PJSC “Polyus”

Consolidated financial statements
for the year ended 31 December 2022

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PJSC “POLYUS”

MANAGEMENT RESPONSIBILITY STATEMENT FOR THE PREPARATION AND APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

Management of PJSC “Polyus” are responsible for the preparation of the consolidated financial statements that present fairly the financial position of PJSC “Polyus” and its subsidiaries (the “group”) as of 31 December 2022, and the results of its operations, cash flows and changes in equity for the year then ended, in compliance with International Financial Reporting Standards (“IFRS”).

In preparing the consolidated financial statements, Management is responsible for:

- Properly selecting and applying accounting policies;
- Presenting information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- Compliance with the requirements of IFRS and providing additional disclosures when compliance with the specific requirements of IFRS are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the group’s consolidated financial position and financial performance; and
- Making an assessment of the group’s ability to continue as a going concern.

Management is also responsible for:

- Designing, implementing and maintaining an effective and sound system of internal controls, throughout the group;
- Maintaining adequate accounting records that are sufficient to show and explain the group’s transactions and disclose with reasonable accuracy at any time the consolidated financial position of the group, and which enable them to ensure that the consolidated financial statements of the group comply with IFRS;
- Maintaining statutory accounting records in compliance with legislation and accounting standards in the jurisdictions in which the group operates;
- Taking such steps as are reasonably available to them to safeguard the assets of the group; and
- Preventing and detecting fraud and other irregularities.

The consolidated financial statements of the group for the year ended 31 December 2022 were approved by Directors on 15 March 2023.

By order of the Management,

Vostokov A.A.
Chief Executive Officer

Kosarev S.I.
Director, Accounting and financial reporting
under the power of attorney
#76/Д-PZ dated 20.04.2022

Moscow, Russia
15 March 2023

ДЕЛОВЫЕ РЕШЕНИЯ И ТЕХНОЛОГИИ
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INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the consolidated financial statements of Public Joint Stock Company "Polyus" and its subsidiaries (the "group"), which comprise the consolidated statement of financial position as of 31 December 2022 and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the group as of 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 ("IFRSs").

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 Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the group in accordance with the Auditor's Independence Rules and the Auditor's Professional Ethics Code, that are relevant to our audit of the financial statements in the Russian Federation together with the ethical requirements of the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (the "IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with these requirements 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 Matter

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. The matter below was 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 this matter.

Why the matter was determined to be a key audit matter	How the matter was addressed in the audit
Recoverability of long-term ore stockpiles (Notes 3.12, 4.2.4 and 14) Long-term ore stockpiles are material to the group's consolidated financial statements and represent a significant portion of the group's inventories and total assets. As stated in the Note 14 to the consolidated financial statements, as at 31 December 2022 the long-term ore stockpile balance was USD 758 million (2021: USD 617 million). In accordance with the group's accounting policy, ore stockpiles are valued at the lower of average production costs per unit of ore mined and net realisable value. Determination of net realisable value of long-term ore stockpiles depends on management estimates of expected timing of processing, gold content, future gold prices, exchange rates and processing costs as well as selection of appropriate discount rate. During 2022, the group recognised write-down to net realisable value of long-term low-grade ore stockpiles of Natalka mine in the amount of USD 95 million and Blagodatnoye mine in the amount of USD 4 million (during 2021: nil). We consider this area to be a key audit matter due to its materiality and high level of professional judgement involved in assessing the reasonableness of management assumptions used to determine the carrying value of this balance, given the fact that there are alternative approaches to estimate net realizable value.	We obtained understanding of the group's internal processes and relevant controls relating to the measurement of ore stockpiles and the assessment of net realisable value. We have performed substantive analytical procedures on production cost of ore stockpiles. We assessed the overall methodology applied to determine the cost of inventory and compared the method used to industry practice. We have tested the methodology used in and the mathematical accuracy of the model prepared by the management of the group to verify the amount of recognised write-down to net realisable value of long-term ore stockpiles. To assess management's assumptions we have: • Reviewed approved life of mine plans and held discussions with operational and finance management to understand future plans to process ore stockpiles; • Challenged management's assumptions about forecast prices, exchange rates, and macroeconomic parameters included in the calculation of the discount rate, comparing them with long-term analyst estimates; • Critically assessed the reasonableness of management's forecasts of future processing costs and technical recovery assumptions by comparing them to current and historical operational results. Tested completeness and assessed the presentation of information in the financial statements in respect of accounting policy and estimation uncertainty related to valuation of inventory.

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 auditor's report thereon. The Annual report is expected to be made available to us after the date of this auditor's 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.

When we read the Annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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 IFRSs, 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.

Auditor's 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 auditor's 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 skepticism 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 auditor's 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 auditor's 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.

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 to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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 auditor's 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.

Tokarev Igor Valerievich
(ORNZ #21906100732),
Engagement partner,
General Director
AO "Business Solutions and Technologies"
(ORNZ #12006020384)

15 March 2023

CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 31 DECEMBER 2022

(in millions of US Dollars)

	Notes	Year ended 31 December 2022	Year ended 31 December 2021
Gold sales	5	4,172	4,904
Other sales		85	62
Total revenue		**4,257**	**4,966**
Cost of gold sales	6	(1,788)	(1,468)
Cost of other sales		(73)	(53)
Gross profit		**2,396**	**3,445**
Selling, general and administrative expenses	7	(400)	(334)
Other expenses	8	(98)	(152)
Operating profit		**1,898**	**2,959**
Finance costs	9	(179)	(209)
Interest income		32	14
Gain on acquisition of subsidiaries	25	16	-
Gain on revaluation of derivative financial instruments and investments	10	250	33
Foreign exchange loss		(110)	(39)
Profit before income tax		**1,907**	**2,758**
Income tax expense	11	(348)	(480)
Profit for the period		**1,559**	**2,278**
Profit / (loss) for the period attributable to:			
Shareholders of the Company		1,560	2,270
Non-controlling interests		(1)	8
		1,559	**2,278**
Weighted average number of ordinary shares '000			
- for basic earnings per share	17	135,354	134,927
- for diluted earnings per share	17	136,028	135,373
Earnings per share (US Dollar per share)			
- basic		11.53	16.82
- diluted		11.47	16.77

PJSC "POLYUS"

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022
(in millions of US Dollars)

	Year ended 31 December	
	2022	**2021**
Profit for the period	**1,559**	**2,278**
Other comprehensive income / (loss) for the period		
Items that may be subsequently reclassified to profit or loss:		
Effect of translation to presentation currency	223	(19)
Items that will not be subsequently reclassified to profit or loss		
Increase in other reserves	4	2
Other comprehensive income / (loss) for the period	**227**	**(17)**
Total comprehensive income for the period	**1,786**	**2,261**
Total comprehensive income for the period attributable to:		
Shareholders of the Company	1,783	2,252
Non-controlling interests	3	9
	1,786	**2,261**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2022
(in millions of US Dollars)

	Notes	31 Dec. 2022	31 Dec. 2021
Assets			
Non-current assets			
Intangible assets		191	161
Property, plant and equipment	12, 13	5,771	4,789
Inventories	14	806	633
Deferred tax assets	11	114	106
Derivative financial instruments and investments	18	330	47
Other receivables and non-current assets		28	25
		7,240	**5,761**
Current assets			
Inventories	14	1,006	633
Deferred expenditure		23	18
Derivative financial instruments and investments	18	61	-
Advances paid to suppliers and prepaid expenses	15	92	51
Trade and other receivables	15	46	42
Taxes receivable	15	139	147
Income tax prepaid		15	16
Cash and cash equivalents	16	1,317	1,343
		2,699	**2,250**
Total assets		**9,939**	**8,011**
Equity and liabilities			
Capital and reserves			
Share capital	17	5	5
Additional paid-in capital	17	2,390	2,411
Treasury shares	17	(133)	(226)
Translation reserve		(2,845)	(3,064)
Other revaluation reserve		6	2
Retained earnings		5,870	4,346
Equity attributable to shareholders of the Company		**5,293**	**3,474**
Non-controlling interests		10	25
		5,303	**3,499**
Non-current liabilities			
Borrowings	18, 13	3,173	2,765
Derivative financial instruments	18	72	290
Deferred tax liabilities	11	469	333
Site restoration, decommissioning and environmental obligations		58	62
Other non-current liabilities		39	47
		3,811	**3,497**
Current liabilities			
Borrowings	18, 13	348	507
Derivative financial instruments	18	-	1
Trade and other payables	19	378	391
Taxes other than income tax payable	19	91	94
Income tax payable		8	22
		825	**1,015**
Total liabilities		**4,636**	**4,512**
Total equity and liabilities		**9,939**	**8,011**

PJSC "POLYUS"

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022
(in millions of US Dollars)

			Equity attributable to shareholders of the Company								
	Notes	*Number of outstanding shares '000*	Share capital	Additional paid-in capital	Treasury shares	Other reserves	Translation reserve	Retained earnings	Total	Non-controlling interests	Total
Balance at 31 December 2020		**134,705**	**5**	**2,410**	**(288)**	**-**	**(3,044)**	**3,272**	**2,355**	**91**	**2,446**
Profit for the period		-	-	-	-	-	-	2,270	**2,270**	8	**2,278**
Other comprehensive income / (loss)		-	-	-	-	2	(20)	-	**(18)**	1	**(17)**
Total comprehensive income / (loss)		**-**	**-**	**-**	**-**	**2**	**(20)**	**2,270**	**2,252**	**9**	**2,261**
Equity-settled share-based compensation (LTIP), net of tax		-	-	35	-	-	-	-	**35**	-	**35**
Shares awarded under LTIP		*351*	-	(34)	74	-	-	(39)	**1**	-	**1**
Share buyback		*(62)*	-	-	(14)	-	-	14	**-**	-	**-**
Dividends declared to shareholders of the Company		-	-	-	-	-	-	(1,209)	**(1,209)**	-	**(1,209)**
Dividends declared to shareholders of non-controlling interests		-	-	-	-	-	-	-	**-**	(37)	**(37)**
Decrease of non-controlling interests due to change in the net assets of the subsidiary		-	-	-	-	-	-	38	**38**	(38)	**-**
Other		*11*	-	-	2	-	-	-	**2**	-	**2**
Balance at 31 December 2021		**135,005**	**5**	**2,411**	**(226)**	**2**	**(3,064)**	**4,346**	**3,474**	**25**	**3,499**
Balance at 1 January 2022		**135,005**	**5**	**2,411**	**(226)**	**2**	**(3,064)**	**4,346**	**3,474**	**25**	**3,499**
Profit / (loss) for the period		-	-	-	-	-	-	1,560	**1,560**	(1)	**1,559**
Other comprehensive income		-	-	-	-	4	219	-	**223**	4	**227**
Total comprehensive income		**-**	**-**	**-**	**-**	**4**	**219**	**1,560**	**1,783**	**3**	**1,786**
Equity-settled share-based compensation (LTIP), net of tax	17	-	-	27	-	-	-	-	**27**	-	**27**
Shares awarded under LTIP	17	*489*	-	(48)	101	-	-	(50)	**3**	-	**3**
Share buyback	17	*(70)*	-	-	(8)	-	-	-	**(8)**	-	**(8)**
Dividends declared to shareholders of non-controlling interests		-	-	-	-	-	-	-	**-**	(4)	**(4)**
Other		-	-	-	-	-	-	14	**14**	(14)	**-**
Balance at 31 December 2022		***135,424***	**5**	**2,390**	**(133)**	**6**	**(2,845)**	**5,870**	**5,293**	**10**	**5,303**

