arises.

Bearer livestock is classified as non-current assets; consumable livestock and unharvested crops are classified as current assets in the consolidated statement of financial position.

2.8 Goodwill

Goodwill on acquisitions of subsidiaries is presented separately in the consolidated statement of financial position. Goodwill is carried at cost less accumulated impairment losses, if any. The Group tests goodwill for impairment at least annually and whenever there are indications that goodwill may be impaired. Goodwill is allocated to the cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the business combination. Such units or groups of units represent the lowest level at which the Group monitors goodwill and are not larger than an operating segment. Gains or losses on disposal of an operation within a cash-generating unit to which goodwill has been allocated include the carrying amount of goodwill associated with the operation disposed of, generally measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit which is retained.

2. Summary of significant accounting policies (continued)

2.9 Intangible assets

The Group's intangible assets other than goodwill have definite useful lives and primarily include capitalised computer software, patents, trademarks and licences. Acquired computer software licences, patents and trademarks are capitalised on the basis of the costs incurred to acquire and bring them to use.

Intangible assets are amortised using the straight-line method over their useful lives:

Asset category	Useful life, years
Trademarks	5-12
Software licences	1-3
Capitalised internal software development costs	3-5
Other licences	1-3

If impaired, the carrying amount of intangible assets is written down to the higher of value in use and fair value less costs to sell.

2.10 Impairment of non-current assets

The Group's non-current assets except for deferred income tax, biological assets and financial assets are tested for impairment in accordance with the provisions of IAS 36, Impairment of Assets. The Group makes an assessment whether there is any indication that an asset may be impaired at each reporting date, except for goodwill which is tested at least annually regardless of whether there are any indications of impairment. If any such indication exists, an estimate of the recoverable amount of the asset is made. IAS 36 requires an impairment loss to be recognised whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount of an asset is the higher of the asset's fair value less costs to sell and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its life.

2.11 Financial instruments

Financial instruments – key measurement terms

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The best evidence of fair value is the price in an active market. An active market is one in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Fair value of financial instruments traded in an active market is measured as the product of the quoted price for the individual asset or liability and the number of instruments held by the entity. This is the case even if a market's normal daily trading volume is not sufficient to absorb the quantity held and placing orders to sell the position in a single transaction might affect the quoted price.

Valuation techniques such as discounted cash flow models or models based on recent arm's length transactions or consideration of financial data of the investees are used to measure fair value of certain financial instruments for which external market pricing information is not available. Fair value measurements are analysed by level in the fair value hierarchy as follows: (i) level one are measurements at quoted prices (unadjusted) in active markets for identical assets or liabilities, (ii) level two measurements are valuations techniques with all material inputs observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices), and (iii) level three measurements are valuations not based on solely observable market data (that is, the measurement requires significant unobservable inputs). Transfers between levels of the fair value hierarchy are deemed to have occurred at the end of the reporting period.

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial instrument. An incremental cost is one that would not have been incurred if the transaction had not taken place. Transaction costs include fees and commissions paid to agents (including employees acting as selling agents), advisors, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties. Transaction costs do not include debt premiums or discounts, financing costs or internal administrative or holding costs.

2. Summary of significant accounting policies (continued)

2.11 Financial instruments (continued)

Amortised cost ("AC") is the amount at which the financial instrument was recognised at initial recognition less any principal repayments, plus accrued interest, and for financial assets less any allowance for expected credit losses *("ECL")*. Accrued interest includes amortisation of transaction costs deferred at initial recognition and of any premium or discount to the maturity amount using the effective interest method. Accrued interest income and accrued interest expense, including both accrued coupon and amortised discount or premium (including fees deferred at origination, if any), are not presented separately and are included in the carrying values of the related items in the consolidated statement of financial position.

The effective interest method is a method of allocating interest income or interest expense over the relevant period, so as to achieve a constant periodic rate of interest (effective interest rate) on the carrying amount. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts (excluding future credit losses) through the expected life of the financial instrument or a shorter period, if appropriate, to the gross carrying amount of the financial instrument. The effective interest rate discounts cash flows of variable interest instruments to the next interest repricing date, except for the premium or discount which reflects the credit spread over the floating rate specified in the instrument, or other variables that are not reset to market rates. Such premiums or discounts are amortised over the whole expected life of the instrument. The present value calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate. For assets that are purchased or originated credit impaired ("POCI") at initial recognition, the effective interest rate is adjusted for credit risk, i.e. it is calculated based on the expected cash flows on initial recognition instead of contractual payments.

Initial recognition and measurement of financial instruments

A financial instrument is recognised when the Group becomes a party to the contractual provisions of the instrument. The Group's financial assets and liabilities are initially recorded at fair value. Fair value at initial recognition is best evidenced by the transaction price. A gain or loss on initial recognition is only recorded if there is a difference between fair value and transaction price which can be evidenced by other observable current market transactions in the same instrument or by a valuation technique whose inputs include only data from observable markets. After the initial recognition, an expected credit loss allowance is recognised for financial assets measured at amortised cost, resulting in an immediate accounting loss.

All purchases and sales of financial assets that require delivery within the time frame established by regulation or market convention ("regular way" purchases and sales) are recorded at trade date, which is the date on which the Group commits to deliver a financial asset. All other purchases are recognised when the Group becomes a party to the contractual provisions of the instrument.

Financial assets – classification and subsequent measurement – measurement categories

The Group classifies financial assets in the following measurement categories: fair value through profit and loss, fair value through other comprehensive income and amortised cost. The classification and subsequent measurement of debt financial assets depends on: (i) the Group's business model for managing the related assets portfolio and (ii) the cash flow characteristics of the asset. Equity investments at fair value through other comprehensive income are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in other comprehensive income and are never reclassified to profit or loss.

Financial assets – classification and subsequent measurement – business model

The business model reflects how the Group manages the assets in order to generate cash flows – whether the Group's objective is: (i) solely to collect the contractual cash flows from the assets ("hold to collect contractual cash flows",) or (ii) to collect both the contractual cash flows and the cash flows arising from the sale of assets ("hold to collect contractual cash flows and sell") or, if neither of (i) and (ii) is applicable, the financial assets are classified as part of "other" business model and measured at fair value through profit and loss.

Business model is determined for a group of assets (on a portfolio level) based on all relevant evidence about the activities that the Group undertakes to achieve the objective set out for the portfolio available at the date of the assessment. Factors considered by the Group in determining the business model include the purpose and composition of a portfolio, past experience on how the cash flows for the respective assets were collected, how risks are assessed and managed, how the assets' performance is assessed and how managers are compensated.

2. Summary of significant accounting policies (continued)

2.11 Financial instruments (continued)

Financial assets – classification and subsequent measurement – cash flow characteristics

Where the business model is to hold assets to collect contractual cash flows or to hold contractual cash flows and sell, the Group assesses whether the cash flows represent solely payments of principal and interest (SPPI). Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are consistent with the SPPI feature. In making this assessment, the Group considers whether the contractual cash flows are consistent with a basic lending arrangement, i.e. interest includes only consideration for credit risk, time value of money, other basic lending risks and profit margin.

Where the contractual terms introduce exposure to risk or volatility that is inconsistent with a basic lending arrangement, the financial asset is classified and measured at fair value through profit and loss. The SPPI assessment is performed on initial recognition of an asset and it is not subsequently reassessed.

All financial instruments except those that are measured at fair value meet the SPPI criteria and are recognised at amortised cost. The Group has some instruments that meet SPPI and are held for trading and to collect, those that are recognised at fair value through profit and loss and at fair value through other comprehensive income.

Financial assets – reclassification

Financial instruments are reclassified only when the business model for managing the portfolio as a whole changes. The reclassification has a prospective effect and takes place from the beginning of the first reporting period that follows after the change in the business model.

Financial assets impairment – credit loss allowance for expected credit loss

The Group assesses, on a forward-looking basis, the expected credit loss for debt instruments measured at amortised cost and fair value through other comprehensive income and for the exposures arising from loan commitments and financial guarantee contracts, for contract assets. The Group measures expected credit loss and recognises Net impairment losses on financial and contract assets at each reporting date. The measurement of expected credit loss reflects: (i) an unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes, (ii) time value of money and (iii) all reasonable and supportable information that is available without undue cost and effort at the end of each reporting period about past events, current conditions and forecasts of future conditions.

Debt instruments measured at amortised cost and contract assets are presented in the consolidated statement of financial position net of the allowance for expected credit loss. For loan commitments and financial guarantees, a separate provision for expected credit loss is recognised as a liability in the consolidated statement of financial position. For debt instruments at fair value through other comprehensive income, changes in amortised cost, net of allowance for expected credit loss, are recognised in profit or loss and other changes in carrying value are recognised in other comprehensive income as gains less losses on debt instruments at fair value through other comprehensive income.

The Group applies a three-stage model for impairment, based on changes in credit quality since initial recognition. A financial instrument that is not credit-impaired on initial recognition is classified in Stage 1. Financial assets in Stage 1 have their expected credit loss measured at an amount equal to the portion of lifetime expected credit loss that results from default events possible within the next 12 months or until contractual maturity, if shorter. If the Group identifies a significant increase in credit risk since initial recognition, the asset is transferred to Stage 2 and its expected credit loss is measured based on expected credit loss on a lifetime basis, that is, up until contractual maturity but considering expected prepayments, if any. Refer to Note 31 for a description of how the Group determines when a significant increase in credit risk has occurred. If the Group determines that a financial asset is credit-impaired, the asset is transferred to Stage 3 and its expected credit loss is measured as a Lifetime expected credit loss. The Group's definition of credit impaired assets and definition of default is explained in Note 31. For financial assets that are purchased or originated credit-impaired, the expected credit loss is always measured as a Lifetime expected credit loss. Note 31 provides information about inputs, assumptions and estimation techniques used in measuring expected credit loss, including an explanation of how the Group incorporates forward-looking information in the expected credit loss models.

2. Summary of significant accounting policies (continued)

2.11 Financial instruments (continued)

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade and other receivables.

To measure the expected credit losses, trade and other receivables have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on the payment profiles of sales over a period of 36 month before each reporting date and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the GDP and the unemployment rate of the countries in which it sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

Financial assets – write-off. Financial assets are written-off, in whole or in part, when the Group exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery. The write-off represents a derecognition event. The Group may write-off financial assets that are still subject to enforcement activity when the Group seeks to recover amounts that are contractually due, however, there is no reasonable expectation of recovery.

Financial assets – derecognition

The Group derecognises financial assets when (a) the assets are redeemed or the rights to cash flows from the assets otherwise expire or (b) the Group has transferred the rights to the cash flows from the financial assets or entered into a qualifying pass-through arrangement whilst (i) also transferring substantially all the risks and rewards of ownership of the assets or (ii) neither transferring nor retaining substantially all the risks and rewards of ownership but not retaining control.

Control is retained if the counterparty does not have the practical ability to sell the asset in its entirety to an unrelated third party without needing to impose additional restrictions on the sale.

Financial assets – modification. The Group sometimes renegotiates or otherwise modifies the contractual terms of the financial assets. The Group assesses whether the modification of contractual cash flows is substantial considering, among other, the following factors: any new contractual terms that substantially affect the risk profile of the asset, significant change in interest rate, change in the currency denomination, new collateral or credit enhancement that significantly affects the credit risk associated with the asset or a significant extension of a loan when the borrower is not in financial difficulties.

If the modified terms are substantially different, the rights to cash flows from the original asset expire and the Group derecognises the original financial asset and recognises a new asset at its fair value. The date of renegotiation is considered to be the date of initial recognition for subsequent impairment calculation purposes, including determining whether a SICR has occurred. The Group also assesses whether the new loan or debt instrument meets the SPPI criterion. Any difference between the carrying amount of the original asset derecognised and fair value of the new substantially modified asset is recognised in profit or loss, unless the substance of the difference is attributed to a capital transaction with owners.

In a situation where the renegotiation was driven by financial difficulties of the counterparty and inability to make the originally agreed payments, the Group compares the original and revised expected cash flows to assets whether the risks and rewards of the asset are substantially different as a result of the contractual modification. If the risks and rewards do not change, the modified asset is not substantially different from the original asset and the modification does not result in derecognition. The Group recalculates the gross carrying amount by discounting the modified contractual cash flows by the original effective interest rate (or credit-adjusted effective interest rate for POCI financial assets), and recognises a modification gain or loss in profit or loss.

2. Summary of significant accounting policies (continued)

2.11 Financial instruments (continued)

Financial liabilities – measurement categories

Financial liabilities are classified as subsequently measured at amortised cost, except for (i) financial liabilities at fair value through profit and loss: this classification is applied to derivatives, financial liabilities held for trading (e.g. short positions in securities), contingent consideration recognised by an acquirer in a business combination and other financial liabilities designated as such at initial recognition and (ii) financial guarantee contracts and loan commitments.

Financial liabilities designated at fair value through profit and loss

The Group may designate certain liabilities at fair value through profit and loss at initial recognition. Gains and losses on such liabilities are presented in profit or loss except for the amount of change in the fair value that is attributable to changes in the credit risk of that liability (determined as the amount that is not attributable to changes in market conditions that give rise to market risk), which is recorded in other comprehensive income and is not subsequently reclassified to profit or loss. This is unless such a presentation would create, or enlarge, an accounting mismatch, in which case the gains and losses attributable to changes in credit risk of the liability are also presented in profit or loss.

Financial liabilities – derecognition

Financial liabilities are derecognised when they are extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expires).

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated statements of financial position only when there is a legally enforceable right to offset the recognised amounts, and there is an intention to either settle on a net basis, or to realise the asset and settle the liability simultaneously. Such a right of set off (a) must not be contingent on a future event and (b) must be legally enforceable in all of the following circumstances: (i) in the normal course of business, (ii) in the event of default and (iii) in the event of insolvency or bankruptcy. There were no offsets of financial assets and liabilities as at 31 December 2022.

Presentation of results from sugar trading derivatives

The Group was engaged in raw sugar derivative trading transactions through an agent on ICE Futures US primarily in order to manage the raw sugar purchase price risk (Note 31). As such transactions are directly related to the core activity of the Group, their results are presented above gross profit as 'Net gain from trading derivatives' in the consolidated statement of profit or loss and other comprehensive income. Management believes that the presentation above gross profit line appropriately reflects the nature of derivative operations of the Group.

2.12 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, cash held on demand with banks, bank deposits with original maturity of less than three months, other short-term highly liquid investments with original maturities of three months or less. Cash and cash equivalents are carried at amortised cost because: (i) they are held for collection of contractual cash flows and those cash flows represent SPPI, and (ii) they are not designated at fair value through profit and loss. Features mandated solely by legislation, such as the bail-in legislation in certain countries, do not have an impact on the SPPI test, unless they are included in contractual terms such that the feature would apply even if the legislation is subsequently changed.

Restricted balances are excluded from cash and cash equivalents for the purposes of the consolidated statement of cash flows. Balances restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period are included in non-current assets.

2. Summary of significant accounting policies (continued)

2.13 Investments

Bank deposits with original maturities of more than three months and less than twelve months are classified as short-term investments and are carried at amortised cost using the effective interest method.

Bank deposits with original maturity of more than twelve months are classified as long-term and are carried at amortised cost.

Bond held for trading are securities which are acquired solely to generate a profit from short-term fluctuations in price or trader's margin or are included in a portfolio in which a pattern of short-term trading exists. These financial assets are classified as part of "other" business model and measured at fair value through profit and loss. Business model is determined for a group of assets (on a portfolio level) based on all relevant evidence about the activities that the Group undertakes to achieve the objective set out for the portfolio available at the date of the assessment. Factors considered by the Group in determining the business model include the purpose and composition of a portfolio, past experience on how the cash flows for the respective assets were collected, how risks are assessed and managed, how the assets' performance is assessed and how managers are compensated.

2.14 Prepayments

Prepayments classified as current assets represent advance payments to suppliers for goods and services. Prepayments for construction or acquisition of property, plant and equipment and prepayments for intangible assets are classified as non-current assets. Prepayments are carried at cost less provisions for impairment, if any. If there is an indication that the assets, goods or services relating to a prepayment will not be received, the carrying value of the prepayment is written down accordingly and a corresponding impairment loss is recognised in profit or loss for the year.

2.15 Inventories

Inventories are stated at the lower of cost or net realisable value. Cost is determined on the weighted average basis. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity) but excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less selling expenses.

Raw materials intended for the operating activities of the Group, finished goods and work in progress are classified as current assets. Materials intended for construction are classified as non-current assets as "Inventories intended for construction".

2.16 Borrowings

Borrowings are recognised initially at their fair value, net of transaction costs incurred. In subsequent periods, borrowings are stated at amortised cost using the effective interest method; any difference between the amount at initial recognition and the redemption amount is recognised as interest expense over the period of the borrowings.

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial time to get ready for intended use or sale (qualifying assets) are capitalised as part of the costs of those assets.

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

The Group capitalises borrowing costs that could have been avoided if it had not made capital expenditure on qualifying assets. Borrowing costs capitalised are calculated at the Group's average funding cost (the weighted average interest cost is applied to the expenditures on the qualifying assets), except to the extent that funds are borrowed specifically for the purpose of obtaining a qualifying asset. Where this occurs, actual borrowing costs incurred less any investment income on the temporary investment of those borrowings are capitalised.

2. Summary of significant accounting policies (continued)

2.17 Trade and other payables

Trade and other payables are recognised when the counterparty has performed its obligations under the contract, and are carried at amortised cost using the effective interest method.

2.18 Value added tax

Output value added tax related to sales is payable to tax authorities on the earlier of (a) collection of the receivables from customers or (b) delivery of the goods or services to customers. Input VAT is generally recoverable against output VAT upon receipt of the VAT invoice. The tax authorities permit the settlement of VAT on a net basis. VAT related to purchases where all the specified conditions for recovery have not been met yet is recognised in the consolidated statements of financial position and disclosed separately within other taxes receivable, while input VAT that has been claimed is netted off with the output VAT payable. Where provision has been made for impairment of receivables, impairment loss is recorded for the gross amount of the debtor, including VAT.

2.19 Other taxes payable

Other taxes payable comprises liabilities for taxes other than on income outstanding at the reporting date, accrued in accordance with legislation enacted or substantively enacted by the end of the reporting period.

2.20 Income tax

Income taxes have been provided for in the consolidated financial statements in accordance with legislation enacted or substantively enacted by the end of the reporting period. The income tax charge or credit comprises current tax and deferred income tax and is recognised in profit or loss for the year.

Current tax

Current tax is the amount expected to be paid to or recovered from the taxation authorities in respect of taxable profits or losses for the current and prior periods.

Deferred income tax

Deferred income tax is provided in full, using the balance sheet liability method, on tax losses carry forward and temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. In accordance with the initial recognition exemption, deferred income taxes are not recorded for temporary differences on initial recognition of an asset or a liability in a transaction other than a business combination if the transaction, when initially recorded, affects neither accounting nor taxable profit. Deferred income tax balances are measured at tax rates enacted or substantively enacted at the end of the reporting period, which are expected to apply to the period when the temporary differences will reverse or the tax loss carry forwards will be utilised.

Deferred income tax assets for deductible temporary differences and tax loss carry forwards are recorded only to the extent that it is probable that the temporary difference will reverse in the future and there is sufficient future taxable profit available against which the deductions can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis. Deferred income tax assets and liabilities are netted only within the individual companies of the Group.

The Group's uncertain tax positions are reassessed by management at the end of each reporting period. Liabilities are recorded for income tax positions that are determined by management as more likely than not to result in additional taxes being levied if the positions were to be challenged by the tax authorities. The assessment is based on the interpretation of tax laws that have been enacted or substantively enacted by the end of the reporting period and any known court or other rulings on such issues. Liabilities for penalties, interest and taxes other than on income are recognised based on management’s best estimate of the expenditure required to settle the obligations at the end of the reporting period.

2. Summary of significant accounting policies (continued)

2.21 Employee benefits

Payroll costs and related contributions

Wages, salaries, contributions to the Russian Federation state pension and social insurance funds, paid annual leave and sick leave, bonuses, and non-monetary benefits are accrued in the year, in which the associated services are rendered by the employees of the Group.

Pension costs

The Group contributes to the Russian Federation state pension fund on behalf of its employees and has no obligation beyond the payments made. The contribution was approximately 18.8% (2021: 21.1%) of the employees' gross pay and is expensed in the same period as the related salaries and wages.

The Group does not have any other legal or constructive obligation to make pension or other similar benefit payments to its employees.

Share-based payment transactions

The Group accounts for share-based compensation in accordance with IFRS 2, Share-based Payment. The fair value of the employee services received in exchange for the grant of the equity instruments is recognized as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the instruments granted measured at the grant date. For share-based compensation made to employees by shareholders, an increase to share-based payment reserve in equity is recorded equal to the associated compensation expense each period.

2.22 Provisions for liabilities and charges

Provisions for liabilities and charges are non-financial liabilities of uncertain timing or amount. They are accrued when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as an interest expense within finance costs. Where the Group expects a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

2.23 Revenue recognition

Revenue is income arising in the course of the Group's ordinary activities. Revenue is recognised in the amount of transaction price. Transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring control over promised goods or services to a customer, excluding the amounts collected on behalf of third parties. Revenue is recognised net of discounts and value added taxes.

Sales of goods. Sales are recognised when control of the good has transferred, being when the goods are delivered to the customer, the customer has full discretion over the goods, and there is no unfulfilled obligation that could affect the customer's acceptance of the goods. Delivery occurs when the goods have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the goods in accordance with the contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

Revenue from the sales with discounts is recognised based on the price specified in the contract, net of the estimated discounts. Accumulated experience is used to estimate and provide for the discounts, using the expected value method, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

2. Summary of significant accounting policies (continued)

2.23 Revenue recognition (continued)

If the Group provides any additional services to the customer after control over goods has passed, revenue from such services is considered to be a separate performance obligation and is recognised over the time of the service rendering.

Contract assets and liabilities are not separately presented in the consolidated statement of financial position as they are not material.

Commodity loans. The Group provides and obtains commodity loans from other grain traders at the point of transhipment by entering into sales and purchase agreements. Commodity loans are usually returned within several months by reverse transactions between the same parties on identical terms.

These transactions are in substance commodity loans, rather than sale and purchase transactions. Therefore, revenue and cost of sales attributable to these transactions are eliminated from the consolidated statement of profit or loss and other comprehensive income.

Revenue and cost of sales were eliminated in the amount of RR 1,815,884 in 2022. No commodity loans were obtained/provided in 2021.

Sales of transportation services.

Revenue from providing transportation services is recognised in the accounting period in which these services are rendered. For fixed-price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided because the customer receives and uses the benefits simultaneously.

Where the contracts include multiple performance obligations, the transaction price is allocated to each separate performance obligation based on the stand-alone selling prices. Where these are not directly observable, they are estimated based on expected cost-plus margin.

Interest income. Interest income is recorded for all debt instruments, other than those at fair value through profit and loss on an accrual basis using the effective interest method. This method defers, as part of interest income, all fee received between the parties to the contract that are an integral part of the effective interest rate. Interest income on debt instruments at fair value through profit and loss calculated at nominal interest rate is presented within ‘finance income’ line in profit or loss.

2.24 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Group’s chief operating decision maker. Segments whose revenue, result or assets are ten percent or more of all the segments are reported separately.

2.25 Government grants

Government grants comprise compensation of interest expense under bank loans and government grants relating to costs and property, plant and equipment.

Government grants relating to property, plant and equipment are included in non-current liabilities as deferred government grants and are credited to profit or loss on a straight-line basis over the expected lives of the related assets. Government grants relating to costs are deferred and recognised in profit or loss as other operating income over the period necessary to match them with the costs that they are intended to compensate.

Compensation of interest expense under bank loans is credited to profit or loss over the periods of the related interest expense unless this interest was capitalised into the carrying value of assets in which case it is included in non-current liabilities as government grants and credited to profit or loss on a straight-line basis over the expected lives of the related assets.

The benefit of a government loan at a below-market rate of interest is treated as a government grant. The loan is recognised and measured in accordance with IFRS 9 Financial Instruments: Recognition and Measurement. The benefit of the below-market rate of interest is measured as the difference between the initial carrying value of the loan determined in accordance with IFRS 9 and the proceeds received.

(IN THOUSANDS OF RUSSIAN ROUBLES, UNLESS NOTED OTHERWISE)

2. Summary of significant accounting policies (continued)

2.25 Government grants (continued)

The differences between nominal and market interest rate is recognized as interest expenses and government grants in the consolidated statement of profit or loss and other comprehensive income or in the consolidated statement of financial position.

Government grants are recognized at their fair value when there is reasonable assurance that the grant will be received, and the Group will comply with all attached conditions.

Government grants cash inflows are presented in the financing activities section of the consolidated statement of cash flows.

2.26 Dividends

Dividends are recorded as a liability and deducted from equity in the period in which they are declared and approved, appropriately authorised and are no longer at the discretion of the Group. Any dividends declared after the reporting period and before the consolidated financial statements are authorised for issue are disclosed in the subsequent events note.

2.27 Share capital and share premium

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds. Any excess of the fair value of consideration receivable over the par value of shares issued is recorded as share premium in equity. Share premium can only be resorted to for limited purposes, which do not include the distribution of dividends, and is otherwise subject to the provisions of the Cyprus Companies Law on reduction of share capital.

2.28 Treasury shares

Where the Company or its subsidiaries purchase the Company's equity instruments, the consideration paid, including any directly attributable incremental costs, net of income taxes, is deducted from equity attributable to the Company's owners until the equity instruments are cancelled, reissued or disposed of. Where such equity instruments are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's owners.

2.29 Amendments of the consolidated financial statements after issue

Any changes to these consolidated financial statements after issue require approval of the Group's management and the Board of Directors who authorised these consolidated financial statements for issue.

2.30 Right-of-use assets

The Group leases various land, buildings, machinery, equipment and vehicles. Assets arising from a lease are initially measured on a present value basis.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability,
- any lease payments made at or before the commencement date less any lease incentives received,
- any initial direct costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying assets' useful lives. Useful lives of right-of-use of land is limited by contract terms but are not less than 10 years for contracts with prolongation option (Note 13). Depreciation on the items of the right-of-use assets is calculated using the straight-line method over their estimated useful lives as follows:

	Useful lives in years
Land	1 to 50
Buildings	1 to 20
Machinery and equipment	1 to 7
Vehicles	1 to 5

2. Summary of significant accounting policies (continued)

2.31 Lease liabilities

Liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable,
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date,
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Extension and termination options are included in a number of land plots, buildings, machinery, equipment and vehicles across the Group. These terms are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor. Extension options (or period after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases of the Group, the Group's incremental borrowing rate is used, being the rate that the Group would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, collateral and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received,
- makes adjustments specific to the lease, e.g. term, country, currency and collateral.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take place, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance costs. The finance costs are charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture with value of RR 300 or less.

2.32 Adoption of new or revised standards and interpretations

During the current year the Group adopted all the new and revised International Financial Reporting Standards (IFRS) that are relevant to its operations and are effective for accounting periods beginning on 1 January 2022.

The following amended standard became effective from 1 January 2022, but did not have any material impact on the Group:

The Group has adopted Onerous Contracts – Costs of Fulfilling a Contract (Amendments to IAS 37) from 1 January 2022. This resulted in a change in accounting policy for performing an onerous contracts assessment. Previously, the Group included only incremental costs to fulfil a contract when determining whether that contract was onerous. The revised policy is to include both incremental costs and an allocation of other direct costs.

The Group has analysed all contracts existing at 1 January 2022 and determined that none of them would be identified as onerous applying the revised accounting policy – i.e. there is no impact on the opening equity balances as at 1 January 2022 as a result of the change.

2. Summary of significant accounting policies (continued)

2.32 Adoption of new or revised standards and interpretations (continued)

New standards and interpretations not yet adopted

A number of new standards are effective for annual periods beginning after 1 January 2022 and earlier application is permitted; however, the Group has not early adopted the new or amended standards in preparing these consolidated financial statements.

Deferred Income Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)

The amendments narrow the scope of the initial recognition exemption to exclude transactions that give rise to equal and offsetting temporary differences – e.g. leases and decommissioning liabilities. The amendments apply for annual reporting periods beginning on or after 1 January 2023. For leases and decommissioning liabilities, the associated deferred income tax asset and liabilities will need to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. For all other transactions, the amendments apply to transactions that occur after the beginning of the earliest period presented.

The Group accounts for deferred income tax on leases applying the 'integrally linked' approach, resulting in a similar outcome to the amendments, except that the deferred income tax impacts are presented net in the consolidated statement of financial position. Under the amendments, the Group will recognise a separate deferred income tax asset and a deferred income tax liability. As at 31 December 2022, the taxable temporary difference in relation to the right-of-use asset is RR 6,916,539 and the deductible temporary difference in relation to the lease liability is RR 5,950,349 (Notes 13, 16), resulting in a net deferred income tax liability of RR 94,739 (Note 27). Under the amendments, the Group will present a separate deferred income tax liability of RR 539,453 and a deferred income tax asset of RR 444,714. There will be no impact on retained earnings on adoption of the amendments.

Classification of Liabilities as Current or Non-current (Amendments to IAS 1)

The amendments, as issued in 2020, aim to clarify the requirements on determining whether a liability is current or non-current, and apply for annual reporting periods beginning on or after 1 January 2023. However, the IASB has subsequently proposed further amendments to IAS 1 and the deferral of the effective date of the 2020 amendments to no earlier than 1 January 2024. Due to these ongoing developments, the Group is unable to determine the impact of these amendments on the consolidated financial statements in the period of initial application. The Group is closely monitoring the developments.

Other standards

The following new and amended standards are not expected to have a significant impact on the Group's consolidated financial statements.

- IFRS 17 *Insurance Contracts and amendments* to IFRS 17 *Insurance Contracts*.
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2).
- Definition of Accounting Estimates (Amendments to IAS 8).
- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16).

The new standards and interpretations are not expected to affect significantly the Group's consolidated financial statements.

(IN THOUSANDS OF RUSSIAN ROUBLES, UNLESS NOTED OTHERWISE)

3. Cash and cash equivalents

	31 December 2022	31 December 2021
Bank deposits with original maturity of less than three months	11,383,841	46,004,535
Bank balances receivable on demand	10,088,147	456,816
Cash in hand	1,042	828
Total cash and cash equivalents	**21,473,030**	**46,462,179**

The Group had the following currency positions:

	31 December 2022	31 December 2021
US Dollars	18,124,985	91,844
Russian Roubles	2,756,992	46,318,693
Euro	411,869	51,496
Other	179,184	146
Total	**21,473,030**	**46,462,179**

The weighted average interest rate on cash at bank balances in US Dollars presented within cash and cash equivalents was 1.10% at 31 December 2022. The Group had no interest income on balances in US Dollars presented within cash and cash equivalents at 31 December 2021.

The weighted average interest rate on cash at bank balances in Russian Roubles presented within cash and cash equivalents was 5.79% at 31 December 2022 (31 December 2021: 9.38%).