PJSC "POLYUS"

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2022
(in millions of US Dollars)

	Notes	Year ended 31 December 2022	2021
Operating activities			
Profit before income tax		**1,907**	**2,758**
Adjustments for:			
Finance costs	9	179	209
Interest income		(32)	(14)
Gain on acquisition of subsidiaries	25	(16)	-
Gain on revaluation of derivative financial instruments and investments	10	(250)	(33)
Depreciation and amortisation		449	358
Foreign exchange loss		110	39
Other		121	51
		2,468	**3,368**
Movements in working capital			
Inventories		(391)	(96)
Deferred expenditure		6	-
Trade and other receivables		15	82
Advances paid to suppliers and prepaid expenses		(24)	(23)
Taxes receivable		24	(21)
Trade and other payables and accrued expenses		34	43
Taxes other than income tax payable		(17)	(16)
Cash flows from operations		**2,115**	**3,337**
Income tax paid		(234)	(401)
Net cash generated by operating activities		**1,881**	**2,936**
Investing activities[1]			
Purchase of property, plant and equipment and intangible assets		(1,355)	(1,130)
Acquisition of subsidiaries, net of cash acquired	25	(143)	-
Interest received		24	15
Loans issued		(440)	(24)
Other		14	1
Net cash utilised in investing activities		**(1,900)**	**(1,138)**
Financing activities[1]			
Proceeds from borrowings	18	665	700
Repayment of borrowings	18	(509)	(1,011)
Interest paid		(197)	(198)
Commissions paid on borrowings		(2)	(5)
Payments of lease liability		(20)	(16)
Net proceeds on exchange of interest payments under cross currency swaps	9	56	17
Net payment on exchange of interest payments under interest rate swaps	9	-	(3)
Proceeds from termination of cross-currency swaps	18	24	-
Payments on expiration of cross-currency swaps		-	(47)
Payments on termination of interest rate swaps	18	-	(6)
Increase of ownership in subsidiaries		-	(24)
Payment for share buyback	17	(8)	(32)
Dividends paid to shareholders of the Company	17	-	(1,236)
Dividends paid to shareholders of non-controlling interests		(3)	(32)
Net cash generated by / (utilised in) financing activities		**6**	**(1,893)**
Net decrease in cash and cash equivalents		**(13)**	**(95)**
Cash and cash equivalents at the beginning of the period	16	**1,343**	**1,445**
Effect of foreign exchange rate changes on cash and cash equivalents		(13)	(7)
Cash and cash equivalents at the end of the period	16	**1,317**	**1,343**

[1] Significant non-cash transactions relating to investing (right-of-use assets recognition and LTIP payments in treasury shares) and financing activities (lease liabilities recognition) are disclosed in the notes 13 and 17 to these consolidated financial statements.

1. GENERAL

Public Joint Stock Company Polyus (the "Company" or "Polyus") was incorporated in Moscow, Russian Federation, on 17 March 2006.

The principal activities of the Company and its controlled entities (the "group") are the extraction, refining and sale of gold. The mining and processing facilities of the group are located in the Krasnoyarsk, Irkutsk, Magadan regions and the Sakha Republic of the Russian Federation. The group also performs research and exploration works. Further details regarding the nature of the business of the significant subsidiaries of the group are presented in note 25.

The shares of the Company are "level one" listed on the Moscow Exchange. Global depository shares ("GDSs") each representing interest in ½ of an ordinary share in the Company are traded on the main market for listed securities of the London Stock Exchange plc ("LSE"). As of 31 December 2022, there was no controlling shareholder and ultimate controlling party of the Company (as of 31 December 2021: Polyus Gold International Limited ("PGIL"), a company registered in Jersey, (most senior parent - Wandle Holdings Limited, a company registered in Cyprus), and Mr. Said Kerimov, respectively). As of 31 December 2022, the major shareholders of the Company were as follows: IJSC Wandle Holdings Limited (whose 100% owner is Fund for support of Islamic foundations) directly owned 46.35% of the Company's shares and Akropol Group Ltd (whose 99% owner is Mr. Akhmet Palankoyev) directly owned 29.99% of the Company's shares.

2. BASIS OF PREPARATION AND PRESENTATION

2.1. Going concern

In assessing the appropriateness of the going concern assumption, management has taken account of the group's financial position, expected future trading performance, its borrowings, available credit facilities and its capital expenditure commitments, expectations of the future gold price, currency exchange rates and other risks facing the group. After making appropriate enquiries, management considers that the group has adequate resources to continue in operational existence for at least the next 12 months from the date of signing these consolidated financial statements and that it is appropriate to adopt the going concern basis in preparing these consolidated financial statements.

2.2. Compliance with the International Financial Reporting Standards ("IFRS")

The consolidated financial statements have been prepared in accordance with IFRS as issued by the International Accounting Standards Board ("IASB"). IFRS include the standards and interpretations approved by the IASB including IFRS, International Accounting Standards ("IAS") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

2.3. Basis of presentation

The entities of the group maintain their accounting records in accordance with the laws, accounting and reporting regulations of the jurisdiction in which they are incorporated and registered. The accounting principles and financial reporting procedures in these jurisdictions may differ substantially from those generally accepted under IFRS. Accordingly, such financial information has been adjusted to ensure that the consolidated financial statements are presented in accordance with IFRS.

The consolidated financial statements of the group are prepared on the historical cost basis, except for derivative financial instruments and certain trade receivables, which are accounted for at fair value, as explained in the accounting policies below.

(in millions of US Dollars)

2.4. IFRS standards and amendments first time applied in 2022

The following is a list of new or amended IFRS standards and interpretations that have been applied by the group in these consolidated financial statements:

Title	Subject	Effective for annual periods beginning on or after	Effect on the condensed consolidated interim financial statements
Amendment to IFRS 3	Updates of references to or from the Conceptual Frameworks to the IFRS standards	1 January 2022	No effect
Amendment to IAS 16	Proceeds before Intended Use	1 January 2022	No effect
Amendment to IFRS 1	Subsidiary as a first-time adopter	1 January 2022	No effect
Amendment to IAS 41	Taxation in fair value measurements	1 January 2022	No effect
Amendment to IAS 37	Onerous Contracts—Cost of Fulfilling a Contract	1 January 2022	No effect
Amendment to IFRS 9	Fees in the ‘10 per cent’ test for derecognition of financial liabilities	1 January 2022	No effect

2.5. IFRS standards and amendments to be applied after 2022

The following standards and interpretations, which have not been applied in these consolidated financial statements, were in issue but not yet effective:

Title	Subject	Effective for annual periods beginning on or after	Effect on the condensed consolidated interim financial statements
IFRS 17	Insurance contracts	1 January 2023	No effect
Amendments to IFRS 17	Insurance contracts	1 January 2023	No effect
Amendment to IAS 8	Definition of Accounting Estimates	1 January 2023	No effect
Amendment to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023	No effect
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies	1 January 2023	No effect
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback	1 January 2024	No effect
Amendments to IAS 1	Classification of Liabilities as Current or Non-Current; Non-current Liabilities with Covenants	1 January 2024	No effect

3. SIGNIFICANT ACCOUNTING POLICIES

3.1. Basis of consolidation

Subsidiaries

The consolidated financial statements of the group incorporate the financial statements of the Company and all its subsidiaries, from the date that control effectively commenced until the date that control effectively ceased. Control is achieved where the Company has the power over the investee, exposure or rights to variable returns from its involvement with the investee and the ability to use its power to affect its returns. The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control defined above. Subsidiaries are included in the consolidated financial results of the Company from the effective date of acquisition up to the effective date of loss of control.

For non-wholly owned, controlled subsidiaries, the net assets attributable to outside equity shareholders are presented as non-controlling interests in the equity section of the consolidated statement of financial position. The non-controlling interest may initially be measured either at fair value or at the non-controlling interest’s proportionate share of the fair value of the subsidiary’s identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis.

All intra-group balances, transactions and any unrealised profits or losses arising from intra-group transactions are eliminated on consolidation.

Functional currency

The functional currency of the Company and all the subsidiaries of the group is the Russian Rouble ("RUB").

3.2. Presentation currency

The group presents its consolidated financial statements in the US Dollar ("USD"), as management believes it is a more convenient presentation currency for international users of the consolidated financial statements of the group as it is a common presentation currency in the mining industry. The translation of the financial statements of the group entities from their functional currencies to the presentation currency is performed as follows:

- All assets and liabilities are translated at closing exchange rates at each reporting date;
- All income and expenses are translated at the monthly average exchange rates, except for revenue and significant transactions that are translated at rates on the date of such transactions;
- Resulting exchange differences are included in the *Translation reserve* in equity (on disposal of such entities this *Translation reserve* is reclassified into the consolidated statement of profit or loss); and
- In the consolidated statement of cash flows, cash balances at the beginning and end of each reporting period presented are translated at exchange rates at the respective dates. All cash flows are translated at the monthly average exchange rates, except for significant transactions that are translated at rates on the date of such transactions.

As of 31 December 2022, year-end RUB/ US Dollar exchange rate used in the preparation of the consolidated financial statements was 70.34 (31 December 2021: 74.29).

3.3. Foreign currencies

Transactions not denominated in RUB (functional currency of the Company and all the subsidiaries of the group) are recorded at the exchange rate prevailing on the date of the transactions. All monetary assets and liabilities not denominated in RUB are translated at the exchange rates prevailing at the reporting date. Non-monetary items carried at historical cost are translated at the exchange rate prevailing on the date of the transaction.

3.4. Revenue

The group entity recognises revenue when or as a performance obligation is satisfied, i.e. when control of the goods or services underlying the particular performance obligation is transferred to the customer.

Refined gold sales

The group recognises revenue from refined gold sales upon physical shipment of gold from the refinery plant to customers or upon receipt of full payment for refined gold which has already been delivered to the place of destination depending on terms specified in contracts with customers. Gold price is based on prevailing spot market metal prices. Cash payments are received in advance or within several days after sale.

Gold-antimony and gold flotation concentrates sales

The group has a number of sales contracts for gold flotation concentrates, which contain provisional pricing terms depending on quantity and price. Revenue from sales of gold flotation concentrates is recognised upon shipments from the railroad stations, seaports or group's warehouses depending on the date of passing the title as per contracts with customers.

Revenue from sales of gold within gold flotation concentrates is recognised in *Gold in flotation concentrate* sales within *Gold sales*. The sale proceeds from sale of antimony contained in the gold-antimony flotation concentrate is treated as by-product sales and recognised as a decrease to *cost of gold sales*.

Final cash payments are received within several months after the shipment.

The adjustment to the quantity of gold in gold flotation concentrates delivered is treated as a variable consideration, thus completely recognised in *Gold in flotation concentrate sales* within *Gold sales*.

The adjustment to the gold price depends on gold market prices, therefore represents a sales contract with an embedded derivative. The embedded derivative relates to the trade receivables and fails the "solely payments of principal and interest" test under IFRS 9, thus such trade receivables are recognised and measured at fair value through profit or loss (FVTPL). The revaluation result is presented within *Other expenses*.

Other revenue

Other revenue comprises mainly sales of electricity and materials and supplies. Revenue from sales is recognised when a contract exists, delivery has taken place, a quantifiable price has been established or can be determined and the receivables are likely to be recovered. Delivery takes place when the risks and benefits associated with ownership are transferred to the buyer.

3.5. Income tax

The income tax expense or benefit for the period consists of two components: current and deferred. Income tax expense is recognised in the consolidated statement of profit or loss except to the extent it relates to a business combination or items recognised directly in the consolidated statement of changes in equity (the group does not have any significant amounts of income tax recognised directly in the consolidated statement of changes in equity).

Current tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the group operates and generates taxable income.

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements of the separate legal entities and the corresponding tax bases used in the computation of taxable profit and are accounted for using the balance sheet liability method.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are not recognised for taxable temporary differences associated with investments in subsidiaries because the group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set-off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the group intends to settle its current tax assets and liabilities on a net basis.

(in millions of US Dollars)

3.6. Dividends

Dividends and related taxation thereon are recognised as a liability in the period in which they have been declared and become legally payable.

Retained earnings legally distributable by the Company are based on the amounts available for distribution in accordance with the applicable legislation and as reflected in the statutory financial statements of the individual subsidiaries of the group. These amounts may differ significantly from the amounts calculated on the basis of IFRS.

3.7. Intangible assets

Intangible assets are carried at cost less accumulated amortisation and impairment losses.

Intangible assets with a finite useful life are amortised on a straight-line basis over the estimated economic useful life of the asset. The amortisation of such intangible assets is included in *Cost of sales* or *Selling, general and administrative* expenses based on whether intangible asset is used in operating activities or not. Intangible assets with an infinite useful life are not amortised.

The remaining useful lives of the group’s intangible assets are from 1 to 15 years.

The group applies IAS 36 *Impairment of Assets* to determine whether an intangible asset is impaired and accounts for any identified impairment loss when incurred.

3.8. Property, plant and equipment

Fixed assets

Fixed assets are recorded at cost less accumulated depreciation. Fixed assets include the cost of acquiring and developing mining properties, pre-production expenditure and mine infrastructure, processing plant, mineral rights and mining and exploration licences and the present value of future mine closure, rehabilitation and decommissioning costs.

Fixed assets are amortised on a straight-line basis over the estimated economic useful life of the asset, or the remaining life-of-mine in accordance with the mine operating plans (MOPs), whichever is shorter.

Depreciation is charged from the date a new mine reaches commercial production quantities and is included in the *Cost of sales*, *Selling, general and administrative expenses* or *Stripping activity assets* accordingly. The estimated remaining useful lives of the group’s significant mines and processing facilities based on the MOPs are as follows:

Olimpiada	12 years
Blagodatnoye	15 years
Verninskoye	14 years
Kuranakh	18 years
Natalka	26 years

Stripping activity asset

The group incurs stripping costs during the production phases of its surface mining operations.

The group identifies separate components towards which the stripping costs are incurred for the ore bodies in each of its mines. An identifiable component is a specific volume of the ore body that is made more accessible by the stripping activity. For the purposes of identification of separate components the group uses MOPs. Each discrete stage of mining identified in a MOP is considered as a unit of account. If the MOP identifies several discrete stages which are scheduled to be mined consecutively (one after the another) or located in the different parts of the mine, these stages are identified as components.

The group uses an allocation basis that compares volume of waste extracted with expected volume, for a given volume of ore production in the period for the identified component of the ore body to determine if stripping costs are to be allocated to stripping activity asset or the cost of inventory.

The stripping activity asset is initially measured at cost, which is the accumulation of costs directly incurred to perform the stripping activity that improves access to the identified component of the ore body, plus an allocation of directly attributable overhead costs.

After initial recognition the stripping activity asset is carried at cost less depreciation using unit-of production method based on ore extracted and any impairment losses.

Capital construction in progress and equipment not installed

Assets under construction at operating mines are accounted for as capital construction in progress. When the capital construction in progress is completed and in a condition necessary to be capable of operating in the manner intended by management, the objects are reclassified to fixed assets. Capital construction in progress is not depreciated. Equipment not installed is equipment that requires additional installation or assembly costs to be capable of operating in the manner intended by management. After incurring these costs, such equipment is reclassified to fixed assets.

Exploration and evaluation assets

Exploration and evaluation expenditure is capitalised when the exploration and evaluation activities have not reached a stage that permits a reasonable assessment of the existence of commercially recoverable gold resources. When the technical feasibility and commercial viability of extracting a gold resource are demonstrable and a decision has been made to develop the mine, capitalised exploration and evaluation assets are reclassified to *Mine under development or Fixed assets*.

3.9. Impairment of property, plant and equipment

Property, plant and equipment items are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets, which is generally at the individual mine level. An impairment review of property, plant and equipment items is carried out when there is an indication that those assets have suffered an impairment loss. There were no such indicators during 2022 and 2021.

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. The following facts and circumstances, among others, indicate that exploration and evaluation assets must be tested for impairment:

- The term of the exploration licence in the specific area has expired during the reporting period or will expire in the near future, and is not expected to be renewed;
- Substantive expenditure on further exploration for and evaluation of gold resources in the specific area is neither budgeted nor planned;
- Exploration for and evaluation of gold resources in the specific area have not led to the discovery of commercially viable quantities of gold resources and the decision was made to discontinue such activities in the specific area; and
- Sufficient data exists to indicate that, although a development in the specific area is likely to occur, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

3.10. Leases

The group assesses all contracts whether they contain leases and recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee except for short-term leases and leases of low value assets.

The lease liability is initially measured at the present value of the lease payments discounted by using the rate implicit in the lease or incremental borrowing rate.

The lease liability is subsequently measured at amortised cost using the effective interest method and presented within *Borrowings* in the consolidated statement of financial position.

The group excludes the following lease agreements from the measurement of lease liabilities and accounts lease payments associated with those leases as an expense:

- With variable lease payments that do not depend on index or a rate; and
- Those to explore for or use minerals and similar non-regenerative resources.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, any lease payments made at or before the commencement date less any incentives received, any initial direct costs incurred and an estimate of decommissioning costs. The right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated on a straight-line basis over the shorter period of lease term and useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented within *Property, Plant and Equipment* in the consolidated statement of financial position.

The group applies IAS 36 *Impairment of Assets* to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss when incurred.

3.11. Financial instruments

Financial assets and financial liabilities are initially recognised at fair value when the group becomes a party to the contractual provisions of the instruments.

The group subsequently measures its financial instruments as follows:

- Trade receivables for gold flotation concentrates, derivatives – at FVTPL with effect of fair value change presented within note 10;
- Borrowings, cash and cash equivalents, trade and other receivables (except for those at FVTPL), loans receivable, trade and other payables – at amortised cost using the effective interest method.

The group neither applies hedge accounting nor has any financial instruments measured at fair value through other comprehensive income.

Trade receivables for gold flotation concentrates

Accounting of trade receivables for gold flotation concentrates is disclosed in 3.4 *Revenue*.

Derivatives

The group enters into a variety of derivative financial instruments to manage its exposure to interest rate, foreign exchange rate risk and risk of volatility in the gold price.

Derivatives are carried at fair value through profit or loss. Changes in the fair value of the derivative financial instruments are recognised within *Gain on revaluation of derivative financial instruments and investments* of the consolidated statement of profit or loss. Gain or loss on the exchange of interest payments under cross-currency and interest rate swaps are recognised within *Finance costs*.

Borrowings

Borrowings (consisting of bonds issued, bank loans and lease liabilities) are initially recognised at fair value adjusted for directly attributable transaction costs and are subsequently accounted at amortised cost using the effective interest method.

Amortisation under the effective interest method (interest expense) and gains or losses on de-recognition or debt modification are recognised as profit or loss in the consolidated statement of income within *Finance costs*.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances, cash deposits and highly liquid investments which are:

- Readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value; or
- With original maturities of three months or less.

Impairment of financial assets

Cash and cash equivalents and loans receivable that are determined to have a low credit risk at the reporting date and for which credit risk has not increased significantly since initial recognition, are measured based on 12-month expected credit loss (ECL). In assessing whether the credit risk on a financial asset has increased significantly since initial recognition, the group compares the risk of a default occurring on the financial asset at the reporting date with the risk of a default occurring on the financial asset at the date of initial recognition. In making this assessment, the group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

Lifetime ECL's that result from all possible default events are recognised in respect of other financial assets measured at amortised cost.

The expected credit losses on these financial assets are estimated at each reporting date based on the group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

Fair value

Accounting standards require that the fair value of financial instruments reflects their credit quality, and also changes in credit quality where there is evidence that this has occurred. The credit risk associated with the group's derivative financial instruments is reflected in its derivative valuations. This credit factor is adjusted over time to reflect the reducing tenor of the instrument and is updated where the credit risk associated with the derivative has clearly changed based on market transactions and prices.