4. Short-term investments

	31 December 2022	31 December 2021
Bank deposits with original maturity over three months	78,005,015	18,519,392
Loans issued to third parties	13,086,402	2,119,893
Interest receivable on long-term bonds held to collect (Note 11)	218,035	221,734
Bonds held to collect	-	140,741
Other short-term investments	73,084	-
Total	**91,382,536**	**21,001,760**

As at 31 December 2022 the bank deposits within short-term investments are denominated in following currencies:

	31 December 2022	31 December 2021
Russian Roubles	77,545,064	18,519,392
USD	459,951	-
Total	**78,005,015**	**18,519,392**

As at 31 December 2022 the interest rates on bank deposit denominated in Russian Roubles within short-term investments vary between 7.45% and 8.75% (31 December 2021: between 6.5% and 7.75%). As at 31 December 2022 the weighted average interest rate on the bank deposits equals 8.07% (31 December 2021: 6.92%). As at 31 December 2022 the interest rate on bank deposit denominated in USD within short-term investments is 3.95%.

(IN THOUSANDS OF RUSSIAN ROUBLES, UNLESS NOTED OTHERWISE)

4. Short-term investments (continued)

As at 31 December 2022 loans issued to third parties within short-term investments are denominated in following currencies:

	31 December 2022	31 December 2021
Russian Roubles	5,664,430	2,119,893
Euro	7,421,972	-
Total	**13,086,402**	**2,119,893**

Loans issued to third parties within short-term investments denominated in Russian Roubles include loans issued to Group of companies Solnechnye producty and its subsidiaries and related companies in the amount of RR 698,563 (31 December 2021: RR 1,591,805) (Note 16).

Loans issued to a third party trading company for financing of working capital comprises RR 11,269,530.

The weighted average interest rate on Loans issued to third parties within short-term investments denominated in Russian Roubles is 2.6% (31 December 2021: 12.4%). The weighted average interest rate on Loans issued to third parties within short-term investments denominated in Euro is 0.1%.

As at 31 December 2022 the Group has no bonds held to collect. The table below shows the rating and balances of bonds held to collect as at 31 December 2021:

		31 December 2022		31 December 2021	
	Rating agency	**Rating**	**Balance**	**Rating**	**Balance**
PJSC Vimpelcom	Fitch Ratings	-	-	bbb-	140,741
Total bonds to collect			**-**		**140,741**

5. Trade and other receivables

	31 December 2022	31 December 2021
Trade receivables	22,798,391	12,294,677
Other	827,278	548,016
Less: credit loss allowance (Note 31)	(701,418)	(842,375)
Total financial assets within trade and other receivables	**22,924,251**	**12,000,318**
Deferred charges	1,252,429	558,083
Total trade and other receivables	**24,176,680**	**12,558,401**

The above financial assets within trade and other receivables are denominated in the following currencies:

	31 December 2022	31 December 2021
Russian Roubles	8,756,127	8,996,307
US dollars	9,613,779	2,717,063
Euro	4,554,345	286,948
Total	**22,924,251**	**12,000,318**

(IN THOUSANDS OF RUSSIAN ROUBLES, UNLESS NOTED OTHERWISE)

5. Trade and other receivables (continued)

The credit loss allowance for trade and other receivables is determined according to the provision matrix presented in the table below. The provision matrix is based the number of days that an asset is past due.

		31 December 2022		31 December 2021	
	Loss rate	**Gross carrying amount**	**Lifetime expected credit loss**	**Gross carrying amount**	**Lifetime expected credit loss**
Trade receivables					
- current	-	21,684,885	-	10,009,400	
- less than 90 days overdue	57%	73,808	42,427	1,054,217	24,000
- 91 to 180 days overdue	100%	14,016	14,016	31,516	31,516
- 181 to 360 days overdue	100%	129,144	129,144	12,834	12,834
- over 360 days overdue	100%	469,969	469,969	678,821	678,821
Total trade receivables (gross carrying amount)		**22,371,822**	**655,556**	**11,786,788**	**747,171**
Credit loss allowance		655,556		747,171	
Total trade receivables from contracts with customers (carrying amount)		**21,716,266**		**11,039,617**	
Other receivables					
- current	-	781,416	-	452,811	-
- less than 90 days overdue	100%	3,279	3,279	59,245	59,244
- 91 to 180 days overdue	100%	402	402	919	919
- 181 to 360 days overdue	100%	31,873	31,873	4,263	4,263
- over 360 days overdue	100%	10,308	10,308	30,778	30,778
Total other receivables		**827,278**	**45,862**	**548,016**	**95,204**
Credit loss allowance		45,862		95,204	
Total other receivables (carrying amount)		**781,417**		**452,812**	

The Group did not recognise any expected credit loss allowance for trade receivables due to SolPro in the amount of RR 426,569 because of excess of collateral value over the gross carrying value of these receivables as at 31 December 2022 (Note 16) (31 December 2021: RR 507,889).

The following table explains the changes in the credit loss allowance for trade and other receivables under the simplified expected credit loss model between the beginning and the end of the annual period:

	Trade receivables	**Other receivables**
As at 1 January 2022	**747,171**	**95,204**
Accrued	24,413	(48,189)
Utilised	(116,028)	(1,153)
As at 31 December 2022 (Note 31)	**655,556**	**45,862**

	Trade receivables	**Other receivables**
As at 1 January 2021	**76,845**	**71,477**
Accrued	670,589	31,848
Utilised	(263)	(8,121)
As at 31 December 2021 (Note 31)	**747,171**	**95,204**

The majority of the Group’s trade debtors are proven counterparties with whom the Group has long-lasting sustainable relationships.

(IN THOUSANDS OF RUSSIAN ROUBLES, UNLESS NOTED OTHERWISE)

6. Prepayments

Prepayments classified as current assets represent the following advance payments:

	31 December 2022	31 December 2021
Prepayments for raw and other materials	9,597,992	2,096,479
Prepayments for transportation services	1,064,552	1,038,156
Prepayments for fuel and energy	918,258	775,258
Prepayments to customs	365,906	794,204
Prepayments under insurance contracts	282,620	339,334
Prepayments for advertising expenses	125,122	146,974
Prepayments for animals	52,732	44,915
Prepayments for rent	49,641	89,471
Other prepayments	1,212,369	276,884
Less: provision for impairment	(234,043)	(187,643)
Total	**13,435,149**	**5,414,032**

Reconciliation of movements in the prepayments' impairment provision:

	2022	2021
As at 1 January	**187,643**	**68,965**
Accrued	47,161	121,714
Utilised	(761)	(3,036)
As at 31 December	**234,043**	**187,643**

As at 31 December 2022 prepayments classified as non-current assets and included in the "Advances paid for property, plant and equipment" line in the consolidated statement of financial position in the amount of RR 5,482,770 (31 December 2021: RR 7,355,467) and represent advance payments for construction works and purchases of production equipment.

7. Other taxes receivable

	31 December 2022	31 December 2021
Value added tax receivable	8,303,086	8,290,440
Other taxes receivable	57,849	30,753
Total	**8,360,935**	**8,321,193**

8. Inventories

	31 December 2022	31 December 2021
Finished goods	38,602,676	39,281,443
Raw materials	27,392,018	26,874,508
Work in progress	4,166,753	4,764,294
Less: provision for write-down to net realisable value	(1,275,240)	(1,163,882)
Total	**68,886,207**	**69,756,363**

9. Other current assets

Other current assets at 31 December 2022 relate to cash in transit temporarily blocked by foreign banks. Group had successfully unblocked significant part of blocked accounts during 2022, the release of remaining balance at 31 December 2022 is planned to be finalized during 2023.

Other current assets are denominated in the following currencies:

	31 December 2022	31 December 2021
US dollars	3,868,562	-
Euro	258,153	47
Total	**4,126,715**	**47**

(IN THOUSANDS OF RUSSIAN ROUBLES, UNLESS NOTED OTHERWISE)

10. Biological assets

The fair value of biological assets belongs to level 3 measurements in the fair value hierarchy. Pricing model is used as a valuation technique for biological assets fair value measurement. There were no changes in the valuation technique during the years ended 31 December 2022 and 2021. The reconciliation of changes in biological assets between the beginning and the end of the year can be presented as follows:

Short-term biological assets

	Consumable livestock, pigs	Unharvested crops	Total
As at 1 January 2021	**4,872,830**	**862,149**	**5,734,979**
Increase due to purchases and gain arising from cost inputs	31,347,531	19,423,838	50,771,369
Gain on initial recognition of agricultural produce	-	21,756,917	21,756,917
Lost harvest written-off (Note 24)	-	(272,407)	(272,407)
Decrease due to harvest and sales of the assets	(30,070,060)	(40,138,183)	(70,208,243)
Loss arising from changes in fair value less estimated point-of-sale costs	(29,945)	-	(29,945)
As at 31 December 2021	**6,120,356**	**1,632,314**	**7,752,670**
Increase due to purchases and gain arising from cost inputs	41,366,536	25,970,057	67,336,593
Gain on initial recognition of agricultural produce	-	5,248,615	5,248,615
Lost harvest written-off (Note 21)	-	(598,041)	(598,041)
Decrease due to harvest and sales of the assets	(39,291,215)	(29,398,236)	(68,689,451)
Loss arising from changes in fair value less estimated point-of-sale costs	(1,772,669)	416,393	(1,356,276)
As at 31 December 2022	**6,423,008**	**3,271,102**	**9,694,110**

Long-term biological assets

	Bearer livestock		
	Pigs	**Cows**	**Total**
As at 1 January 2021	**2,415,234**	**112,894**	**2,528,128**
Increases due to purchases and breeding costs of growing livestock	572,677	40,097	612,774
Decreases due to sales	(359,228)	(145,264)	(504,492)
Gain/(Loss) arising from changes in fair value less estimated point-of-sale costs	116,180	(7,727)	108,453
As at 31 December 2021	**2,744,863**	**-**	**2,744,863**
Increases due to purchases and breeding costs of growing livestock	1,631,730	-	1,631,730
Decreases due to sales	(434,452)	-	(434,452)
Loss arising from changes in fair value less estimated point-of-sale costs	(701,182)	-	(701,182)
As at 31 December 2022	**3,240,959**	**-**	**3,240,959**

In 2022 the aggregate gain on initial recognition of agricultural produce and from the change in fair value less estimated point-of-sale costs of biological assets amounted to RR 3,191,157 (2021: RR 21,835,425).

Included in the above amounts there are losses related to realised biological assets and agricultural produce amounting to RR 11,733,592 (2021: gain RR 18,426,116).

10. Biological assets (continued)

Livestock population were as follows:

	31 December 2022	31 December 2021
Pigs within bearer livestock (heads)	145,254	135,545
Pigs within consumable livestock (tonnes)	73,327	64,068

In 2022 total area of arable land amounted to 567 thousand ha (2021: 604 thousand ha).

The main crops of the Group's agricultural production and output were as follows (in thousands of tonnes):

	2022	2021
Sugar beet	3,916	3,637
Wheat	858	713
Barley	0	2
Sunflower	51	72
Corn	150	163
Soya bean	234	341

Key inputs in the fair value measurement of the livestock and the agricultural crops harvested together with sensitivity to reasonably possible changes in those inputs are disclosed in Note 2.2.

As at 31 December 2022 biological assets with a carrying value of RR 421,903 (2021: RR 417,669) were pledged as collateral for the Group's borrowings (Note 16).

The Group is exposed to financial risks arising from changes in meat and crops prices. The Group does not anticipate that crops and meat prices will decline significantly in the foreseeable future except some seasonal fluctuations and, therefore, has not entered into derivative or other contracts to manage the risk of a decline in respective prices. The Group reviews its outlook for meat and crops prices regularly in considering the need for active financial risk management.

11. Long-term investments

	31 December 2022	31 December 2021
Bonds held to collect (Note 16)	19,900,000	19,900,000
Bank deposits with maturity over twelve months	14,071,101	14,071,101
Investments in third parties	8,556,556	8,556,556
Total	**42,527,657**	**42,527,657**

The above long-term investments are denominated in Russian Roubles. Interest receivable on bonds to collect is disclosed in Note 4.

As at 31 December 2022 bank deposits in the amount of RR 13,900,000 (31 December 2021: RR 13,900,000) were pledged as collateral for the Group's borrowings.

Bank deposits include a restricted deposit in Vnesheconombank in the amount of RR 13,900,000 which could not be withdrawn till 27 November 2028 (Note 16).

Bonds held to collect include restricted bonds in Rosselkhozbank in the amount of RR 19,900,000 which could not be withdrawn till 22 November 2038 (Note 16).

(IN THOUSANDS OF RUSSIAN ROUBLES, UNLESS NOTED OTHERWISE)

11. Long-term investments (continued)

On 20 August 2019 the Group acquired 22.5% of ownership interest in LLC GK Agro-Belogorie, one of the largest pork producers in Russia and a large landholder in Belgorod region. Total cash consideration transferred under the deal amounted to RR 8,500,000.

Key business areas of investee include industrial pig farming and meat processing, milk livestock, crop and feed production.

Investment in LLC GK Agro-Belogorie is classified as investment at fair value through other comprehensive income. The management considers that the Group does not have significant influence over LLC GK Agro-Belogorie due the following:

- The Group has no power to appoint the members of the board of directors or equivalent governing body of LLC GK Agro-Belogorie;
- Group management does not participate in the policy-making processes, including decisions about dividends or other distributions;
- There were no material transactions or interchange of managerial personnel between the Group and LLC GK Agro-Belogorie since the share acquisition date;
- No essential technical information was interchanged between the Group and LLC GK Agro-Belogorie.

The fair value of the investment determined applying the level 3 valuation model amounted to RR 8,500,000 at acquisition date.

Subsequent to the initial recognition this investment is measured at fair value through other comprehensive income. As at 31 December 2022 the fair value of the acquired investment amounted to RR 8,556,556 (31 December 2021: RR 8,556,556). The fair value of the investment has not changed significantly since 2020.

The fair value of the investment has been determined based on discounted cash flow calculation using the actual financial data and budgets of LLC GK Agro-Belogorie covering a five-year period and the expected market prices for the key products for the same period according to leading industry publications. Cash flows beyond the five-year period were projected with a long-term growth rate of 4% per annum (2021: 1.8% per annum).

The assumptions used for calculation and sensitivity of fair value measurement are presented in Note 31.

Bonds held to collect were denominated in Russian Roubles and mature in 2038. Nominal interest rate on bonds equals 10.5%.