3.12. Inventories

Refined gold, ore stockpiles and gold-in-process

Stockpiles are valued at the lower of the average production costs per unit of ore mined and net realisable value. Gold-in-process, refined gold and gold in flotation concentrate are valued at the lower of the average production costs per recoverable gold and net realisable value. Costs are assigned to individual items of inventory on a weighted average cost basis.

Net realisable value of long-term stockpiles is estimated in real terms by calculating the selling price less all costs still to be incurred in converting the relevant inventory to saleable product, and delivering it to the customer, subject to an applicable discount factor. The selling price is estimated using long-term consensus gold price forecasts, multiplied by long-term consensus exchange-rate forecasts, gold content determined under group's production reports and recovery coefficients expected for a given ore type. Costs still to be incurred in converting the stockpile to refined gold are determined based on historical processing costs. Timing for discounting is determined based on management plans to process each type of ore or the life of the mine.

Materials and supplies

Materials and supplies consist of consumable materials and are stated at the lower of cost or net realisable value. Costs of materials and supplies are determined on a weighted average cost basis.

Antimony in gold-antimony flotation concentrate and silver

Antimony in gold-antimony flotation concentrate and silver are by-products of the group's gold production, which are valued at their net realisable value.

3.13. Deferred expenditure

Deferred expenditure relates to the preparation for the seasonal alluvial mining activities comprised of excavation costs, general production and specific production overhead costs and releases in the statement of profit or loss when the gold is extracted during the mining season.

3.14. Share-based payments

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date and subsequently expensed on a straight-line basis over the vesting period, with a corresponding increase in equity. At the end of each reporting period, the group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Preparation of the consolidated financial statements in accordance with IFRS requires the group's management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. The determination of estimates requires judgements which are based on historical experience, current and expected economic conditions, and all other available information. Actual results could differ from those estimates.

4.1. Critical judgements in applying accounting policies

No critical judgements have been applied when selecting the appropriate accounting policies.

4.2. Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

- Mine operating plans;
- Recoverability of exploration and evaluation assets;
- Impairment of long-lived assets;
- Net realisable value of long-term stockpiles;
- Derivative financial instruments valuation; and
- Interpretation of tax legislation.

4.2.1. Mine operating plans

The group estimates ore, stripping volumes and grades for MOPs based on the data consistent with Joint Ore Reserves Committee Code (JORC) principles, where applicable, and considering national regulations. The MOPs are prepared based on geological, technical and economic factors, including quantities, grades, production techniques, recovery rates, production costs, transport costs, commodity prices and exchange rates. This process requires complex and difficult geological judgements and analysis to interpret the data. The MOPs are usually updated annually to account for the newly obtained information including, but not limited to, resource definition drilling.

MOPs are the best estimates of the group about the expected volume and timing of extraction and processing of the reserves and resources from the group's mines. MOPs are used for the planning and actual extraction of ore from the mines and affect the following amounts in the financial statements:

- Depreciation and amortisation expense, when an asset is amortised based on the units-of-production or straight-line basis (if life-of-mine is shorter than the useful economic life of the asset);
- Allocation of overburden removal (stripping) costs either to stripping activity asset or the cost of inventory, depending on proportion of ore and waste as per MOPs and actual performance in the reporting period;
- Asset retirement obligations due to expectations about the timing or cost of these activities; and
- Carrying value of deferred tax assets which depends on the ability of the group to realise the related tax benefits and is impacted by the expected results of mine operation and their timing.

4.2.2. Recoverability of exploration and evaluation assets

Management's judgement is involved in the determination of whether the expenditures which are capitalised as exploration and evaluation assets may be recouped by future exploitation or sale or should be impaired. Determining this, management estimates the possibility of finding recoverable ore reserves related to a particular area of interest. However, these estimates are subject to significant uncertainties. The group is involved in exploration and evaluation activities and some of its licensed properties contain gold resources. Management assumes that all licences will be renewed. Many of the factors, assumptions and variables involved in estimating resources are beyond the group's control and may prove to be incorrect over time. Subsequent changes in gold resources estimates could impact the carrying value of exploration and evaluation assets.

4.2.3. Impairment of long-lived assets

The group reviews the carrying amounts of its long-lived assets to determine whether there is any indication that those assets are impaired. In making the assessment for impairment indicators, assets that do not generate independent cash flows are allocated to an appropriate cash-generating unit. Management necessarily applies its judgement in allocating assets that do not generate independent cash flows to appropriate cash-generating units and also in estimating the timing and value of underlying cash flows within the value-in-use calculation. The value-in-use calculations for operating mines are based on the best available reserve estimates at the time of the analysis such as JORC.

Factors which could impact the underlying cash flows include:

- Commodity prices and exchange rates;
- Timelines of granting of licences and permits;
- Capital and operating expenditure; and
- Available reserves and resources and future production profiles.

Subsequent changes to the cash-generating unit allocation or to the timing of cash flows could impact the carrying value of the respective assets.

4.2.4. Net realisable value of long-term stockpiles

The measurement of long-term stockpiles includes the determination of its net realisable value, which involves significant estimates of future gold prices, Russian Rouble exchange rates, gold recoveries, future energy, material and other processing costs, timing of refined gold sales and processing and determination of discount rates.

Judgment also exists in estimating the number of contained ounces in ore stockpiles. These amounts are measured by estimating the number of gold ounces added (based on assay data) and removed (based on processing data) from the stockpile. Although the quantities of recoverable gold placed on the stockpiles are reconciled to the quantities of gold actually recovered (metallurgical balancing), the nature of the process inherently limits the ability to precisely monitor recoverability levels.

The group assesses net realisable value of low-grade ore at the end of each reporting period. As at 31 December 2022, of all low-grade ore balances owned the group, the net realisable value of low-grade ore at Natalka was the most sensitive to changes in the key assumptions used in the assessment, including processing schedule, budgeted capital expenditures and macroeconomic assumptions, such as the long-term gold price and a RUB/USD exchange rate.

4.2.5. Derivative financial instruments valuation

Derivative instruments are carried at fair value and the group evaluates the quality and reliability of the assumptions and data used to measure fair value. Fair values of *Derivative financial instruments* are determined using valuation models based on inputs which are observable in the market (Level 2). The models incorporate various inputs including the credit quality of the group and counterparties. Changes in inputs are not controllable by the group and may change in future.

4.2.6. Interpretation of tax legislation

The group is subject to income taxes in a number of jurisdictions. Significant judgement is required in determining the group's provision for income taxes due to the complexity of legislation. There are many transactions and calculations for which the ultimate tax determination is uncertain. The group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences may impact the income tax and deferred tax provisions in the period in which such determination is made.

5. SEGMENT INFORMATION

For management purposes the group is organised by separate business segments identified by a combination of operating activities and geographical area bases with separate financial information available and reported regularly to the chief operating decision maker ("CODM"), being the Budget Committee and the Investment Committee.

The following is a description of operations of the group's identified reportable segments:

Business unit	Russian Federation region	Mine / deposit	Description of operations at the specified mine / deposit
Olimpiada	Krasnoyarsk region	Olimpiada	mining (including initial processing) and sale of gold, as well as research, exploration and development work
Blagodatnoye	Krasnoyarsk region	Blagodatnoye	mining (including initial processing) and sale of gold, as well as research, exploration and development work
Natalka	Magadan region	Natalka	mining (including initial processing) and sale of gold, as well as research, exploration and development work
Verninskoye	Irkutsk region	Verninskoye	mining (including initial processing) and sale of gold, as well as research, exploration and development work
Kuranakh	Sakha Republic	Kuranakh	mining (including initial processing) and sale of gold, as well as research, exploration and development work
Alluvials	Irkutsk region	Alluvials	mining (including initial processing) and sale of gold
Sukhoi Log	Irkutsk region	Sukhoi Log	exploration and evaluation works
Exploration	Krasnoyarsk, Irkutsk, Amur and other regions	Not applicable	exploration and evaluation work in several regions of the Russian Federation other than those performed by other business units

The group does not allocate segment results of companies that perform management, investing activities and certain other functions. Neither standalone results nor the aggregated results of these companies are significant enough to be disclosed as operating segments because quantitative thresholds are not met. Aggregated results of these companies are presented as *Unallocated*. The reportable gold production segments derive their revenue primarily from gold sales. The CODM performs an analysis of the operating results based on these separate business units and evaluates the reporting segment's results, for purposes of resource allocation, based on the measurements of: gold sales; ounces of gold sold, in thousands; adjusted earnings before interest, tax, depreciation and amortisation and other items (Adjusted EBITDA); total cash cost (TCC); total cash cost per ounce of gold sold (TCC per ounce); and capital expenditures. Business segment assets and liabilities are not reviewed by the CODM and therefore are not disclosed in these consolidated financial statements. The group's non-current assets are located in the Russian Federation.