The table below shows the rating and balances of bonds held to collect:

		31 December 2022			31 December 2021	
	Rating agency	**Rating**	**Balance**	**Rating agency**	**Rating**	**Balance**
Rosselkhozbank	AKRA	aa	19,900,000	Fitch Ratings	bbb-	19,900,000
Total bonds (Note 16)			**19,900,000**			**19,900,000**

(IN THOUSANDS OF RUSSIAN ROUBLES, UNLESS NOTED OTHERWISE)

12. Property, plant and equipment

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

	Land	Machinery, vehicles and equipment	Buildings and constructions	Assets under construction	Other	Total
Cost (Note 2.5)						
As at 1 January 2021	8,730,950	63,059,743	54,761,115	16,707,401	262,065	143,521,274
Additions	1,021,851	19,772,434	9,484,566	15,768,265	68,545	46,115,661
Transfers	-	2,692,253	1,288,521	(4,003,480)	22,706	-
Disposals	(254,764)	(1,566,586)	(161,710)	(656,053)	19,625	(2,619,488)
As at 31 December 2021	**9,498,037**	**83,957,844**	**65,372,492**	**27,816,133**	**372,941**	**187,017,447**
Accumulated depreciation (Note 2.6)						
As at 1 January 2021	-	(39,971,613)	(15,824,301)	-	(206,272)	(56,002,186)
Charge for the year	-	(9,052,685)	(4,129,984)	-	(36,591)	(13,219,260)
Disposals	-	1,281,129	62,657	-	19,625	1,363,411
As at 31 December 2021	**-**	**(47,743,169)**	**(19,891,628)**	**-**	**(223,238)**	**(67,858,035)**
Net book value as at 31 December 2021	**9,498,037**	**36,214,675**	**45,480,864**	**27,816,133**	**149,703**	**119,159,412**

	Land	Machinery, vehicles and equipment	Buildings and construction s	Assets under construction	Other	Total
Cost (Note 2.5)						
As at 1 January 2022	9 498 037	83 957 844	65 372 492	27 816 133	372 941	187 017 447
Additions	592 206	2 669 505	(1 182 237)	15 312 760	10 709	17 402 943
Transfers	-	4 133 285	3 848 706	(8 012 690)	30 699	-
Disposals	(7 537)	(1 105 724)	(56 794)	(601 252)	(764)	(1 772 071)
As at 31 December 2022	**10 082 706**	**89 654 910**	**67 982 167**	**34 514 951**	**413 585**	**202 648 319**
Accumulated depreciation (Note 2.6)						
As at 1 January 2022	-	(47 743 169)	(19 891 628)	-	(223 238)	(67 858 035)
Charge for the year	-	(9 787 585)	(4 437 761)	-	(37 248)	(14 262 594)
Disposals	-	618 584	18 806	-	723	638 113
As at 31 December 2022	**-**	**(56 912 170)**	**(24 310 583)**	**-**	**(259 763)**	**(81 482 516)**
Net book value as at 31 December 2022	**10 082 706**	**32 742 740**	**43 671 584**	**34 514 951**	**153 822**	**121 165 803**

As at 31 December 2022 property, plant and equipment with a net book value of RR 39,931,738 (31 December 2021 RR 40,384,880) was pledged as collateral for the Group’s borrowings (Note 16).

As at 31 December 2022 and 2021 the assets under construction related mainly to the pig farm construction in the Primorsky Krai and Tambov region. During the reporting period, the Group capitalised borrowing costs within assets under construction in the amount of RR 2,791,538 (2021: RR 1,922,627). The average capitalisation rate in 2022 was 11.02% (2021: 7.34%).

At 31 December 2022 and 2021, inventories intended for construction related mainly to the inventories which will be used for the pig farm construction in the Primorsky Krai.

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12. Property, plant and equipment (continued)

Movements in the carrying amount of inventories intended for construction were as follows:

As at 1 January 2021	3,353,330
Additions	468,839
Disposals	(2,217,599)
As at 31 December 2021	**1,604,570**
As at 1 January 2022	**1,604,570**
Additions	231,605
Disposals	(971,625)
As at 31 December 2022	**864,550**

13. Right-of-use assets and lease liabilities

The Group leases various lands, buildings, machinery, equipment and vehicles. Rental contracts are typically made for fixed periods of 12 months to 49 years but may have extension options as described below.

Leases are recognised as a right-of-use asset and a corresponding liability from the date when the leased asset becomes available for use by the Group.

As for the land lease, contracts include monetary agreements in which payments do not depend on an index or a rate and non-monetary agreements based on a fixed volume of harvested crops. Based on management's assessment and previous experience, the lease term was set as 10 years as a minimum for contracts with prolongation option. This term is justified by payback period of particular investment projects, which depend on the time to analyse composition of the land and the roll-out and purchase price of necessary fertilizers and equipment.

Extension and termination options are included in a number of property and equipment leases across the Group. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor. For not tacitly renewable leases with contractual terms less than 12 months the lease term (and lease enforceability) is not considered to go beyond initial contract term. The Group applies the exemption for short-term leases for such agreements.

The Group recognised right-of-use asset as follows:

	Land	**Buildings**	**Equipment**	**Other**	**Total**
Carrying amount at 1 January 2021	**5,294,366**	**1,572,485**	**63,807**	**3,909**	**6,934,567**
Additions and modifications	1,518,128	158,803	7,898	-	1,684,829
Disposals	(478,338)	-	-	-	(478,338)
Depreciation charge (Note 21,22,23)	(564,934)	(200,960)	(27,535)	(1,091)	(794,520)
Carrying amount at 31 December 2021	**5,769,222**	**1,530,328**	**44,170**	**2,818**	**7,346,538**
	Land	**Buildings**	**Equipment**	**Other**	**Total**
Carrying amount at 1 January 2022	**5,769,222**	**1,530,328**	**44,170**	**2,818**	**7,346,538**
Additions and modifications	72,249	575,645	16,884	5,698	670,476
Disposals	(177,723)	(63,481)	-	-	(241,204)
Depreciation charge (Note 21,22,23)	(584,975)	(240,291)	(27,397)	(6,608)	(859,271)
Carrying amount at 31 December 2022	**5,078,773**	**1,802,201**	**33,657**	**1,908**	**6,916,539**

Interest expense included in finance costs for 2022 was RR 690,914 (2021: RR 591,558) (Note 25).

As at 31 December 2022, future cash outflows of RR 2,285,901 (undiscounted) (31 December 2021: RR 2,192,694) to which the Group is potentially exposed to during the lease term have not been included in the lease liability because they include variable lease payments that are linked to cadastral value.

(IN THOUSANDS OF RUSSIAN ROUBLES, UNLESS NOTED OTHERWISE)

13. Right-of-use assets and lease liabilities (continued)

Variable lease payments that depend on cadastral value are recognised in profit or loss in the period in which the condition that triggers those payments occurs.

Expenses relating to short-term leases and expenses related to contracts in which variable payments do not depend on index or rate (included in cost of sales and general and administrative expenses):

	2022	2021
Expenses related to contracts in which variable payments do not depend on an index or a rate	175,529	227,872
Expenses relating to short-term leases	165,499	395,774

Total outflow for leases in 2022 was RR 1,157,708 (2021: RR 1,098,167), including RR 111,555 (2021: RR 302,739) settled in agricultural products.

The reconciliation of lease liabilities and the movements is presented in Note 16.

14. Intangible assets

	Trademarks	Software licenses	Internally developed software	Other	Total
Cost (Note 2.9)					
As at 1 January 2021	160,541	1,000,327	35,472	442,509	1,638,849
Additions	37,305	771,018	12,771	221,524	1,042,618
Acquisitions through business combinations	-	32,132	-	-	32,132
Disposals	(814)	(394,399)	(1,658)	(97,248)	(494,119)
As at 31 December 2021	**197,032**	**1,409,078**	**46,585**	**566,785**	**2,219,480**
Accumulated amortisation (Note 2.9)					
As at 1 January 2021	(80,008)	(656,641)	(29,681)	(252,726)	(1,019,056)
Charge for the year	(58,982)	(375,231)	(3,443)	(40,789)	(478,445)
Disposals	761	394,303	59	26,955	422,078
As at 31 December 2021	**(138,229)**	**(637,569)**	**(33,065)**	**(266,560)**	**(1,075,423)**
Net book value as at 31 December 2021	**58,803**	**771,509**	**13,520**	**300,225**	**1,144,057**

	Trademarks	Software licenses	Internally developed software	Other	Total
Cost (Note 2.9)					
As at 1 January 2022	197,032	1,409,078	46,585	566,785	2,219,480
Additions	109,364	510,523	55,093	250,875	925,855
Disposals	(8,556)	(486,868)	(1,149)	(1,217)	(497,790)
As at 31 December 2022	**297,840**	**1,432,733**	**100,529**	**816,443**	**2,647,545**
Accumulated amortisation (Note 2.9)					
As at 1 January 2022	(138,229)	(637,569)	(33,065)	(266,560)	(1,075,423)
Charge for the year	(17,369)	(623,040)	(5,841)	(28,324)	(674,574)
Disposals	7,931	377,438	1,149	197	386,715
As at 31 December 2022	**(147,667)**	**(883,171)**	**(37,757)**	**(294,687)**	**(1,363,282)**
Net book value as at 31 December 2022	**150,173**	**549,562**	**62,772**	**521,756**	**1,284,263**

15. Share capital, share premium and transactions with non-controlling interests

Share capital and share premium

At 31 December 2022 the issued and paid share capital consisted of 27,333,333 ordinary shares (31 December 2021: 27,333,333 ordinary shares) with par value of EUR 0.01 each.

At 31 December 2022 and 2021, the authorised share capital consisted of 60,000,000 ordinary shares with par value of EUR 0.01 each.

Treasury shares

At 31 December 2022 the Group held 2,135,313 of its own GDRs (31 December 2021: 2,135,313 own GDRs) that is equivalent of approximately 427,063 shares (31 December 2021: 427,063 shares). The GDRs are held as treasury shares. In 2022 and 2021 there were no acquisitions of treasury shares.

Dividends

In 2022 the Company didn’t distribute any dividends.

In 2021 the Company distributed RR 10,770,584 of dividends for the second half of 2020 and RR 8,755,948 thousand of interim dividends for the first half of 2021. The dividends for the second half of 2020 amounted to RR 400.30 per share and interim dividends for 2021 amounted to RR 325.42 per share.

Purchases of non-controlling interest

2022

During the year 2022 there were no purchases of non-controlling interests.

2021

On 22 October 2021 the Group acquired 25% additional shares in LLC Primorskaya Soya, thereby increasing its share in the share capital to 100% (2020: 75%). The total excess of consideration paid over the Group’s share of identifiable net assets acquired in the amount of RR 55,541 was recorded as a capital transaction in the consolidated statement of changes in equity.

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16. Borrowings

Short-term borrowings

	31 December 2022	31 December 2021
Bank loans	84,746,085	90,806,471
Loans received from third parties	-	16,600
Interest accrued on borrowings from third parties	-	246
Current portion of long-term borrowings	87,605,429	17,925,523
Total	**172,351,514**	**108,748,840**

All short-term borrowings are at fixed interest rate. The above borrowings are denominated in the following currencies:

	Interest rate	31 December 2022	Interest rate	31 December 2021
Russian Roubles	1.5%-11.1%	172,351,514	1.0%-11.14%	108,748,840
Total		**172,351,514**		**108,748,840**

Long-term borrowings

	31 December 2022	31 December 2021
Bank loans	148,643,822	81,900,548
Less current portion of long-term borrowings from:		
Bank loans	(87,605,429)	(17,925,523)
Total	**61,038,393**	**63,975,025**

The above borrowings are denominated in the following currencies:

	Interest rate	31 December 2022	Interest rate	31 December 2021
Russian Roubles	1.5%-11.1%	61,038,393	1.0%-12.5%	63,975,025
Total		**61,038,393**		**63,975,025**

In November 2018 the Group entered into a transaction with JSC Rosselkhozbank (hereinafter – “RSHB”) for the acquisition of debt of Group of companies Solnechnye producty and its subsidiaries and related companies. The gross value of total consideration for this acquisition amounted to RR 34,810,446 and the payment will be made by the Group in cash in accordance with the payment schedule deferred over 20 years.

The deferred liability due to RSHB is presented within bank loans. The fair value of this liability at inception date was RR 19,897,813 determined using the effective interest rate of 10.7% (applying level 2 valuation model). The liability is subsequently measured at amortized cost with an effective interest rate of 10.7%. The liability is collateralised by the 20-year bonds of Rosselkhozbank in the amount of RR 19,900,000 at the interest rate of 10.5% per annum purchased by the Group.

The fair value of the loans acquired in this transaction determined applying the level 3 valuation model amounted to RR 23,410,231.

The fair value of the acquired loans has been determined based on the fair value of the collateral. The collateral fair value is represented by the fair value of the underlying rights of claim determined with reference to the assets pledged and other assets of the borrower / guarantors, taking into account bankruptcy procedure period and discount rate, applicable to distressed assets. The fair value of the production companies as a part of the assets pledged was determined based on discounted cash flow calculations.

16. Borrowings (continued)

The difference of RR 3,412,418 between the fair value of the consideration and the fair value of loans acquired represented day-one gain was initially deferred for the period of 5 years being the average term of the acquired loans.

As at 31 December 2019 the bankruptcy procedure expected to be finalised by the end of 2020. In 2020 COVID-19 pandemic caused the overall slowdown of bankruptcy procedures leading to the shift of expected finalization to the end of 2021. As at 31 December 2020 the acquired loans amounted to RR 18,580,203 (including RR 4,875,725 of interest receivable on these loans) and recognised within Short-term investments (Note 4).

In 2020 part of loans issued was repaid and the Group started to participate in auctions to buy some of the assets of Solnechnye producty. An expected credit loss allowance for loans receivable in the amount of RR 4,804,688 was recognized because of the excess of gross carrying value of these loans as at 31 December 2020 over their collateral fair value mainly driven by the bankruptcy procedures terms' increase. The collateral fair value is represented by the fair value of the underlying rights of claim determined with reference to the assets pledged and other assets of the borrower / guarantors, taking into account bankruptcy procedure period and discount rate, applicable to distressed assets. The fair value of the production companies as part of the assets pledged was determined based on discounted cash flow calculations using the actual financial data and budgets of pledged Solnechnye producty production units covering a five-year period and the expected market prices for the key products for the same period according to the leading industry publications.

The assumptions used for the calculations to which the fair value is most sensitive were:

- WACC after-tax discount rate of 12.3%;
- Discount rate applicable to distressed assets of 20.3%.

If the revised estimated WACC after-tax discount rate applied to the discounted cash flows used in the valuation models of the loans acquired and discount rate applicable to distressed assets had been 1.0% higher than management's estimates, with all other assumptions held constant, the Group would need to increase the credit loss allowance by RR 1,990,099.

During the year ended 31 December 2021 the Group acquired on a public auction the key production assets of two oil extraction plants: OJSC Atkarskiy MEZ and LLC Volzhskiy Terminal and fat plant JSC Zhirovoj kombinat, subsidiaries of Solnechnye Producty, for total consideration of RR 28,202,943 (Note 12). These assets were pledged as a collateral for loans issued to Solnechnye Producty. After these asset acquisitions major part of corresponding loans issued were repaid. We assessed whether the assets acquired by the Group from Solnechnye Producty meet the definition of a business under IFRS 3. The Group acquired no processes or outputs in the transaction and, therefore the Group accounted for it as an acquisition of assets rather than a business combination.

As at 31 December 2021 the expected credit loss allowance for loans receivable in the amount of RR 4,804,688 recognized as at 31 December 2020 was reversed in full amount.

As at 31 December 2021 the acquired loans amounted to RR 1,591,805 (including RR 417,713 of interest receivable on these loans) and are recognised within Short-term investments (Note 4).

As at 31 December 2022 the acquired loans amounted to RR 698,563 (including RR 248,532 of interest receivable on these loans) and are recognised within Short-term investments (Note 4). Redemption of remaining loans issued is expected to be finalized by 30 June 2023.

As at 31 December 2022 and 31 December 2021 the day-one gain was fully realised.

In November 2015 the Group entered into a transaction with Vnesheconombank for the acquisition of debt (loans and bonds) of PJSC Group Razguliay and its subsidiaries (hereinafter – "Razguliay Group"). The total consideration for this acquisition amounted to RR 33,914,546 and was paid by the Group in cash. As at 31 December 2022 the debts were fully repaid.

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16. Borrowings (continued)

For the purpose of financing of this transaction, the Group raised a thirteen-year loan from Vnesheconombank in the amount of RR 33,914,546 at 1% per annum. The fair value of this loan at inception date was RR 13,900,000 determined using the effective interest rate of 13.23%. The loan is measured at amortized cost with an effective interest rate of 13.23%. The loan is secured by a thirteen-year deposit placed by the Group with Vnesheconombank in the amount of RR 13,900,000 (Note 11) at the interest rate of 12.84% per annum.