The reporting segment's results for the year ended 31 December were as follows:

	Gold sales		Ounces of gold sold in thousands[2]		Adjusted EBITDA		TCC[2]		TCC per ounce (US dollar)[2]		Capital expenditures	
Business units	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**
Olimpiada	1,621	2,018	935	1,132	1,033	1,502	475	417	509	369	199	197
Blagodatnoye	658	772	378	430	440	579	163	160	434	367	250	238
Natalka	763	905	445	503	499	670	197	185	441	368	148	110
Verninskoye	504	527	296	292	331	398	135	105	456	358	102	79
Kuranakh	410	428	239	238	206	264	164	136	684	569	129	94
Alluvials	216	254	130	141	35	100	160	134	1,234	950	30	27
Exploration	-	-	-	-	-	-	-	-	-	-	33	12
Sukhoi Log	-	-	-	-	-	1	-	-	-	-	88	69
Unallocated	-	-	-	-	40	15	(35)	(27)	-	-	140	102
Total	**4,172**	**4,904**	**2,423**	**2,736**	**2,584**	**3,529**	**1,259**	**1,110**	**519**	**405**	**1,119**	**928**

Adjusted EBITDA reconciles to the IFRS reported figures on a consolidated basis as follows:

	Year ended 31 December	
	2022	**2021**
Profit for the period	**1,559**	**2,278**
Income tax expense	348	480
Finance costs (note 9)	179	209
Interest income	(32)	(14)
Depreciation and amortisation	449	358
Foreign exchange loss	110	39
Gain on revaluation of derivative financial instruments and investments (note 10)	(250)	(33)
Equity-settled share-based plans (LTIP) (note 17)	20	44
Expenses related to COVID-19	34	78
Special charitable contributions	81	62
Gain on acquisition of subsidiaries (note 25)	(16)	-
Impairment of non-current assets, except inventories	5	16
Impairment of inventories (note 14)	99	-
(Gain) / loss on disposal of property, plant and equipment and intangible assets	(2)	12
Adjusted EBITDA	**2,584**	**3,529**

The measurement of TCC per ounce of gold sold reconciles to the IFRS reported figures on a consolidated basis as follows:

	Year ended 31 December	
	2022	**2021**
Cost of gold sales before by-product sales	1,792	1,488
Antimony by-product sales	(4)	(20)
Cost of gold sales (note 6)	**1,788**	**1,468**
Adjusted for:		
Depreciation and amortisation (note 6)	(634)	(385)
Effect of depreciation, amortisation, accrual and provisions in inventory change	135	63
Expenses related to COVID-19 in cost of gold sales	(30)	(36)
TCC[2]	**1,259**	**1,110**
Ounces of gold sold, in thousands[2]	2,423	2,736
TCC per ounce of gold sold, USD per ounce[3]	**519**	**405**

[2] Unaudited
[3] Unaudited

(in millions of US Dollars)

Gold sales

	Year ended 31 December	
	2022	**2021**
Refined gold	4,166	4,832
Gold in flotation concentrate	6	72
Total gold sales	**4,172**	**4,904**

Gold sales reported above represent revenue generated from external customers. There were no inter-segment gold sales during the years ended 31 December 2022 and 2021.

Reconciliation of capital expenditures to the property plant and equipment additions (note 12) is presented below:

	Year ended 31 December	
	2022	**2021**
Capital expenditures	**1,119**	**928**
Stripping activity assets additions (note 12)	307	313
Less: intangible and other non-current assets additions	(48)	(44)
Property plant and equipment additions (note 12)	**1,378**	**1,197**

6. COST OF GOLD SALES

	Year ended 31 December	
	2022	**2021**
Depreciation and amortisation	634	385
Employee compensation	468	366
Consumables and spares	414	304
Mineral extraction tax	223	245
Fuel	184	116
Power	81	63
Other	217	145
Total cost of production	**2,221**	**1,624**
Increase in stockpiles, gold-in-process and refined gold inventories	(433)	(156)
Total	**1,788**	**1,468**

7. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

	Year ended 31 December	
	2022	**2021**
Employee compensation	251	232
Depreciation and amortisation	41	25
Professional services	33	19
Taxes other than mineral extraction tax and income taxes	24	18
Distribution expenses related to gold flotation concentrate	1	5
Other	50	35
Total	**400**	**334**

(in millions of US Dollars)

8. OTHER EXPENSES

	Year ended 31 December	
	2022	**2021**
Special charitable contributions[4]	81	62
Expenses related to COVID-19	4	42
Impairment of property, plant and equipment	5	16
(Gain) / loss on disposal of property, plant and equipment and intangible assets	(2)	12
Other[4]	10	20
Total	**98**	**152**

9. FINANCE COSTS

	Year ended 31 December	
	2022	**2021**
Interest on borrowings	217	195
Interest on lease liabilities	11	5
Unwinding of discounts	8	6
Loss on early redemption of debt and deferred consideration	-	38
Loss on exchange of interest payments under interest rate swaps	-	3
Bank commission and write-off of unamortised debt cost due to early extinguishment	-	2
Total costs	**236**	**249**
Gain on exchange of interest payments under cross currency swaps	(56)	(17)
Bank commission and write-off of unamortised debt cost due to early extinguishment	(1)	-
Gain on debt modification	-	(23)
Total gain	**(57)**	**(40)**
Net finance costs	**179**	**209**

10. GAIN ON REVALUATION OF DERIVATIVE FINANCIAL INSTRUMENTS AND INVESTMENTS

	Year ended 31 December	
	2022	**2021**
Revaluation gain on cross currency swaps	285	30
Revaluation gain on interest rate swaps	-	3
Other	(35)	-
Total	**250**	**33**

11. INCOME TAX EXPENSE AND DEFERRED TAX ASSETS AND LIABILITIES

Income tax expense was as follows:

	Year ended 31 December	
	2022	**2021**
Current tax expense	217	402
Deferred tax expense	131	78
Total income tax expense	**348**	**480**

The corporate income tax rate in the Russian Federation is 20% (17% regional and 3% federal).

[4] In order to improve the presentation of certain lines in the *Other expenses* disclosure the group made some presentation changes with respect to the amount of special charitable contributions: S*pecial charitable contributions* line was increased by USD 11 million for the year ended 31 December 2021, whereas effect of changes in *Other* line was decreased for the respective amount.

(in millions of US Dollars)

The taxpayers in Russia have a right to apply reduced rates of mineral extraction tax (MET) and income tax if they implement a regional investment projects in certain regions and meet certain criteria (thereafter "RInvP").

The Tax Code provides for a right of each specified region of the Russian Federation to reduce the regional component of the income tax rate to as low as zero percent.

JSC Polyus Krasnoyarsk RInvP (Blagodatnoye business unit)

JSC Polyus Krasnoyarsk is undertaking an investment project to increase mining and processing facilities of the Blagodatnoye mine (Mill-5 project). According to the Directive of the Government of the Krasnoyarsk region JSC Polyus Krasnoyarsk was included in the register of the participants of RInvP starting from 2021. As a result, the subsidiary has been granted a right to apply reduced corporate income tax rates in relation to the Mill-5 project income and reducing MET coefficients in relation to minerals extracted under the Mill-5 project.

Considering the expected start of production under the Mill-5 project, JSC Polyus Krasnoyarsk expects to apply the following reduced tax rates:

- MET: 0% for 2025-2026 increasing by 1.2% every two years thereafter to 6%;
- Corporate income tax: 5% for 2025-2028.

The amount of tax savings should not exceed the amount of investments in Mill-5 project.

JSC Polyus Magadan RInvP (Natalka business unit)

JSC Polyus Magadan, a 100% subsidiary of JSC Polyus Krasnoyarsk operating in the Magadan region of the Russian Federation, applies the following RInvP rates:

- MET: 0% for 2020 increasing by 1.2% every two years thereafter to 6% by 2029;
- Corporate income tax: 0% for 2020-2023; 10% for 2024-2028; and the standard 20% rate thereafter.

The amount of tax savings should not exceed the amount of investments in regional investment project.

A reconciliation of Russian Federation statutory income tax, the location of the group's major production entities and operations, to the income tax expense recorded in the consolidated statement of profit or loss is as follows:

	Year ended 31 December	
	2022	**2021**
Profit before income tax	1,907	2,758
Income tax at statutory rate applicable to principal entities (20%)	**381**	**552**
Effect of the RinvP due to different tax rates (JSC Polyus Magadan)	(49)	(86)
Unrecognised temporary differences on revaluation of derivative financial instruments	-	(9)
Tax effect of non-deductible expenses and other permanent differences	16	23
Income tax expense	**348**	**480**

The movement in the group's deferred taxation position was as follows (tax assets are presented as negative amounts, tax liabilities – as positive):

	Year ended 31 December	
	2022	**2021**
Net deferred tax liability at the beginning of the year	**227**	**150**
Recognised in the consolidated statement of profit or loss	131	78
Acquisition of Chulbaltkan	(4)	-
Effect of translation to presentation currency	1	(1)
Net deferred tax liability at the end of the year	**355**	**227**

(in millions of US Dollars)

Deferred taxation is attributable to tax losses carried-forward and the temporary differences that exist between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes and was as follows:

	31 December 2021	Recognised in profit or loss	Acquisition of Chubaltkan	Effect of translation to presentation currency	31 December 2022
Property, plant and equipment	432	54	7	18	511
Inventory	139	58	-	2	199
Borrowings	(9)	(8)	-	-	(17)
Deferred expenditure	4	1	-	(1)	4
Tax losses carried-forward	(258)	(23)	(11)	(8)	(300)
Trade and other payables	(28)	9	-	(3)	(22)
Intangible assets	1	-	-	-	1
Derivatives	(51)	41	-	(7)	(17)
Other	(3)	(1)	-	-	(4)
Net deferred tax liability	**227**	**131**	**(4)**	**1**	**355**

Certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances (after offset) as they are presented in the consolidated statement of financial position:

	31 December	
	2022	**2021**
Deferred tax assets	(114)	(106)
Deferred tax liabilities	469	333
Net deferred tax liability	**355**	**227**

Unrecognised deferred tax asset

	31 December	
	2022	**2021**
Unrecognised deferred tax assets resulting from losses on derivative financial instruments	197	186
Unrecognised deferred tax assets resulted from impairments	5	5
Unrecognised deferred tax assets in respect of tax losses carried forward available for offset against future taxable profit	6	6
Total	**208**	**197**

Unrecognised deferred tax liability

	31 December	
	2022	**2021**
Taxable temporary difference associated with investments in subsidiaries	135	80

Deferred tax liability for the taxable temporary difference associated with investments in subsidiaries is not recognised because the group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The group does not recognise deferred tax assets for some of its tax losses if it is more likely than not that the future taxable profits will not be available to offset them in certain group entities.

(in millions of US Dollars)

12. PROPERTY, PLANT AND EQUIPMENT

	Fixed assets	Stripping activity assets	Capital construction in progress and equipment not installed	Exploration and evaluation assets	Total
Cost	4,130	971	629	590	**6,320**
Accumulated depreciation and impairment	(1,767)	(346)	(61)	(25)	**(2,199)**
Net book value at 1 January 2021	**2,363**	**625**	**568**	**565**	**4,121**
Additions	-	313	758	126	**1,197**
Transfers	626	-	(614)	(12)	**-**
Disposals	(3)	-	(10)	(1)	**(14)**
Depreciation charge	(409)	(85)	-	-	**(494)**
Impairment	(4)	-	(10)	(2)	**(16)**
Effect of translation to presentation currency	(16)	(6)	(5)	(5)	**(32)**
Other	33	-	-	(6)	**27**
Cost	4,727	1,064	718	692	**7,201**
Accumulated depreciation and impairment	(2,137)	(217)	(31)	(27)	**(2,412)**
Net book value at 31 December 2021	**2,590**	**847**	**687**	**665**	**4,789**
Additions	-	307	913	158	**1,378**
Acquisition of subsidiaries (note 25)	-	-	-	138	**138**
Transfers	610	-	(609)	(1)	**-**
Disposals	(4)	-	(9)	(1)	**(14)**
Depreciation charge	(503)	(247)	(1)	-	**(751)**
Impairment	(1)	-	(2)	-	**(3)**
Effect of translation to presentation currency	133	65	14	(2)	**210**
Other	21	-	3	-	**24**
Cost	5,420	1,311	1,029	989	**8,749**
Accumulated depreciation and impairment	(2,574)	(339)	(33)	(32)	**(2,978)**
Net book value at 31 December 2022	**2,846**	**972**	**996**	**957**	**5,771**

Carrying value of rights-of-use assets included in fixed assets is disclosed in note 13.