Maturity of long-term borrowings

	31 December 2022	31 December 2021
Fixed interest rate borrowings:		
2 years	10,379,185	9,963,539
3-5 years	25,308,270	26,737,172
More than 5 years	25,350,938	27,274,314
Total	**61,038,393**	**63,975,025**

For details of property, plant and equipment and biological assets pledged as collateral for the above borrowings see Note 10 and Note 12. For details of bank deposits pledged as collateral for the above borrowings refer to Notes 11.

Shares of several companies of the Group are pledged as collateral for the bank borrowings, as follows:

	Pledged shares, %	
	31 December 2022	**31 December 2021**
LLC Rusagro-Primorie	100.0	100.0
LLC Rusagro-Tambov	51.0	51.0

Reconciliation of liabilities arising from financing activities

The table below sets out an analysis of liabilities from financing activities and the movements in the Group's liabilities from financing activities for each of the periods presented. The items of these liabilities are those that are reported as financing in the consolidated statement of cash flows:

	Borrowings	Lease liabilities	Total liabilities from financing activities
As at 1 January 2021	**114,929,195**	**5,799,367**	**120,728,562**
Cash flows			
Proceeds from borrowings	107,856,022	-	107,856,022
Repayment of borrowings	(52,668,951)	(335,167)	(53,004,118)
Interest payments	(4,131,675)	(460,260)	(4,591,935)
Non-cash changes			
Foreign exchange adjustments	(661)	(5,144)	(5,805)
Other non-cash movements	6,739,935	1,667,049	8,406,984
As at 31 December 2021	**172,723,865**	**6,665,845**	**179,389,710**
Cash flows			
Proceeds from borrowings	151,465,684	-	151,465,684
Repayment of borrowings	(93,010,994)	(466,795)	(93,477,789)
Interest payments	(6,448,700)	(579,358)	(7,028,058)
Non-cash changes			
Other non-cash movements	8,660,052	330,657	8,990,709
As at 31 December 2022	**233,389,907**	**5,950,349**	**239,340,256**

(IN THOUSANDS OF RUSSIAN ROUBLES, UNLESS NOTED OTHERWISE)

16. Borrowings (continued)

For the purpose of conformity with the methodology of the Group's Net Debt calculation, cash flows from investing and financing activities in the Group management accounts are presented as follows:

	Year ended 31 December 2022		
	According to IFRS	**Reclassifications**	**Management accounts**
Cash flows from investing activities			
Purchases of property, plant and equipment	(11,718,704)	-	(11,718,704)
Purchases of inventories intended for construction	(254,665)	-	(254,665)
Change in cash on bank deposits	(58,841,928)	58,841,928	-
Proceeds from sales of bonds with maturity over three months	141,804	(141,804)	-
Purchases of associates	(96,134)	-	(96,134)
Purchases of loans issued	(24,866,023)	24,866,023	-
Loans repaid	15,504,119	(15,504,119)	-
Interest received	8,692,280	(8,692,280)	-
Other cash flows in investing activities	102,857	-	102,857
Net cash used in investing activities	**(71,336,394)**	**59,369,748**	**(11,966,646)**
Cash flows from financing activities			
Proceeds from borrowings	151,465,684	-	151,465,684
Repayment of borrowings	(93,010,994)	-	(93,010,994)
Change in cash on bank deposits	-	(58,841,928)	(58,841,928)
Purchases of bonds with maturity over three months	-	141,804	141,804
Purchases of loans issued	-	(24,866,023)	(24,866,023)
Loans repaid*	-	15,504,119	15,504,119
Interest and other finance cost paid	(7,028,058)	-	(7,028,058)
Interest received	-	8,692,280	8,692,280
Proceeds from government grants	1,837,714	-	1,837,714
Repayment of lease liabilities-principal	(466,795)	-	(466,795)
Other cash flows in financial activities	(119)	-	(119)
Net cash used in financing activities	**52,797,432**	**(59,369,748)**	**(6,572,316)**

	Year ended 31 December 2021		
	According to IFRS	**Reclassifications**	**Management accounts**
Cash flows from investing activities			
Purchases of property, plant and equipment	(42 029 048)	-	(42 029 048)
Purchases of inventories intended for construction	(476,322)	-	(476,322)
Change in cash on bank deposits	(18,000,000)	18,000,000	-
Proceeds from sales of bonds with maturity over three months	220,282	(220,282)	-
Purchases of associates	(102,000)	-	(102,000)
Purchases of other investments	(19,083)	-	(19,083)
Purchases of loans issued	(2,256,313)	2,256,313	-
Loans repaid	22,959,494	(22,959,494)	-
Interest received	8,786,038	(8,786,038)	-
Proceeds from sales of other assets	217,591	-	217,591
Other cash flows in investing activities	1,133,022	-	1,133,022
Net cash used in investing activities	**(29,566,339)**	**(11,709,501)**	**(41 275 840)**
Cash flows from financing activities			
Proceeds from borrowings	107,856,022	-	107,856,022
Repayment of borrowings	(52,668,951)	-	(52,668,951)
Change in cash on bank deposits	-	(18,000,000)	(18,000,000)
Purchases of bonds with maturity over three months	-	220,282	220,282
Purchases of loans issued	-	(2,256,313)	(2,256,313)
Loans repaid*	-	22,959,494	22,959,494
Dividends paid to owners Ros Agro PLC	(19,417,565)	-	(19,417,565)
Interest and other finance cost paid	(4,591,935)	-	(4,591,935)
Interest received	-	8,786,038	8,786,038
Proceeds from government grants	2,879,218	-	2,879,218
Repayment of lease liabilities-principal	(335,167)	-	(335,167)
Other cash flows in financial activities	(44,369)	-	(44,369)
Net cash used in financing activities	**33,677,253**	**11,709,501**	**45,386,754**

(IN THOUSANDS OF RUSSIAN ROUBLES, UNLESS NOTED OTHERWISE)

16. Borrowings (continued)

Net Debt*

As part of liquidity risk management, the Group Treasury analyses its net debt position. The Group management determines the Net Debt of the Group as outstanding long-term borrowings and short-term borrowings less cash and cash equivalents, all bank deposits, bonds held for trading and banks' promissory notes. The Group management compares net debt figure with Adjusted EBITDA (Note 30).

As at 31 December 2022 and 2021 the net debt of the Group was as follows:

	31 December 2022	31 December 2021
Long-term borrowings	61,038,393	63,975,025
Short-term borrowings	172,351,514	108,748,840
Cash and cash equivalents (Note 3)	(21,473,030)	(46,462,179)
Bank deposits within long-term investments (Note 11)	(14,071,101)	(14 071 101)
Bank deposits within short-term investments (Note 4)	(78,005,015)	(18,519,392)
Long-term bonds held for collect (Note 11)	(19,900,000)	(19,900,000)
Short-term bonds held for collect (Note 4)	(218,035)	(362,475)
Net debt*	**99,722,726**	**73,408,718**
including long-term Net debt	27,067,292	30,003,924
including short-term Net debt	72,655,434	43,404,794
Adjusted EBITDA* (Note 30)	**45,015,312**	**48,059,789**
Net debt/ Adjusted EBITDA*	**2.22**	**1.53**

** not an IFRS measure.*

17. Trade and other payables

	31 December 2022	31 December 2021
Trade accounts payable	11,703,258	9,940,834
Payables for property, plant and equipment	647,207	992,962
Other payables	251,057	289,123
Total financial liabilities within trade and other payables	**12,601,522**	**11,222,919**
Payables to employees	2,261,015	2,297,560
Advances received	2,161,935	1,920,156
Total trade and other payables	**17,024,472**	**15,440,635**

Financial liabilities within trade and other payables of RR 707,482 (31 December 2021: RR 283,332) are denominated in US Dollars, financial liabilities within trade and other payables of RR 1,283,073 (31 December 2021: RR 452,470) are denominated in Euros. All other financial liabilities within trade and other payables are denominated in Russian Roubles.

18. Other taxes payable

	31 December 2022	31 December 2021
Value added tax	6,613,703	6,813,191
Social contributions	1,304,764	323,299
Property tax	124,312	200,701
Personal income tax	54,232	74,732
Transport tax	7,902	5,936
Other	44,867	36,699
Total	**8,149,780**	**7,454,558**

(IN THOUSANDS OF RUSSIAN ROUBLES, UNLESS NOTED OTHERWISE)

19. Government grants

During 2021-2022 the Group received government grants from the Tambov and Belgorod regional governments and the Federal government in form of partial compensation of the investments into acquisition of equipment for agricultural business and sugar processing and the investments into reconstruction and modernisation of the pig-breeding farms and the slaughter house. The receipts of these grants in 2022 amounted to RR 317,097 (2021: RR 94,896). These grants are deferred and amortised on a straight-line basis over the expected lives of the related assets.

In 2021-2022 the Group obtained government grants for reimbursement of interest expenses on bank loans received for construction of the pig-breeding farms in the Far East and Tambov. The government grants related to interest expenses capitalised into the carrying value of assets, were similarly deferred and amortised on a straight-line basis over the expected lives of the related assets. The deferred government grants, related to capitalised interest expense, amounted to RR 2,184,110 (2021: RR 1,337,153).

The movements in deferred government grants in the consolidated statement of financial position were as follows:

	2022	**2021**
As at 1 January	9,325,530	8,536,899
Government grants received	2,501,207	1,432,023
Amortization of deferred income to match related depreciation (Note 24)	(673,526)	(643,392)
As at 31 December	**11,153,211**	**9,325,530**

Other bank loan interests, which had been refunded by the state, were credited to the consolidated statement of profit or loss and other comprehensive income and netted with the interest expense (Note 25).

Other government grants received are included in Note 24.

(IN THOUSANDS OF RUSSIAN ROUBLES, UNLESS NOTED OTHERWISE)

20. Sales

Disaggregation of revenue for 2022 by category:

	Sugar	Meat	Agriculture	Oil and Fat	Other	Elimination	Total
Type of goods and services							
Sales of goods	48,008,029	43,575,863	31,604,784	130,780,222	413,865	(18,298,960)	236,083,803
Transportation services	1,411,547	129,158	-	2,361,588	-	-	3,902,293
Other services	164,321	-	388,475	227,210	994,400	(1,530,251)	244,155
Total revenue from contracts with customers	**49,583,897**	**43,705,021**	**31,993,259**	**133,369,020**	**1,408,265**	**(19,829,211)**	**240,230,251**
Geographical market							
Russian Federation	46,955,887	37,604,933	30,341,787	72,303,453	529,985	(19,829,211)	167,906,834
Foreign countries	2,628,010	6,100,088	1,651,472	61,065,567	878,280	-	72,323,417
Total revenue from contracts with customers	**49,583,897**	**43,705,021**	**31,993,259**	**133,369,020**	**1,408,265**	**(19,829,211)**	**240,230,251**
Timing of revenue recognition							
Goods transferred at a point of time	48,008,029	43,575,863	31,604,784	130,780,222	413,865	(18,298,960)	236,083,803
Services transferred over time	1,575,868	129,158	388,475	2,588,798	994,400	(1,530,251)	4,146,448
Total revenue from contracts with customers	**49,583,897**	**43,705,021**	**31,993,259**	**133,369,020**	**1,408,265**	**(19,829,211)**	**240,230,251**

Disaggregation of revenue for 2021 by category:

	Sugar	Meat	Agriculture	Oil and Fat	Other	Elimination	Total
Type of goods and services							
Sales of goods	35,264,205	39,546,509	41,357,971	122,792,170	184,673	(20,180,780)	218,964,748
Transportation services	478,926	81,555	82,989	2,320,078	-	-	2,963,548
Other services	617,435	-	440,050	124,353	534,779	(712,474)	1,004,143
Total revenue from contracts with customers	**36,360,566**	**39,628,064**	**41,881,010**	**125,236,601**	**719,452**	**(20,893,254)**	**222,932,439**
Geographical market							
Russian Federation	32,669,135	33,564,924	40,733,440	70,665,620	576,872	(20,893,254)	157,316,737
Foreign countries	3,691,431	6,063,140	1,147,570	54,570,981	142,580	-	65,615,702
Total revenue from contracts with customers	**36,360,566**	**39,628,064**	**41,881,010**	**125,236,601**	**719,452**	**(20,893,254)**	**222,932,439**
Timing of revenue recognition							
Goods transferred at a point of time	35,264,205	39,546,509	41,357,971	122,792,170	184,673	(20,180,780)	218,964,748
Services transferred over time	1,096,361	81,555	523,039	2,444,431	534,779	(712,474)	3,967,691
Total revenue from contracts with customers	**36,360,566**	**39,628,064**	**41,881,010**	**125,236,601**	**719,452**	**(20,893,254)**	**222,932,439**

The transportation expenses related to Revenue from transportation services in the amount of RR 3,902,294 were recognised within Cost of sales (2021: RR 2,963,548).

(IN THOUSANDS OF RUSSIAN ROUBLES, UNLESS NOTED OTHERWISE)

21. Cost of sales

	2022	2021
Raw materials and consumables used	132,888,702	130,917,840
Services	15,955,923	14,267,005
Depreciation	13,892,469	12,181,199
Payroll	14,114,964	10,859,254
Purchases of goods for resale	4,445,375	3,129,999
Other	9,998,102	6,677,211
Lost harvest write-off (Note 10)	598,041	-
Depreciation of right-of-use assets	615,651	616,248
Purchase of biological assets	1,630,482	129,779
Change in work in progress, finished goods and goods for resale, biological assets	(9,703,663)	(9,530,254)
Total	**184,436,046**	**169,248,281**

"Change in work in progress, finished goods and goods for resale, biological assets" line above includes changes in balances of goods produced and goods purchased for resale, changes in work in progress and changes in biological assets excluding the effect of revaluation adjustments. This line also includes change in depreciation as included in work in progress, finished goods and biological assets in the amount of RR (1,634,893) (2021: RR (546,679)).

Payroll costs include salaries of RR 11,200,468 (2021: RR 9,011,596) and statutory pension contributions of RR 2,914,496 (2021: RR 1,847,658).

The average number of employees employed by the Group during the year ended 31 December 2022 was 19,786 (19,030 for the year ended 31 December 2021).

22. Distribution and selling expenses

	2022	2021
Transportation and loading services	7,021,283	3,857,111
Advertising	1,859,751	1,960,769
Payroll	1,713,156	1,718,304
Other services	1,853,874	773,172
Customs duties	3,445,432	550,318
Depreciation and amortization	395,960	219,171
Rent	1,185	172,035
Materials	48,275	162,713
Fuel and energy	166,350	130,437
Depreciation of right-of-use assets	26,111	34,847
Provision for impairment of receivables	571	25,226
Other	679,978	863,744
Change in selling and distribution expenses attributable to goods not sold	(359,965)	7,290
Total	**16,851,961**	**10,475,137**

Payroll costs include salaries of RR 1,354,795 (2021: RR 1,364,609) and statutory pension contributions of RR 358,361 (2021: RR 353,695).

(IN THOUSANDS OF RUSSIAN ROUBLES, UNLESS NOTED OTHERWISE)

23. General and administrative expenses

	2022	**2021**
Payroll	3,852,894	4,897,196
Depreciation	648,739	1,297,335
Services of professional organisations	1,663,338	1,263,971
Materials	104,499	760,384
Taxes, excluding income tax	772,256	627,768
Fuel and energy	43,294	257,048
Security	205,641	193,286
Rent	142,004	174,270
Depreciation of right-of-use assets	217,509	143,425
Bank services	362,458	135,729
Repair and maintenance	124,389	114,228
Insurance	84,898	92,674
Travelling expenses	62,634	90,071
Communication	62,997	40,884
Statutory audit fees	3,113	3,590
Other	720,449	884,039
Total	**9,071,112**	**10,975,898**

Payroll costs above include salaries of RR 3,152,492 (2021: RR 4,065,961) and statutory pension contributions of RR 700,402 (2021: RR 831,235).

24. Other operating (expenses)/income, net

	2022	**2021**
Reimbursement of operating expenses (government grants)	1,343,488	2,135,565
Realised deferred day-one gain (Note 16)	-	552,748
Operating foreign exchange (loss)/gain, net	(1,556,913)	170,355
Amortization of deferred income to match related depreciation (Note 19)	673,526	643,392
Gain/(loss) on disposal of property, plant and equipment and intangible assets	340,308	(4,424)
Charitable donations and social costs	(4,041,552)	(918,181)
Gain on other investments	397,362	754,538
Fines and penalties (payable)/receivable	(405,221)	60,238
Reverse of provisions/(provisions) for receivables, other liabilities and charges	302,087	(1,082,407)
Gain on SolPro loans redemption	563,487	605,233
Gain/(loss) on disposal of other assets	21,698	(256,144)
Gain/(loss) on sale of goods and materials, except for main products	31,656	(160,907)
Lost harvest write-off	-	(272,407)
Loss on implementation of work, services	(84,502)	(27,209)
Payroll	(3,021)	11,941
Other shortages and losses	-	28,742
Other	223,038	93,104
Total	**(2,194,559)**	**2,334,177**

Gain on other investments in 2022 is comprised of dividends received from LLC GK Agro-Belogorie in the amount of RR 397,362 (2021: RR 754,538).

(IN THOUSANDS OF RUSSIAN ROUBLES, UNLESS NOTED OTHERWISE)

24. Other operating (expenses)/ income, net (continued)

The Group management excludes the following components of Other operating income/(expenses) from Adjusted EBITDA calculation as non-recurring items (Note 30):

Non-recurring other operating adjustment

	2022	2021
Realised deferred day-one gain (Note 16)	-	552,748
Amortization of deferred income to match related depreciation (Note 19)	673,526	643,392
Operating foreign exchange (loss)/gain, net	(1,185,408)	170,355
Gain/(loss) on disposal of property, plant and equipment and intangible assets	340,308	(4,424)
Charitable donations and social costs	(4,041,552)	(918,181)
Gain on other investments	397,362	754,538
Fines and penalties payable/receivable	(405,221)	60,238
Gain on SolPro loans redemption	563,487	605,233
Gain/(loss) on disposal of other assets	21,698	(256,144)
Gain/(loss) on provisions for receivables, other liabilities and charges	302,087	(1,082,407)
Other	156,521	(72,295)
Total	**(3,177,192)**	**453,053**

25. Interest expense and other financial (expenses)/ income, net

Interest expense comprised of the following:

	2022	2021
Interest expense	20,783,744	10,566,994
Reimbursement of interest expense (government grants)	(12,918,554)	(5,068,003)
Interest expense, net	**7,865,190**	**5,498,991**

Other financial (expenses)/ income, net comprised of the following items:

	2022	2021
Foreign exchange loss, net	(11,509,923)	(111,001)
Interest expense on leases (Note 13)	(690,914)	(591,558)
Other finance income/ (costs), net	12,864	(2,797)
Other financial (expenses)/ income, net	**(12,187,973)**	**(705,356)**

26. Goodwill

	2022	2021
Carrying amount at 1 January	2,364,942	2,364,942
Carrying amount at 31 December	**2,364,942**	**2,364,942**

The carrying amount of goodwill is allocated to the following CGUs:

	31 December 2022	31 December 2021
Meat CGU	538,684	538,684
Oil Samara CGU	899,401	899,401
Agriculture Center CGU	199,276	199,276
Sugar CGU	502,083	502,083
Agriculture Primorie CGU	225,498	225,498
Total	**2,364,942**	**2,364,942**

(IN THOUSANDS OF RUSSIAN ROUBLES, UNLESS NOTED OTHERWISE)

26. Goodwill (continued)

Goodwill Impairment Test

The carrying amount of goodwill as at 31 December 2022 and 2021 was tested for impairment. The recoverable amount of the Group's cash-generating units has been determined based on a value-in-use calculation using cash flow projections based on financial budgets approved by the Group management covering a five-year period and the expected market prices for the Group's key products for the same period according to leading industry publications. Cash flows beyond the five-year period are projected with a long-term growth rate of 4% per annum (31 December 2021: 4% per annum).

The assumptions used for value-in-use calculations to which the recoverable amount is most sensitive were:

	EBITDA margin*		Pre-tax discount rate	
	2022	**2021**	**2022**	**2021**
Oil Samara CGU	14.8%-20.0%	10.7%-12.9%	16,87%	20,58%
Agriculture Center CGU	32.7%-36.15%	33.9%-44.5%	14.40%	11.91%
Sugar CGU	20.7%-26.7%	30.5%-32.7%	14.60%	12.18%
Agriculture Primorie CGU	17.7%-24.1%	26.2%-32.8%	14.44%	11.90%
Meat CGU	14.2%-16.9%	9.1%-20.1%	14.17%	9.36%

** EBITDA margin is calculated as the sum of operating cash flows before income tax and changes in working capital divided by the amount of cash flow received from trade customers.*

2022 and 2021

As a result of the testing, no impairment losses were recognised for the goodwill allocated to each CGU.

27. Income tax

	2022	**2021**
Current income tax charge	2,340,333	3,397,411
Deferred income tax charge / (credit)	(721,540)	124,733
Income tax expense	**1,618,793**	**3,522,144**

The Group companies domiciled in Russia were subject to an income tax rate of 20% (2021: 20%) of taxable profits, except for profit on sales of agricultural produce taxable at 0% (2021: 0%).

Group entities operating in other tax jurisdictions were taxed at 0% and 12.5% (2021: 0% and 12.5%).

The current income tax charge represents a tax accrual based on statutory taxable profits. A reconciliation between the expected and the actual taxation charge is as follows:

	2022	**2021**
Profit before income tax:	8,405,333	44,955,996
- taxable at 0%	2,670,974	36,439,999
- taxable at 12.5%	(401,372)	911,511
- taxable at 20%	6,135,731	7,604,486
Theoretical income tax (credit)/charge calculated at the applicable tax rate of 20% and 12.5% (2020: 20% and 12.5%)	1,176,975	1,634,836
- non-taxable income	(51,404)	(228,223)
- non-deductible expenses	733,296	582,857
Deferred income tax charge in respect of withholding income tax on dividends to be distributed	(186,170)	186,170
Withholding income tax on dividends distributed	-	262,599
Adjustments of income tax in respect of prior years and tax penalties	39,875	1,182,454
Effect of changes in the tax rates on the measurement of deferred tax assets and liabilities	(245,766)	-
Other	151,987	(98,549)
Income tax expense	**1,618,793**	**3,522,144**

(IN THOUSANDS OF RUSSIAN ROUBLES, UNLESS NOTED OTHERWISE)

27. Income tax (continued)

Differences between IFRS as adopted by IASB and local statutory taxation regulations give rise to certain temporary differences between the carrying value of certain assets and liabilities for financial reporting purposes and their tax bases. Deferred income taxes are attributable to the following:

	1 January 2022	Deferred income tax assets/ (liabilities) acquisition/ disposal	Deferred income tax credited/ (charged) to profit or loss	31 December 2022
Tax effects of deductible/ (taxable) temporary differences:				
Property, plant and equipment	(2,394,654)	230	(151,955)	(2,546,379)
Impairment of receivables	168,785	-	(65,283)	103,502
Payables	122,270	-	(70,267)	52,003
Financial assets	(776,832)	-	(508,264)	(1,285,096)
Inventory and biological assets	1,129,823	-	(483,946)	645,877
Borrowings	(1,901,985)	-	414,611	(1,487,374)
Tax loss carried-forwards	5,902,094	(19)	1,540,042	7,442,117
Lease liability	344,085	-	100,629	444,714
Right-of-use assets	(394,803)	-	(144,650)	(539,453)
Withholding income tax on dividends to be distributed	(186,170)	-	186,170	-
Other	946,411	-	(95,547)	850,864
Net deferred income tax asset/(liability)	**2,959,024**	**211**	**721,540**	**3,680,775**
Recognised deferred income tax assets	4,835,268			5,964,527
Recognised deferred income tax liabilities	(1,876,244)			(2,283,752)

	1 January 2021	Deferred income tax assets/ (liabilities) acquisition/ disposal	Deferred income tax credited/ (charged) to profit or loss	31 December 2021
Tax effects of deductible/ (taxable) temporary differences:				
Property, plant and equipment	(1,434,441)	(213)	(960,000)	(2,394,654)
Impairment of receivables	(545,708)	-	714,493	168,785
Payables	188,089	-	(65,819)	122,270
Financial assets	478,645	-	(1,255,477)	(776,832)
Inventory and biological assets	852,997	-	276,826	1,129,823
Borrowings	(2,301,061)	-	399,076	(1,901,985)
Tax loss carried-forwards	5,185,956	4,851	711,287	5,902,094
Lease liability	361,487	-	(17,402)	344,085
Right-of-use assets	(380,062)	-	(14,741)	(394,803)
Withholding income tax on dividends to be distributed	-	-	(186,170)	(186,170)
Other	673,217	-	273,194	946,411
Net deferred income tax asset/(liability)	**3,079,119**	**4,638**	**(124,733)**	**2,959,024**
Recognised deferred income tax assets	3,566,168			4,835,268
Recognised deferred income tax liabilities	(487,049)			(1,876,244)

(IN THOUSANDS OF RUSSIAN ROUBLES, UNLESS NOTED OTHERWISE)

27. Income tax (continued)

Starting from 1 January 2017 the amendments to the Russian tax legislation became effective in respect of tax loss carry-forwards. The amendments affect tax losses incurred and accumulated since 2007 that have not been utilised. The 10-year expiry period for tax loss carry-forwards no longer applies. The amendments also set limitation on utilisation of tax loss carry forwards that will apply during the period from 2017 to 2020, later this period was prolonged to 2024. The amount of losses that can be utilised each year during that period is limited to 50% of annual taxable profit.

In the context of the Group's current structure tax losses and current income tax assets of different companies may not be set off against taxable profits and current income tax liabilities of other companies and, accordingly, taxes may accrue even where there is a net consolidated tax loss. Therefore, deferred income tax assets and liabilities are offset only when they relate to the same taxable entity.

	31 December 2022	**31 December 2021**
Deferred income tax assets:		
- Deferred income tax assets to be recovered after more than 12 months	3,786,310	2,657,466
- Deferred income tax assets to be recovered within 12 months	2,178,217	2,177,802
	5,964,527	**4,835,268**
Deferred income tax liabilities:		
- Deferred income tax liabilities to be settled after more than 12 months	(2,031,724)	(1,649,258)
- Deferred income tax liabilities to be settled within 12 months	(252,028)	(226,986)
	(2,283,752)	**(1,876,244)**
Total net deferred income tax asset	**3,680,775**	**2,959,024**

Temporary differences associated with undistributed earnings of subsidiaries totalled RR 212,423,844 (2021: RR 185,184,106). No deferred income tax liability was recognised as the Group is able to control the timing of reversal of those temporary differences and it is probable that they will not reverse in the foreseeable future. For those temporary differences that will reverse in the foreseeable future correspondent deferred income tax liabilities was recognized in the amount of RR nil (2021: RR 186,170)

Refer to Note 32 "Contingencies" for description of tax risks and uncertainties.

28. Related party transactions

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

The Company does not have the ultimate controlling party in accordance with the definitions of control described in IFRS 10 "Consolidated financial statements".

Key management personnel

Share option incentive scheme

In 2017 the Group initiated a share option incentive scheme for its top-management. Under this scheme the employees were granted GDRs of the Company provided they remained in their position up to a specific date in the future. The amount of GDRs granted were dependent on the average market prices of GDRs for the period preceding this date. Vesting period of the scheme ended by 31 December 2019. No expenses or gains were recognized under the scheme for the years ended 31 December 2022 and 2021, no GDRs of the Company were transferred to the employees under the scheme in 2022 and 2021.

(IN THOUSANDS OF RUSSIAN ROUBLES, UNLESS NOTED OTHERWISE)

28. Related party transactions (continued)

As at 31 December 2022, the share-based payment reserve accumulated in equity as a result of the share-based payment transactions amounted to RR 1,313,691 (2021: RR 1,313,691).

Other remuneration to key management personnel

Remuneration to 11 (2021: 12) representatives of key management personnel, included in payroll costs, comprised short-term remuneration such as salaries, discretionary bonuses and other short-term benefits totalling RR 769,365 including RR 101,337 payable to the State Pension Fund (2021: RR 1,608,744 and RR 235,239 respectively).

The Company Directors' remuneration

Included in the share-based compensation and other remuneration to Company Directors disclosed above, are the Company Directors' fees, salaries and other short-term benefits totalling RR 9,994 including RR 64 payable to the State Pension Fund (2021: RR 1,187,689 and RR 156,339 respectively) for the year ended 31 December 2022.

Dividends paid to the Company Directors

During the year ended 31 December 2022 no dividends were paid to the Company Directors (2021: RR 1,478,145).

Loan agreements with the Key management personnel

No balances under the loan agreements with Key management personell existed at 31 December 2022 and 31 December 2021. Transactions under loan agreements with Key management personnel consist of the following:

Transactions	**31 December 2022**	**31 December 2021**
Operating foreign exchange differences (loss), net	-	(987)

Associates

Balances and transactions with associates are presented in the table below:

	31 December 2022	**31 December 2021**
Transactions		
Purchases of services	576	559
Purchases of goods	6,924	18,409

	31 December 2022	**31 December 2021**
Balances		
Other receivables from related parties, gross	51,513	51,513
Trade receivables from related parties, gross	509	509
Provision for impairment of trade receivables from related parties	(514)	(509)
Trade and other payables	(115)	(110)

(IN THOUSANDS OF RUSSIAN ROUBLES, UNLESS NOTED OTHERWISE)

29. Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year excluding the effect of GDRs purchased by the Company and held as treasury shares.

The Company has no significant dilutive potential ordinary shares; therefore, the diluted earnings per share equals the basic earnings per share.

	2022	2021
Profit for the year attributable to the Company's equity holders	6,763,338	41,477,865
Weighted average number of ordinary shares in issue	26,906,270	26,906,270
Basic and diluted earnings per share (RR per share)	**251.37**	**1 541.57**

30. Segment information

Operating segments are components that engage in business activities that may earn revenues or incur expenses, whose operating results are regularly reviewed by the chief operating decision maker (CODM) and for which discrete financial information is available. The CODM is a person or a group of persons who allocates resources and assesses the performance of the Group. The functions of CODM are performed by the Board of Directors of ROS AGRO PLC.

Description of products and services from which each reportable segment derives its revenue

The Group is organised on the basis of four main business segments:

- Sugar – processing of raw sugar and production of sugar from sugar-beet;
- Meat – cultivation of pigs and meat processing;
- Agriculture – agricultural production (cultivation of sugar-beet, grain and other agricultural crops);
- Oil and Fat – vegetable oil extraction and processing.

Certain of the Group's businesses are not included within the reportable operating segments, as they are not included in the reports provided to the CODM. The results of these operations are included in "Other" caption. The Company, JSC Rusagro Group and LLC Group of Companies Rusagro that represent the Group's head office and investment holding functions and earn revenue considered incidental to the Group's activities are included in "Other" caption.

There were no changes in approach to the identification and measurement of operating segment profit or loss, assets and liabilities.

Factors that management used to identify the reportable segments

The Group's segments are strategic business units that focus on different customers. They are managed separately because of the differences in the production processes, the nature of products produced and required marketing strategies.