The carrying values of mineral rights included in fixed assets and exploration and evaluation assets were as follows:

	31 Dec. 2022	31 Dec. 2021
Mineral rights presented within fixed assets	53	54
Mineral rights presented within exploration and evaluation assets	375	347
Total	**428**	**401**

(in millions of US Dollars)

The carrying values of exploration and evaluation assets were as follows:

	31 Dec. 2022	31 Dec. 2021
Sukhoi Log	577	469
Chulbatkan	120	-
Olimpiada	51	43
Chertovo Koryto	37	32
Razdolinskoye	35	30
Burgakhchan area	26	23
Kuranakh	18	11
Panimba	17	16
Natalka	17	8
Blagodatnoye	13	9
Other	46	24
Total	**957**	**665**

The amount of cash used in purchasing of exploration and evaluation assets were USD 159 million for the year ended 31 December 2022 (for the year ended 31 December 2021: USD 131 million).

Depreciation and amortisation charges are allocated as follows:

	Year ended 31 December	
	2022	2021
Depreciation in change in inventory	234	60
Capitalised within property, plant and equipment and other assets	92	88
Less: amortisation of intangible and other non-current assets	(24)	(12)
Total depreciation capitalised as part of other assets	**302**	**136**
Depreciation and amortisation within cost of production (note 6)	634	385
Less: depreciation in change in inventory	(234)	(60)
Selling, general and administrative expenses (note 7)	41	25
Cost of other sales	8	8
Total depreciation in profit or loss	**449**	**358**
Total depreciation of property, plant and equipment	**751**	**494**

13. LEASES

The most significant leases of the group are office leases. Movements of the right-of-use assets presented within *Property, Plant and Equipment* (note 12) for the year ended 31 December were as follows:

	Related party transactions		Non-related party transactions		Total	
	2022	2021	2022	2021	2022	2021
Carrying value as of the beginning of the year	**44**	**46**	**35**	**19**	**79**	**65**
Changes in right-of-use assets due to lease indexation, modification and recognition of new contracts	7	2	9	21	16	23
Depreciation charge	(4)	(4)	(9)	(6)	(13)	(10)
Reclassification to non-related party	(62)	-	62	-	-	-
Effect of translation to presentation currency	15	-	(10)	1	5	1
Carrying value as of the end of the year	**-**	**44**	**87**	**35**	**87**	**79**

(in millions of US Dollars)

Movements of the lease liabilities presented within *Borrowings* (note 18) for the year ended 31 December were as follows:

	Related party transactions		Non-related party transactions		Total	
	2022	**2021**	**2022**	**2021**	**2022**	**2021**
Carrying value as of the beginning of the year	**51**	**51**	**33**	**19**	**84**	**70**
Changes in lease liabilities due to lease indexation, modification and recognition of new contracts	7	2	9	22	16	24
Foreign exchange loss	6	1	-	(1)	6	-
Interest on lease liabilities	7	4	4	1	11	5
Payments of lease liability	(9)	(6)	(11)	(10)	(20)	(16)
Reclassification to non-related party	(77)	-	77	-	-	-
Effect of translation to presentation currency	15	(1)	(8)	2	7	1
Carrying value as of the end of the year	**-**	**51**	**104**	**33**	**104**	**84**

14. INVENTORIES

	31 Dec. 2022	**31 Dec. 2021**
Stockpiles	758	617
Gold-in-process	48	16
Inventories expected to be used after 12 months	**806**	**633**
Stockpiles	350	182
Gold-in-process	158	113
Antimony in gold-antimony flotation concentrate and silver	11	1
Refined gold and gold in flotation concentrate	33	-
Materials and supplies	478	362
Less: obsolescence provision for materials and supplies	(24)	(25)
Inventories expected to be used in the next 12 months	**1,006**	**633**
Total	**1,812**	**1,266**

The carrying value of long-term stockpiles was as follows:

	31 Dec. 2022	**31 Dec. 2021**
Natalka	217	230
Blagodatnoye	183	145
Verninskoye	125	105
Olimpiada	108	48
Titimukhta	43	41
Kuranakh	59	32
Other long-term ore	23	16
Total long-term stockpiles	**758**	**617**

As of 31 December 2022, the Group recognised the write-down of long-term stockpiles to net realisable value in the amount of USD 99 million, including USD 95 million - for the Natalka field and USD 4 million - for the Blagodatnoye field (31 December 2021: no write-down of inventories to net realisable value).

(in millions of US Dollars)

15. RECEIVABLES

	31 Dec. 2022	31 Dec. 2021
Trade receivables for gold-bearing products	8	18
Other receivables	48	42
Less: allowance for other receivables	(10)	(18)
Total trade and other receivables	**46**	**42**
Reimbursable value added tax	138	146
Other prepaid taxes	1	1
Total taxes receivable	**139**	**147**

As of 31 December 2022, *Advances paid to suppliers and prepaid expenses* included advances for materials and supplies in amount of USD 81 million (31 December 2021: USD 31 million).

16. CASH AND CASH EQUIVALENTS

	31 Dec. 2022	31 Dec. 2021
Current and brokerage USD accounts	41	799
Current and brokerage RUB accounts	19	20
Current and brokerage accounts in other currencies	487	-
Bank deposits denominated in USD	-	410
Bank deposits denominated in RUB	155	114
Bank deposits denominated in other currencies (primarily CNY)	588	-
Other cash equivalents	27	-
Total	**1,317**	**1,343**

Bank deposits within cash and cash equivalents include deposits with original maturity less than three months or repayable on demand without loss on principal and accrued interest denominated in RUB, USD and CNY and accrue interest at the following rates:

	31 Dec. 2022	31 Dec. 2021
Interest rates:		
- Bank deposits denominated in CNY	1.0-1.8%	-
- Bank deposits denominated in RUB	5.0-7.3%	7.3-9.0%
- Bank deposits denominated in USD	-	0.7-1.0%

17. SHARE CAPITAL AND RESERVES

Authorised share capital of the Company as of 31 December 2022 comprised issued and fully paid 136,069 thousand ordinary shares at par value of RUB 1 each, of which 645 thousand was included within treasury shares (31 December 2021: 1,064 thousand was included within treasury shares).

Equity-settled share-based compensation (long-term incentive plan)

PJSC Polyus grants long-term incentive awards according to which the members of management of the group are entitled to a conditional award in the form of PJSC Polyus' ordinary shares, which vest upon achievement of financial and non-financial performance targets on expiry of performance periods. Expenses arising from the LTIP are recognised in the consolidated statement of profit or loss within *Selling, general and administrative expenses.*

Share buyback

During the year ended 31 December 2022, the group completed an open market share buyback programme and acquired 70 thousand of the Company's ordinary shares in the amount of USD 8 million.

During the first quarter of 2021, the group completed a share buyback started in December 2020 by acquiring 62 thousand of the Company's ordinary shares from its shareholders. As of 31 December 2020, a liability in the amount of USD 14 million was recognised in respect of shares to be delivered.

Dividends

No dividends have been declared during year ended 31 December 2022. The declared dividends for the year ended 31 December 2021 were as follows:

	Declaration by Shareholders of the Company date	Per share, RUB	Total[5]	Total on treasury shares
In respect of the second half of financial year 2020	27 May 2021	387.15	717	6
in respect of the first half of financial year 2021	29 September 2021	267.48	502	4
Total dividends declared			**1,219**	**10**

During the year ended 31 December 2021, total amount of dividends paid in cash to the shareholders was USD 1,236 million (at the CBR currency exchange rate at the date of payment).

During the year ended 31 December 2021, dividends to non-controlling interests in the amount of USD 37 million were declared. This resulted in a decrease of the share of the subsidiary's net assets that remained attributable to the non-controlling interests in the amount of USD 38 million.

Weighted average number of ordinary shares

The weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share ("EPS") is as follows (in thousands of shares):

	Year ended 31 December	
	2022	2021
Weighted average number of ordinary shares in issue – basic EPS	**135,354**	**134,927**
Dilutive effect of potentially issuable shares under LTIP	674	446
Weighted average number of ordinary shares in issue – diluted EPS	**136,028**	**135,373**
Profit after tax attributable to the shareholders of the Company for basic and diluted EPS calculation (million USD)	1,560	2,270
Basic EPS (US Dollar per share)	11.53	16.82
Diluted EPS (US Dollar per share)	11.47	16.77

[5] Total amount is an USD equivalent at the CBR currency exchange rate as of the declaration by Shareholders of the Company date and includes dividends on treasury shares owned by the subsidiary of the Company.

(in millions of US Dollars)

18. BORROWINGS, DERIVATIVE FINANCIAL INSTRUMENTS AND INVESTMENTS

As of 31 December 2022, borrowings and derivatives were as follows:

	Borrowings terms at 31 December 2022			Effective terms on economically hedged borrowings at 31 December 2022			Borrowings balances	
	Currency	Interest rate	Nominal rate %	Currency	Interest rate	Nominal rate %	31 Dec. 2022	31 Dec. 2021
Eurobonds due in 2023	USD	Fixed	5.250%	-	-	-	330	329
Eurobonds due in 2024	USD	Fixed	4.7%	-	-	-	322	322
Yuan-denominated bonds due in 2027	CNY	Fixed	3.8%	-	-	-	645	-
Eurobonds due in 2028	USD	Fixed	3.25%	-	-	-	687	696
Notes due in 2029 with noteholders' early repayment option in 2024	RUB	Fixed	7.4%	USD	Fixed	3.23%	284	269
Credit facilities with financial institutions	RUB	Fixed	8.0%	USD	Fixed	4.96%	906	847
Credit facilities with financial institutions	RUB	Fixed	8.75%	USD	Fixed	5.04%	116	108
Credit facilities with financial institutions	RUB	Variable	MosPrime + 0.27%	USD	Fixed	2.8%	116	110
Credit facilities with financial institutions	RUB	Variable	Central bank rate + 2.3%	-	-	-	11	25
Lease liabilities	USD / RUB	Fixed	11.0%	-	-	-	104	84
Eurobonds due in 2022	USD	Fixed	4.699%	-	-	-	-	482
Sub-total							**3,521**	**3,272**
Less: current portion of long-term borrowings due within 12 months							(348)	(507)
Long-term borrowings							**3,173**	**2,765**

Effective terms on economically hedged borrowings are presented encompassing the effect of cross currency swaps, detailed description and nominal amounts of which are presented in this note below.