Financial information reviewed by the CODM includes:

- Quarterly reports containing information about income and expenses by business units (segments) based on IFRS numbers, that may be adjusted to present the segments results as if the segments operated as independent business units and not as the division within the Group;
- Quarterly reports with a breakdown of separate material lines of IFRS consolidated statement of financial positions and IFRS consolidated statement of cash flows;

In addition to the main financial indicators, operating data (such as yield, production volumes, cost per unit, staff costs) and revenue data (volumes per type of product, market share) are also reviewed by the CODM on a quarterly basis.

(IN THOUSANDS OF RUSSIAN ROUBLES, UNLESS NOTED OTHERWISE)

30. Segment information (continued)

Measurement of operating segment profit or loss, assets and liabilities

The CODM assesses the performance of the operating segments based on the Adjusted EBITDA figure for the period. Adjusted EBITDA figure is not an IFRS measure. Adjusted EBITDA is reconciled to IFRS operating profit in this Note.

Adjusted EBITDA is defined as operating profit before taking into account:

- depreciation and amortisation;
- non-recurring other operating adjustment (Note 24);
- the difference between the gain on revaluation of biological assets and agricultural produce recognised in the year and the gain on initial recognition of agricultural produce attributable to realised agricultural produce for the year and revaluation of biological assets attributable to realised biological assets and included in cost of sales;
- share-based payment;
- provision/ (reversal of provision) for net realisable value of agricultural products in stocks;
- provision / (reversal of provision) for impairment of loans issued.

Transactions between operating segments are accounted for based on financial information of individual segments that represent separate legal entities.

Analysis of revenues by products and services

Each business segment except for the “Agriculture” and “Oil & Fat” segments is engaged in the production and sales of similar or related products (see above in this note). The “Agriculture” segment in addition to its main activity of growing and harvesting agricultural crops, was engaged in the cultivation of dairy cattle livestock until October, 2021 when assets of Rusagro-Moloko were sold to a third party. Related revenue from sales of milk and other livestock products was nil (2021: RR 116,611). The “Oil and Fat” segment in additional to its main activity of vegetable oil extraction and processing is engaged in the production of milk products, including dry milk textures and cheese products. Related revenue from milk products was RR 5,396,110 (2021: RR 4,866,075).

For the amount of revenue from services, which comprise mainly grain elevator services and processing of sugar beet for third party agricultural enterprises, see Note 20.

Geographical areas of operations

All the Group’s assets are located in the Russian Federation. Distribution of the Group’s sales between countries on the basis of the customers’ country of domicile was as follows:

	2022	**2021**
Russian Federation	167,906,834	157,316,737
Foreign countries	72,323,417	65,615,702
Total	**240,230,251**	**222,932,439**

Among key customers from foreign countries are Turkey, CIS countries, UAE, Switzerland, China.

Major customers

The Group has no customer or group of customers under common control who would account for more than 10% of the Group’s consolidated revenue.

(IN THOUSANDS OF RUSSIAN ROUBLES, UNLESS NOTED OTHERWISE)

30. Segment information (continued)

Information about reportable segment adjusted EBITDA, assets and liabilities

Segment information for the reportable segments' assets and liabilities as at 31 December 2022 and 2021 is set out below:

2022	Sugar	Meat	Agriculture	Oil and Fat	Other	Eliminations	Total
Assets	190,215,650	94,869,562	72,653,144	181,211,138	290,230,947	(396,353,752)	432,826,689
Liabilities	160,472,490	60,219,878	48,150,318	146,209,739	171,054,860	(307,942,211)	278,165,074
Additions to non-current assets*	1,246,656	10,006,962	4,445,878	4,320,164	50,297	-	20,069,957

2021	Sugar	Meat	Agriculture	Oil and Fat	Other	Eliminations	Total
Assets	110,264,224	86,800,384	68,869,840	127,096,588	255,378,779	(286,088,763)	362,321,052
Liabilities	89,631,913	56,471,863	40,321,089	85,525,732	135,978,028	(193,482,768)	214,445,857
Additions to non-current assets*	1,040,334	13,423,203	3,605,236	31,300,649	671,984	-	50,041,406

** Additions to non-current assets exclude additions to financial instruments, assets held for sale, goodwill and restricted cash.*

(IN THOUSANDS OF RUSSIAN ROUBLES, UNLESS NOTED OTHERWISE)

30. Segment information (continued)

Segment information for the reportable segments' adjusted EBITDA for the years ended 31 December 2022 and 2021 is set out below:

2022	**Sugar**	**Meat**	**Agriculture**	**Oil and Fat**	**Other**	**Eliminations**	**Total**
Sales (Note 20)	49,583,897	43,705,021	31,993,259	133,369,020	1,408,265	(19,829,211)	240,230,251
Net (loss) / gain on revaluation of biological assets and agricultural produce (Note 10)	-	(2,094,398)	(4,312,350)	-	-	(2,135,687)	(8,542,435)
Cost of sales (Note 21)	(29,643,242)	(44,149,262)	(20,485,426)	(109,950,614)	(961,422)	20,753,920	(184,436,046)
incl. Depreciation	*(2,271,228)*	*(4,951,716)*	*(1,695,446)*	*(3,761,053)*	*(18,175)*	*(175,609)*	*(12,873,227)*
Gross profit	**19,940,655**	**(2,538,639)**	**7,195,483**	**23,418,406**	**446,843**	**(1,210,978)**	**47,251,770**
Distribution and Selling, General and administrative expenses (Notes 22, 23)	(6,590,185)	(3,638,654)	(4,640,663)	(12,118,669)	(2,001,255)	3,066,353	(25,923,073)
incl. Depreciation and amortisation	*(62,973)*	*(39,905)*	*(496,419)*	*(781,207)*	*(83,424)*	*175,609*	*(1,288,319)*
Other operating income/(expenses), net (Note 24)	(294,339)	1,388,504	1,246,170	(2,158,484)	15,093,839	(17,470,249)	(2,194,559)
incl. Reimbursement of operating costs (government grants) (Note 24)	*157,532*	*417,824*	*445,978*	*322,154*	-	-	*1,343,488*
Incl. Non-recurring other operating adjustment) (Note 24)	*(304,560)*	*675,718*	*549,976*	*(2,266,102)*	*14,972,443*	*(16,804,668)*	*(3,177,193)*
Provision for impairment of loans issued	-	-	-	-	(74,356)	-	(74,356)
Operating profit	**13,056,131**	**(4,788,789)**	**3,800,990**	**9,141,253**	**13,465,071**	**(15,614,874)**	**19,059,782**
Adjustments:							
Depreciation and amortization included in Operating Profit	2,334,201	4,991,621	2,191,865	4,542,260	101,599	-	14,161,546
Non-recurring other operating adjustment (Note 24)	304,560	(675,718)	(549,976)	2,266,102	(14,972,443)	16,804,668	3,177,193
Net (loss)/ gain on revaluation of biological assets and agricultural produce	-	2,094,398	4,312,350	-	-	2,135,687	8,542,435
Provision for impairment of loans issued	-	-	-	-	74,356	-	74,356
Adjusted EBITDA*	**15,694,892**	**1,621,512**	**9,755,229**	**15,949,615**	**(1,331,417)**	**3,325,481**	**45,015,312**

** Non-IFRS measure*

(IN THOUSANDS OF RUSSIAN ROUBLES, UNLESS NOTED OTHERWISE)

30. Segment information (continued)

2021	Sugar	Meat	Agriculture	Oil and Fat	Other	Eliminations	Total
Sales (Note 20)	36,360,566	39,628,064	41,881,010	125,236,601	719,452	(20,893,254)	222,932,439
Net (loss) / gain on revaluation of biological assets and agricultural produce (Note 10)	-	(370,486)	2,609,949	-	-	1,169,846	3,409,309
Cost of sales (Note 21)	(26,850,141)	(33,744,934)	(18,773,771)	(108,855,523)	(371,867)	19,347,955	(169,248,281)
incl. Depreciation	*(2,766,162)*	*(3,965,508)*	*(2,547,072)*	*(2,877,234)*	*(9,186)*	*(85,607)*	*(12,250,769)*
Net loss from trading derivatives	-	(5)	-	-	-	-	(5)
Gross profit	**9,510,425**	**5,512,639**	**25,717,188**	**16,381,078**	**347,585**	**(375,453)**	**57,093,462**
Distribution and Selling, General and administrative expenses (Notes 22, 23)	(3,958,396)	(5,728,548)	(3,396,730)	(7,463,073)	(2,646,176)	1,741,888	(21,451,035)
incl. Depreciation and amortisation	*(72,862)*	*(910,976)*	*(357,854)*	*(348,591)*	*(90,102)*	*85,608*	*(1,694,777)*
Other operating income/(expenses), net (Note 24)	677,174	1,353,391	598,467	(726,058)	27,175,376	(26,744,173)	2,334,177
incl. Reimbursement of operating costs (government grants)	*576,559*	*516,862*	*546,424*	*495,720*	-	-	*2,135,565*
Incl. Non-recurring other operating adjustment) (Note 24)	*105,924*	*489,812*	*(37,563)*	*(1,368,049)*	*27,067,942*	*(25,805,013)*	*453,053*
Reversal of provision for impairment of loans issued	-	-	-	-	4,574,481	-	4,574,481
Operating profit	**6,229,203**	**1,137,482**	**22,918,925**	**8,191,947**	**29,451,266**	**(25,377,738)**	**42,551,085**
Adjustments:							
Depreciation and amortization included in Operating Profit	2,839,024	4,876,484	2,904,926	3,225,825	99,287	-	13,945,546
Non-recurring other operating adjustment (Note 24)	(105,924)	(489,812)	37,563	1,368,049	(27,067,942)	25,805,013	(453,053)
Net (loss)/ gain on revaluation of biological assets and agricultural produce	-	370,486	(2,609,949)	-	-	(1,169,846)	(3,409,309)
Reversal of provision for impairment of loans issued	-	-	-	-	(4,574,481)	-	(4,574,481)
Adjusted EBITDA*	**8,962,303**	**5,894,640**	**23,251,465**	**12,785,821**	**(2,091,869)**	**(742,571)**	**48,059,789**

** Non-IFRS measure*

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(IN THOUSANDS OF RUSSIAN ROUBLES, UNLESS NOTED OTHERWISE)

31. Financial risk management

Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including commodity price risk, foreign exchange risk, cash flow interest rate risk and fair value interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group does not use derivative financial instruments to hedge its risk exposure, except for foreign currency forward contracts.

Operating risk management is carried out on the level of the finance function of the Group's business segments with overall monitoring and control by management of the Group. The management is implementing principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest-rate risk, credit risk, use of non-derivative financial instruments, and investing excess liquidity.

Credit risk

The credit risk represents the risk of losses for the Group owing to default of counterparties on obligations to transfer to the Group cash and cash equivalents and other financial assets.

Activities of the Group that give rise to credit risk include granting loans, making sales to customers on credit terms, placing deposits with banks and performing other transactions with counterparties giving rise to financial assets.

The Group's maximum exposure to credit risk at the reporting date without taking account of any collateral held is as follows:

	31 December 2022	31 December 2021
Long-term financial assets		
Bonds held to collect (Note 11)	19,900,000	19,900,000
Bank deposits (Note 11)	14,071,101	14,071,101
Investments in third parties (Note 11)	8,556,556	8,556,556
Total long-term financial assets	**42,527,657**	**42,527,657**
Short-term financial assets		
Cash and cash equivalents (Note 3)	21,473,030	46,462,179
Bank deposits (Note 4)	78,005,015	18,519,392
Financial assets within trade and other receivables (Note 5)	22,924,251	12,000,318
Short-term loans issued (Note 4)	13,086,402	2,119,893
Interest receivable on long-term bonds held to collect (Note 4)	218,035	221,734
Bonds held to collect (Note 4)	-	140,741
Other short-term investments (Note 4)	73,084	-
Other current assets (Note 9)	4,126,715	47
Total short-term financial assets	**139,906,532**	**79,464,304**
Total	**182,434,189**	**121,991,961**

As at 31 December 2022 the Group has collateral against RR 189,553 of its trade receivables (31 December 2021: RR 56,176). The Group has geographical concentration of credit risk in the Russian market since the majority of the Group's customers conduct their business in the Russian Federation.

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31. Financial risk management (continued)

Credit risk grading system. For measuring credit risk and grading financial instruments by the amount of credit risk, the Group applies two approaches – an Internal Risk-Based (IRB) rating system or risk grades estimated by external international rating agencies (Standard & Poor's – "S&P", Fitch, Moody's). Internal and external credit ratings are mapped on an internally defined master scale with a specified range of probabilities of default as disclosed in the table below:

Master scale credit risk grade	Corresponding internal ratings	Corresponding ratings of external international rating agencies	Corresponding PD interval
Excellent	1 – 6	AAA to BB+	0.01% - 0.05%
Good	7 – 14	BB to B+	0.06% - 1%
Satisfactory	15 – 21	B, B-	1% - 5%
Special monitoring	22 – 25	CCC+ to CC-	6% - 99.9%
Default	26 – 30	C, D-I, D-II	100%

Each master scale credit risk grade is assigned a specific degree of creditworthiness:

- *Excellent* – strong credit quality with low expected credit risk;
- *Good* – adequate credit quality with a moderate credit risk;
- *Satisfactory* – moderate credit quality with a satisfactory credit risk;
- *Special monitoring* – facilities that require closer monitoring and remedial management; and
- *Default* – facilities in which a default has occurred.

The IRB system is designed internally, and ratings are estimated by management. Various credit-risk estimation techniques are used by the Group depending on the class of the asset. There are three commonly used types of such systems:

- *Model-based* – In this system, credit risk ratings are assigned by internally developed statistical models with the limited involvement of credit officers. Statistical models include qualitative and quantitative information that shows the best predictive power based on historical data on defaults.
- *Expert judgement-based* – In this system, credit risk ratings are assigned subjectively by experienced credit officers based on internally developed methodology and different qualitative and quantitative factors. This approach is based on expert methodology and judgements rather than on sophisticated statistical models.
- *Hybrid* – This rating system is a combination of the two systems above. It is developed by using historical data combined with expert input.

The Group applies IRB systems for measuring credit risk for the following financial assets: cash and cash equivalents, bank deposits, bonds held for trading.

The table below discloses the credit quality of cash and cash equivalents balances, bank deposits and other current assets based on credit risk grades at 31 December 2022.

	Cash and cash equivalents	Bank deposits	Other current assets	Total
- Excellent	20,971,890	92,076,116	4,126,715	117,174,721
- Good	501,140	-	-	501,140
Total cash and cash equivalents, bank deposits and other current assets	**21,473,030**	**92,076,116**	**4,126,715**	**117,675,861**

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31. Financial risk management (continued)

The table below discloses the credit quality of cash and cash equivalents balances, bank deposits and other current assets based on credit risk grades at 31 December 2021.

	Cash and cash equivalents	Bank deposits	Other current assets	Total
- Excellent	46,444,018	32,590,493	47	79,034,558
- Good	18,161	-	-	18,161
Total cash and cash equivalents, bank deposits and other current assets	**46,462,179**	**32,590,493**	**47**	**79,052,719**

The credit quality of cash and cash equivalents, bank deposits and restricted cash balances may be summarised as:

	31 December 2022			31 December 2021		
	Rating agency	**Rating**	**Balance**	**Rating agency**	**Rating**	**Balance**
Rosselkhozbank	AKRA	aa	43,405,801	Moody's	Ba1	9,090,345
Bank GPB	AKRA	aa+	23,039,829	S&P	bbb-	18,623,438
Alfa Bank	AKRA	aa+	18,536,137	Fitch Ratings	bbb-	34,216,104
Vnesheconombank	AKRA	aaa	14,071,101	S&P	bbb-	14,071,107
Evraziyskyi bank razvitiya	S&P	bbb-	6,896,313	S&P	bbb	-
Locko Bank	AKRA	bbb+	6,667,638	Fitch Ratings	bb-	-
JP Morgan	Fitch Ratings	aa-	3,868,562	Fitch Ratings	aa-	-
Credit Suisse	Fitch Ratings	bbb	486,390	Fitch Ratings	a-	16,821
Varengold	BCRA	bbb	239,801	BCRA	bbb-	2,984
Türkiye Emlak Katılım Bankası	Fitch Ratings	b-	157,002	Fitch Ratings	bb-	-
Bank of China	Fitch Ratings	a	129,050	S&P	a	195
Sberbank	AKRA	aaa	72,843	Fitch Ratings	bbb	3,014,725
Other	-	-	105,394	-	-	17,000
Total cash at bank, bank deposits, other current assets (Note 3,11,9)			**117,675,861**			**79,052,719**

Expected credit loss measurement. *Expected credit loss* is a probability-weighted estimate of the present value of future cash shortfalls. An expected credit loss measurement is unbiased and is determined by evaluating a range of possible outcomes. Expected credit loss measurement is based on four components used by the Group: Probability of Default, Exposure at Default, Loss Given Default and Discount Rate.

Exposure at Default is an estimate of exposure at a future default date, taking into account expected changes in the exposure after the reporting period, including repayments of principal and interest, and expected drawdowns on committed facilities.

- the borrower is more than 90 days past due on its contractual payments;
- international rating agencies have classified the borrower in the default rating class;
- the borrower meets the unlikeliness-to-pay criteria listed below:
  - the borrower is deceased;
  - the borrower is insolvent;
  - it is becoming likely that the borrower will enter bankruptcy.

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31. Financial risk management (continued)

Forward-looking information incorporated in the ECL models. The Group identified certain key economic variables that correlate with developments in credit risk and ECLs. As with any economic forecast, the projections and likelihoods of occurrence are subject to a high degree of inherent uncertainty, and therefore the actual outcomes may be significantly different to those projected. The Group considers these forecasts to represent its best estimate of the possible outcomes and has analysed the non-linearities and asymmetries within the Group's different portfolios to establish that the chosen scenarios are appropriately representative of the range of possible scenarios. The Group regularly reviews its methodology and assumptions to reduce any difference between the estimates and the actual loss of credit. Such backtesting is performed at least once a year.

The results of backtesting the ECL measurement methodology are communicated to Group Management and further steps for tuning models and assumptions are defined after discussions between authorised persons.

The Group did not recognise any expected credit loss allowance in respect of loans issued because of significant excess of its collateral value over the gross carrying value of these loans.

Neither past due nor impaired trade receivables relate to the customers who have a long-standing relationship with the Group and a sound trading history.

Concentrations of trade receivables by type of customer are as follows:

	31 December 2022	31 December 2021
Distribution and retail outlets	18,762,036	7,248,772
Manufacturers (candy, juice and other)	2,662,550	4,258,210
Other not categorised	718,249	40,524
Total trade receivables	**22,142,835**	**11,547,506**

The majority of the customers do not have independent ratings. To minimize the risk of default on payment of amounts due by counterparties for supplied goods or rendered services the Group regularly revises the maximum amount of credit and grace periods for each significant customer.

Financial assets that are impaired as at the reporting date

The table below shows the analysis of impaired financial assets:

	31 December 2022		31 December 2021	
	Nominal value	Impairment	Nominal Value	Impairment
Impaired receivables (Note 5):				
- trade receivables	686,936	(655,556)	1,777,388	(747,171)
- other receivables	45,863	(45,862)	95,204	(95,204)
Total	**732,799**	**(701,418)**	**1,872,592**	**(842,375)**

Financial assets are impaired when there is evidence that the Group will not receive the full amount due or receive the full amount later than contracted. Factors to consider include whether the receivable is past due, the age of the receivable and past experience with the counterparty.

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31. Financial risk management (continued)

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying businesses, Group Treasury aims to maintain flexibility in funding by keeping committed credit lines available. The Group Treasury analyses the net debt position as disclosed in Note 15.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date:

	Carrying	**Contractual undiscounted cash flows**				
At 31 December 2022	**value**	**Total**	**2023**	**2024**	**2025-2027**	**After 2027**
Borrowings (Note 16)						
- principal amount	231,023,385	253,415,439	170,953,826	9,151,639	24,670,987	48,638,987
- interest	2,366,522	24,164,803	4,420,267	2,340,379	4,073,823	13,330,334
Lease liabilities (Note 16)	5,950,349	8,634,660	698,812	685,967	1,876,811	5,373,070
Financial liabilities within trade and other payables (Note 17)	12,601,522	12,601,522	12,601,522	-	-	-
Total	**251,941,778**	**298,816,424**	**188,674,427**	**12,177,985**	**30,621,621**	**67,342,391**

	Carrying	**Contractual undiscounted cash flows**				
At 31 December 2021	**value**	**Total**	**2022**	**2023**	**2024-2026**	**After 2026**
Borrowings (Note 16)						
- principal amount	170,527,920	194,961,620	107,310,675	9,003,566	25,788,953	52,858,426
- interest	2,195,945	25,505,128	3,620,333	2,472,856	4,397,629	15,014,310
Lease liabilities (Note 16)	6,665,845	7,643,740	611,369	569,575	1,557,975	4,904,821
Financial liabilities within trade and other payables (Note 17)	11,222,919	11,222,919	11,222,919			
Total	**190,612,629**	**239,333,407**	**122,765,296**	**12,045,997**	**31,744,557**	**72,777,557**

The exchange rates used for calculating payments for bank borrowings denominated in currencies other than Russian Roubles:

	31 December 2022	**31 December 2021**
US Dollar	70.3375	74.2926
Euro	75.6553	84.0695

In addition, the Group has commitments as disclosed in Note 33.

Market risk

Market risk, associated with financial instruments, is the risk of change of fair value of financial instruments or the future cash flows expected on a financial instrument, owing to change in interest rates, exchange rates, prices for the commodities or other market indicators. From the risks listed above the Group is essentially exposed to the risks associated with changes in interest rates, exchange rates and commodity prices.

Cash flow and fair value interest rate risk

The Group's income and operating cash flows are exposed to changes in market interest rates. The Group's interest rate risk arises from short-term and long-term borrowings. Borrowings at variable rates expose the Group to cash flow interest rate risk. Borrowings at fixed rates expose the Group to fair value interest rate risk. The Group's policy is to maintain most of its borrowings in fixed rate instruments. The Group does not have formal policies and procedures in place for management of fair value interest rate risk.

31. Financial risk management (continued)

Interest rates under most of the Group's borrowings are fixed. However, the terms of the contracts stipulate the right of the creditor for a unilateral change of the interest rate (both increase and decrease), which can be based, among other triggers, on a decision of the CBRF to change the refinancing rate.

Bank deposits and loans issued bear fixed interest rate and therefore are not exposed to cash flow interest rate risk.

The Group analyses its interest rate exposure on a continuous basis. Various scenarios are considered taking into consideration refinancing, renewal of existing positions and alternative financing. Based on these scenarios, the Group calculates the impact on profit and loss of a defined interest rate shift. For each scenario, the same interest rate shift is used for all currencies. The scenarios are run only for liabilities that represent the major interest-bearing positions.

During the year ended 31 December 2022 and 31 December 2021 the Group was not exposed to the cash flow interest rate risk as all of the Group's borrowings had fixed rates.

Foreign exchange risk

As at 31 December 2022 and 2021, foreign exchange risk arises on cash in banks, short-term investments, trade and other receivables, borrowings and trade and other payables denominated in foreign currency (Notes 3, 4, 5, 16 and 17).

At 31 December 2022, if the Russian Rouble had weakened/strengthened by 30% (31 December 2021: 30%) against the US dollar with all other variables held constant, the Group's profit before taxation and equity would have been RR 9,423,378 (2021: RR 732,838) higher/lower.

At 31 December 2022 if the Russian Rouble had weakened/strengthened by 30% (31 December 2021: 30%) against the Euro with all other variables held constant, the Group's profit before taxation and equity would have been RR 3,409,008 (2021: RR 20,922) (2021: RR 20,922 lower/higher).

Purchase price risk

The Group is exposed to equity securities price risk arising on investments held by the Group and classified in the consolidated statement of financial position at fair value through other comprehensive income (Note 11). The Group does not manage its price risk arising from investments in equity securities.

Sales price risk

Changes in white sugar prices are closely related to changes in world raw sugar prices. The storage facilities of own sugar plants permit to build up stocks of white sugar to defer sales to more favourable price periods.

The Group is exposed to financial risks arising from changes in meat and crops prices (Note 10).

Fair value estimation

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, judgement is necessarily required to interpret market data to determine the estimated fair value. The Russian Federation continues to display some characteristics of an emerging market and economic conditions continue to limit the volume of activity in the financial markets. 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.

Financial assets carried at amortised cost

The fair value of floating rate instruments is normally their carrying amount. The estimated fair value of fixed interest rate instruments is based on estimated future cash flows expected to be received discounted at current interest rates for new instruments with similar credit risk and remaining maturity. Discount rates used depend on credit risk of the counterparty.

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31. Financial risk management (continued)

Liabilities carried at amortised cost

The fair value of floating rate instruments is normally their carrying amount. The estimated fair value of fixed interest rate instruments with stated maturity was estimated based on expected cash flows discounted at current interest rates for new instruments with similar credit risk and remaining maturity.

Fair values versus carrying amounts

As at 31 December 2022 and 2021, the carrying amounts of the Group's financial assets, except for Bank deposits and Bonds held to collect, approximated their fair values and comprise RR 84,529,174 (2021: RR 88,021,860).

As at 31 December 2022, the fair value of Bank deposits and Bonds held to collect, fair value of which is calculated for presentation purposes only using Level 2 inputs, is lower than their carrying amount by RR 204,303 (2021: fair value is higher than their carrying amount by RR 2,138,238).

Financial liabilities include loans and borrowings, fair value of which is calculated for presentation purposes only using Level 2 inputs. As at 31 December 2022, the fair value of loans and borrowings is lower than their carrying amount by RUB 409,635 (2021: RR 2,145,359).

Fair value of bonds held-for trading is derived from open active markets and is within level 1 of the fair value hierarchy.

The fair values in level 2 and level 3 of the fair value hierarchy were estimated using the discounted cash flows valuation technique. The fair value is based on discounting of cash flows using 12.5-16.3% (2021: 10.7-15.6%) discount rate.

The valuation technique, inputs used in the fair value measurement for level 3 measurements and related sensitivity to reasonably possible changes in those inputs in relation to the investment at fair value through other comprehensive income (Note 11) are as follows at 31 December 2022:

	Inputs used	Range of inputs (weighted average)	Reasonable change	Sensitivity of fair value measurement
Investment at FV through OCI				
	EBITDA Margin	14 – 21%	± 1%	± 519,724
	Terminal growth rate	4%	± 0.5%	± 77,521
	WACC	16.3%	± 0.5%	± 224,121

The valuation technique, inputs used in the fair value measurement for level 3 measurements and related sensitivity to reasonably possible changes in those inputs in relation to the investment at fair value through other comprehensive income (Note 11) are as follows at 31 December 2021:

	Inputs used	Range of inputs (weighted average)	Reasonable change	Sensitivity of fair value measurement
Investment at FV through OCI				
	EBITDA Margin	17 – 24%	± 1%	± 462,808
	Terminal growth rate	1.8%	± 0.5%	± 120,515
	WACC	15.6%	± 0.5%	± 225,302

Sensitivity of fair value to valuation inputs for financial assets and financial liabilities, if changing one or more of the unobservable inputs to reflect reasonably possible alternative assumptions would not be significant. For this purpose, significance was judged with respect to profit or loss, and total assets or total liabilities, or, when changes in fair value are recognised in other comprehensive income, total equity.

There were no changes in the valuation technique for level 3 recurring fair value measurements during the year ended 31 December 2022 (2021: none).

31. Financial risk management (continued)

Capital management

The primary objective of the Group's capital management is to maximize participants' return while sustaining a reasonable level of financial risks. The Group does not have a quantified target level of participants' return or capital ratios. To fulfil capital management objectives while providing for external financing of regular business operations and investment projects, the Group management compares expected return of these operations and projects with the costs of debt and maintains prudent financial risk management as described above.

The Group companies complied with all externally imposed capital requirements throughout 2022 and 2021.

32. Contingencies

Tax legislation

Russian tax and customs legislation which was enacted or substantively enacted at the end of the reporting period, is subject to varying interpretations when being applied to the transactions and activities of the Group. Consequently, tax positions taken by management and the formal documentation supporting the tax positions may be challenged tax authorities. Russian tax administration is gradually strengthening, including the fact that there is a higher risk of review of tax transactions without a clear business purpose or with tax incompliant counterparties. Fiscal periods remain open to review by the authorities in respect of taxes for three calendar years preceding the year when decisions about the review was made. Under certain circumstances reviews may cover longer periods.

Russian transfer pricing legislation is generally aligned with the international transfer pricing principles developed by the Organisation for Economic Cooperation and Development (OECD), with certain specific features. Transfer pricing legislation provides for the possibility of additional tax assessment for controlled transactions (transactions between related parties and certain transactions between unrelated parties) if such transactions are not on an arm's length basis. Management has implemented internal controls to be in compliance with current transfer pricing legislation.

Tax liabilities arising from controlled transactions are determined based on their actual transaction prices. It is possible, with the evolution of the interpretation of the transfer pricing rules, that such prices could be challenged. The impact of any such challenge cannot be reliably estimated; however, it may be significant to the financial position and/or the Group's operations.

Starting from 2015 new rules were put in place establishing when foreign entities can be viewed as managed from Russia and consequently can be deemed Russian tax residents. Russian tax residency means that such legal entity's worldwide income will be taxed in Russia.

The tax liabilities of the Group were determined on the assumption that the foreign companies of the Group were not subject to applicable Russian taxes, because they did not have a permanent establishment in Russia and were not Russian profit tax residents by way of application of the new tax residency rules. However, the Russian tax authorities may challenge this interpretation of relevant legislation in regard to the foreign companies of the Group. The impact of any such challenge cannot be reliably estimated currently; however, it may be significant to the financial position and/or the overall operations of the Group.

The Group's Management believes that its interpretation of the relevant legislation is appropriate, and the Group's tax and customs positions will be sustained. Accordingly, at 31 December 2022 no provision for potential tax liabilities had been recorded (2021: no provision). Management will vigorously defend the Group's positions and interpretations that were applied in determining taxes recognised in these consolidated financial statements if these are challenged by the authorities.

32. Contingencies (continued)

Social obligations

Some production companies of the Group have collective agreements signed with the employees. Based on these contracts the companies make social payments to the employees. The amounts payable are determined in each case separately and depend primarily on performance of the company. These payments do not satisfy the liability recognition criteria listed in IAS 19, “Employee Benefits”. Therefore, no liability for social obligations was recognised in these consolidated financial statements.

Legal proceedings

From time to time and in the normal course of business, claims against the Group may be received. On the basis of its own estimates, management is of the opinion that no material losses will be incurred in respect of claims.

There are no current legal proceedings or other claims outstanding which could have a material effect on the results of operations and financial position of the Group.

Operating environment of the Group

The uncertainties related to the operating environment of the Group are described in Note 1.

33. Commitments

Contractual capital expenditure commitments

As at 31 December 2022 the Group had outstanding contractual commitments in respect of purchases or construction of property, plant and equipment in the amount of RR 14,030,593 (31 December 2021 RR: 6,705,623).

34. Subsequent events

No subsequent events were identified.