Eurobonds with fixed interest rate due in 2022

In March 2022, the group redeemed Eurobonds in the amount of USD 483 million due to their maturity.

Yuan-denominated bonds due in 2027

In August 2022, the group issued yuan-denominated bonds in the amount of CNY 4.6 billion (USD 665 million) with coupon rate of 3.80% and maturity date in August 2027.

Derivative financial instruments and investments

As of 31 December 2022, derivative financial instruments and investments were as follows:

	31 December 2022			31 December 2021		
	Non-Current	Current	Total	Non-Current	Current	Total
Cross currency swaps	7	-	7	23	-	23
Loans receivable	323	61	384	24	-	24
Total derivative financial assets and investments	**330**	**61**	**391**	**47**	**-**	**47**
Cross currency swaps	72	-	72	290	1	291
Total derivative financial liabilities	**72**	**-**	**72**	**290**	**1**	**291**

(in millions of US Dollars)

Cross currency swaps

During the 2022, the group terminated in advance of maturity two of cross currency swaps in full amount and one cross currency swap partially. Net cash inflow related to proceeds on termination of cross currency swaps amounted to USD 24 million. The following terms were in place as of 31 December 2022:

	Nominal		Interest payments		
Expiration date	**Group pays (USD million)**	**Group receives (RUB million)**	**Frequency**	**Group pays (in USD)**	**Group receives (in RUB)**
March 2024	125	8,225	quarterly	5.04%	8.75%
April 2024	745	49,999	quarterly	4.97%	8,13%
October 2024	310	20,000	semi-annually	3.22%	7.40%
March 2025	125	8,169	quarterly	2.80%	MosPrime 3m + 0.27%

The following terms were in place as of 31 December 2021:

	Nominal		Interest payments		
Expiration date	**Group pays (USD million)**	**Group receives (RUB million)**	**Frequency**	**Group pays (in USD)**	**Group receives (in RUB)**
March 2024	125	8,225	quarterly	5.04%	8.75%
April 2024	965	64,801	quarterly	4.97%	8,13%
October 2024	310	20,000	semi-annually	3.22%	7.40%
March 2025	125	8,169	quarterly	2.80%	MosPrime 3m + 0.27%

Unused credit facilities

As of 31 December 2022, the group has unused credit facilities in the total amount of USD 1,564 million (31 December 2021: USD 1,276 million).

Pledge

As of 31 December 2022 and 2021, all shares of JSC TaigaEnergoStroy (subsidiary of the group) belonging to the group were pledged to secure a credit line.

Other matters

There were a number of financial covenants under several loan agreements in effect as of 31 December 2022 according to which the respective subsidiaries of the Company and the Company itself are limited in their level of leverage and other financial and non-financial parameters.

The group tests covenants half-yearly and was in compliance with the covenants as of 31 December 2022.

A number of economic sanctions have been imposed against Russian entities that, among other things, restrict Russian entities from having access to foreign financial markets. As a result of restrictions, there is a risk that Eurobonds coupon payments may not reach the ultimate holders of the notes through foreign principal paying agents. From July 2022 to September 2022, the group received consents of the holders of all of its Eurobond issues to amend certain terms and conditions of the Eurobonds (including payment mechanics). These changes are mainly focused at reducing risks associated with servicing of the Eurobonds and provide, in particular, that payments to the holders of the Eurobonds, whose rights are accounted for within the Russian custodian infrastructure, can be made, including but not limited to, directly to them.

(in millions of US Dollars)

Reconciliation of liabilities arising from financing activities

	Borrowings		Lease		Dividends payable		Derivatives	
	2022	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**
Carrying value as of the beginning of the year	**3,188**	**3,484**	**84**	**70**	**7**	**2**	**268**	**355**
Net cash flows	154	(316)	(20)	(16)	(3)	(1,268)	80	(39)
Non-cash changes, including:								
Dividends accrued	-	-	-	-	4	1,246	-	-
Loss on early redemption of debt	-	38	-	-	-	-	-	-
Foreign exchange loss	201	8	6	-	-	-	-	-
Debt modification	-	(23)	16	24	-	-	-	-
Commissions on borrowings and amortisation at effective interest rate	17	9	11	5	-	-	-	-
Gain on exchange of interest payments under cross currency and interest rate swaps	-	-	-	-	-	-	(56)	(14)
Gain on revaluation of derivative financial instruments	-	-	-	-	-	-	(285)	(33)
Effect of currency translation	(143)	(12)	7	1	(1)	27	58	(1)
Carrying value as of the end of the year	**3,417**	**3,188**	**104**	**84**	**7**	**7**	**65**	**268**

19. PAYABLES

	31 Dec. 2022	31 Dec. 2021
Employee compensation payable	116	106
Capital expenditures payables	80	109
Trade payables	64	65
Interest payable	52	46
Accrued annual leave	34	31
Other accounts payable and accrued expenses	32	34
Total trade and other payables	**378**	**391**
Social taxes	36	29
Value added tax	22	24
Mineral extraction tax	18	17
Property tax	5	4
Other taxes	10	20
Total taxes other than income tax payable	**91**	**94**

20. RELATED PARTIES

There were no transactions with related parties throughout the year ended 31 December 2022, except for those presented within note 13 and compensation of the key management personnel as detailed below.

Key management personnel

	Year ended 31 December	
	2022	**2021**
Short-term compensation to key management personnel accrued	19	20
Equity-settled share-based compensation (LTIP)	11	35
Total	**30**	**55**

(in millions of US Dollars)

21. COMMITMENTS

The Land in the Russian Federation on which the group's production facilities are located is owned by the state. The group leases this land through lease agreements, which expire in various years through to 2065. Future lease payments due under lease agreements excluded from IFRS 16 scope (note 13) were as follows:

	31 Dec. 2022	31 Dec. 2021
Due within one year	13	10
From one to five years	41	33
Thereafter	78	56
Total	**132**	**99**

The group's contracted capital expenditure commitments are as follows:

	31 Dec. 2022	31 Dec. 2021
Projects in Krasnoyarsk	384	337
Project Natalka	132	145
Project Sukhoi Log	60	49
Project Kuranakh	46	29
Project Verninskoye	43	-
Other capital commitments	24	21
Total	**689**	**581**

22. OPERATING ENVIRONMENT

Emerging markets such as Russia are subject to different risks than more developed markets, including economic, political and social, and legal and legislative risks. Laws and regulations affecting businesses in Russia continue to change rapidly, tax and regulatory frameworks are subject to varying interpretations. The future economic direction of Russia is heavily influenced by geopolitical factors, political environment in the country, the fiscal and monetary policies adopted by the government, together with developments in the legal and regulatory environment. Because Russia produces and exports large volumes of oil and gas, its economy is particularly sensitive to the price of oil and gas on the world market.

On 21 February 2022, the President of Russia signed the executive orders on the recognition of the Donetsk People's Republic and the Lugansk People's Republic. On 24 February 2022, a decision to carry out a special military operation in Ukraine was announced In response to these events, the US, UK, EU and other countries have significantly extended sanctions on the Russian Federation, public authorities, officials, businessmen and companies. This resulted in reduced access of the Russian businesses to international capital, import and export markets, decline in capitals markets, drop in GDP and other negative economic consequences. On 21 July 2022, in addition to previously imposed restrictions, the EU and UK banned the import of gold produced in Russia. On 21 September 2022, the President of Russia signed the executive order on partial military mobilization of citizens. There is a risk of future extensions of sanctions. On 16 December 2022, the EU banned investments in the Russian mining industry and the supply of various equipment, including industrial.

The group monitors and analyses the geopolitical situation and takes necessary actions, including expansion of the distribution channels, searching of new suppliers, transfer of cash and cash equivalents to non-sanctioned banks and other. There is still a high level of uncertainty regarding the impact of possible subsequent changes in the economic situation on future operations and financial position of the group.

(in millions of US Dollars)

23. FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying value of cash and cash equivalents, current trade and other receivables and accounts payable approximate their fair value given the short-term nature of these instruments. Non-current other receivables are discounted at discount rates derived from observable market input data. Trade receivables for gold-bearing products are carried at fair value through profit or loss (Level 2 of the fair value hierarchy in accordance with IFRS 13).

The fair value of cross-currency swaps is determined using a discounted cash flow valuation technique and is based on inputs (spot currency exchange rates, USD and RUB interest rates), which are observable in the market and are classified as Level 2 of the fair value hierarchy in accordance with IFRS 13.

Borrowings and deferred consideration are carried at amortised cost. The fair value of the group's borrowings excluding lease liabilities is estimated as follows:

	31 December 2022		31 December 2021	
	Carrying amount	**Fair value**	**Carrying amount**	**Fair value**
Eurobonds (Level 2)	1,339	1,304	1,829	1,847
Yuan-denominated bonds (Level 1)	645	628	-	-
Borrowings (Level 2)	1,149	1,288	1,090	1,111
Rusbonds (Level 1)	284	281	269	262
Total	**3,417**	**3,501**	**3,188**	**3,220**

The fair value of all of the group's borrowings and Eurobonds is within Level 2 of the fair value hierarchy in accordance with IFRS 13. As at 31 December 2022 the fair value of borrowings is determined using a discounted cash flow valuation technique, the discount rate for 31 December 2022 valuation is determined by reference to the group's traded Rusbonds. As at 31 December 2021 the fair value of borrowings is determined using a discounted cash flow valuation technique with reference to observable market inputs: forward USD and RUB interest rates and the company's own credit risk. As at 31 December 2022 the fair value of the Eurobonds is determined using a cash flow valuation technique and is based on inputs (Russian government Eurobond yield, company's own credit risk), which are observable in the market and are classified as Level 2 of the fair value hierarchy in accordance with IFRS 13 (as at 31 December 2021 the fair value of Eurobonds is within Level 1 of the fair value hierarchy in accordance with IFRS 13). As at 31 December 2022 and 2021 the fair value of the Rusbonds and Yuan-denominated bonds is within Level 1 of the fair value hierarchy in accordance with IFRS 13, because the Rusbonds and Yuan-denominated bonds are publicly traded in an active market.

24. FINANCIAL INSTRUMENTS RISK MANAGEMENT ACTIVITIES

Capital risk management

The primary objective of managing the group's capital is to ensure that there is sufficient capital available to support the funding requirements of the group, including capital expenditure, in a way that optimises the cost of capital, maximises shareholders' returns and ensures that the group remains in a sound financial position.

The group manages and adjusts the capital structure as opportunities arise in the market place, as and when borrowings mature, or as and when funding is required. This may take the form of raising equity, market or bank debt or hybrids thereof. The level of dividends is monitored by the Board of Directors of the group in accordance with the Dividend policy of the group.

In the capital management process the group utilizes various financial metrics including the ratio of group Net Indebtedness to Adjusted EBITDA ("group Leverage Ratio"). The group recognizes that group Leverage Ratio should not exceed 3.5 times as per the Terms and Conditions of the Notes (Eurobonds). As of 31 December 2022 the group Leverage ratio was 0.9 times (31 December 2021: 0.6 times).

(in millions of US Dollars)

"Group Net Indebtedness" is defined in the Terms and Conditions of the Notes (Eurobonds) as all consolidated Indebtedness less cash and cash equivalents, as shown on the Consolidated Financial Statements of the group. Indebtedness is defined as the sum of any moneys borrowed, any principal amount raised by acceptance under any acceptance credit facility, any principal amount raised pursuant to any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument, any principal amount raised under any other transaction having the economic or commercial effect of a borrowing and the amount of any liability in respect of the guarantee or indemnity.

There were no changes in the group's approach to capital management during the year.

Major categories of financial instruments

The group's principal financial liabilities comprise borrowings, derivative financial instruments and account payables. The main purpose of these financial instruments is to finance the group's operations. The group has various financial assets such as cash and cash equivalents, trade and other receivables, derivative financial instruments and loans receivable.

	31 Dec. 2022	31 Dec. 2021
Financial assets measured at fair value through profit or loss (FVPL)		
Derivative financial instruments (Level 2)	7	23
Trade receivables (Level 2)	8	18
Financial assets measured at amortised cost		
Trade and other receivables	57	45
Loans receivable	384	24
Cash and cash equivalents	1,317	1,343
Total financial assets	**1,773**	**1,453**
Financial liabilities measured at fair value through profit or loss (FVPL)		
Derivative financial instruments (Level 2)	72	291
Financial liabilities measured at amortised cost		
Borrowings	3,521	3,272
Payables	359	370
Total financial liabilities	**3,952**	**3,933**

The fair value of the group's financial instruments and levels of fair value hierarchy are disclosed in note 23. The main risks arising from the group's financial instruments are gold price, interest rate, foreign currency exchange rates, credit and liquidity risks.

Gold price risk

The group is exposed to changes in the gold price due to its significant volatility.

If the gold price was 10% higher / lower during the year ended 31 December 2022 profit for the year would have increased / decreased by USD 350 million / USD 350 million respectively (2021: USD 406 million / USD 406 million).

Interest rate risk

Interest expenses on borrowings issued at variable interest rates are for the most part effectively converted into fixed-rate interest payments using cross-currency swaps (note 18); the group is not materially exposed to interest rate risk.

Foreign currency exchange rate risk

Currency risk is the risk that the financial results of the group will be adversely affected by changes in exchange rates to which the group is exposed. The group undertakes certain transactions denominated in foreign currencies. Prices for gold are quoted in USD based on international quoted market prices. The majority of the group's expenditure are denominated in RUB, accordingly, operating profits are adversely impacted by appreciation of the RUB against the USD. In assessing this risk, management takes into consideration changes in the gold price.

(in millions of US Dollars)

The carrying amounts of monetary assets and liabilities denominated in foreign currencies other than the functional currencies of the individual group entities were as follows:

	31 Dec. 2022	31 Dec. 2021
Assets		
USD	197	1,261
Other (presented in USD at closing exchange rate)	1,084	-
Total	**1,281**	**1,261**
Liabilities		
USD	1,433	2,255
CNY (presented in USD at closing exchange rate)	652	-
EURO (presented in USD at closing exchange rate)	3	9
Total	**2,088**	**2,264**

Currency risk is monitored regularly by performing a sensitivity analysis of foreign currency positions in order to verify that potential effects are within planned parameters.

RUB denominated borrowings are for the most part effectively converted into USD borrowings using cross-currency swaps (note 18). The following details the group's sensitivity to changes in exchange rates by 25% which is the sensitivity rate used by the group for internal analysis. The analysis was applied to monetary items at the reporting dates denominated in their respective currencies. If the USD to RUB exchange rate had increased by 25% for the year ended 31 December 2022, as of the end of respective year the group would have incurred a loss of USD 619 million (2021: USD 627 million).

Credit risk

Credit risk is the risk that a customer may default or not meet its obligations to the group on a timely basis, leading to financial losses to the group. Credit risk arises from cash, cash equivalents and deposits kept with banks, derivative agreements, loans issued, advances paid and other receivables.

In order to mitigate credit risk, the group conducts its business with creditworthy and reliable counterparties, and minimises advance payments, actively uses guarantees, letters of credit and other instruments for trade finance to decrease risks of non-payment. The group employs a methodology for in-house financial analysis of banks and non-banking counterparties, which is used during new agreements with counterparties.

The group's credit risk profile is regularly monitored by management in order to avoid undesirable increases in risk, to limit concentration of credit and to ensure compliance with the above mentioned policies and procedures. Deposits, current bank accounts and derivative financial instruments are held with major Russian and international banks, with reasonable and appropriate diversification, which decreases concentration risk by spreading the credit risk exposure across several top rated banks.

Published credit ratings of banks (or their parent companies) in which the group held cash and cash equivalents are presented as follows:

	31 Dec. 2022	31 Dec. 2021
Investment grade rating	281	1,227
Non-investment grade rating	1,009	116
No external rating	27	-
Total cash and cash equivalents	**1,317**	**1,343**

Investment grade rating is classified as Aaa to Baa3 for Moody's Investors Service, as AAA to BBB- for Fitch Ratings and Standard & Poor's, as AAA(RU) for ACRA and ruAAA for Expert RA. As of 31 December 2022, 33% and 32% of cash and cash equivalents were held in two banks with non-investment grade ratings (31 December 2021: 44% and 36% in two banks with investment grade ratings).

(in millions of US Dollars)

Although the group sells more than 70% of the total gold sales to several major customers, the group is not economically dependent on these customers because of the high level of liquidity in the gold commodity market. A substantial portion of gold sales are made on advance payment or immediate payment terms, therefore the credit risk related to trade receivables is minimal.

As of 31 December 2022, trade receivables for gold bearing products sales were USD 8 million (31 December 2021: USD 18 million).

Gold sales to the group's major customers are presented as follows:

	Year ended 31 December	
	2022	**2021**
Largest customer	624	2,369
2-5 largest customers	1,292	2,424
Next 5 largest customers	1,038	111
Total 10 largest customers	**2,954**	**4,904**
Remaining customers	1,218	-
Total	**4,172**	**4,904**

Liquidity risk

Liquidity risk is the risk that the group will not be able to settle all liabilities as they are due. The group's liquidity position is carefully monitored and managed. The group manages liquidity risk by maintaining detailed budgeting and cash forecasting processes and matching the maturity profiles of financial assets and liabilities to help ensure that it has adequate cash available to meet its payment obligations.

The group's cash management procedures include medium-term forecasting (a budget approved each financial year and updated on a quarterly basis) and short-term forecasting (monthly cash-flow budgets are established for each business unit and a review of each entity's daily cash position is performed using a two-week rolling basis).

Presented below is the maturity profile of the group's financial liabilities as of 31 December 2022 based on undiscounted contractual cash payments, including interest payments and derivatives:

	Borrowings and derivatives				
	Principal	**Interest**	**Payables**	**Lease liabilities**	**Total**
Due in the first year	341	141	359	18	**859**
Due in the second year	1,807	96	-	18	**1,921**
Due in the third year	31	47	-	17	**95**
Due in the fourth year	-	47	-	15	**62**
Due in the fifth year	647	47	-	13	**707**
Due in more than six years	690	23	-	152	**865**
Total	**3,516**	**401**	**359**	**233**	**4,509**

Presented below is the maturity profile of the group's financial liabilities as of 31 December 2021 based on undiscounted contractual payments, including interest payments and derivatives:

	Borrowings and derivatives				
	Principal	**Interest**	**Payables**	**Lease liabilities**	**Total**
Due in the first year	498	131	370	15	1,014
Due in the second year	341	116	-	12	469
Due in the third year	1,816	71	-	11	1,898
Due in the fourth year	31	23	-	11	65
Due in the fifth year	-	23	-	11	34
Due in more than six years	700	44	-	51	795
Total	**3,386**	**408**	**370**	**111**	**4,275**

The maturity of the derivative financial instruments is presented within note 18.

(in millions of US Dollars)

25. INVESTMENTS IN SIGNIFICANT SUBSIDIARIES

The basis of distribution of accumulated retained earnings for companies operating in the Russian Federation is defined by legislation as the current year net profit of the company, as calculated in accordance with Russian accounting standards. However, the legislation and other statutory laws and regulations dealing with profit distribution are open to legal interpretation and accordingly management believes at present it would not be appropriate to disclose an amount for distributable profits and reserves in these consolidated financial statements.

Information about significant subsidiaries of the group

Subsidiaries	Nature of business	Effective % held at[6] 31 Dec. 2022	31 Dec. 2021
Incorporated in Russian Federation			
JSC Polyus Krasnoyarsk	Mining (including initial processing) and sale of gold	100	100
JSC Polyus Aldan	Mining (including initial processing) and sale of gold	100	100
JSC Polyus Verninskoye	Mining (including initial processing) and sale of gold	100	100
JSC GMC Lenzoloto	Mining (including initial processing) and sale of gold	100	100
JSC Polyus Magadan	Mining (including initial processing) and sale of gold	100	100
LLC Polyus Stroy	Construction	100	100
LLC Polyus Sukhoi Log	Exploration and evaluation of the Sukhoi Log deposit	100	100

Acquisition of Chulbatkan

In June 2022, following the completion of sale by Kinross Gold Corporation of 100 percent of its Russian assets to the Highland Gold Mining group of companies the group acquired 100 percent participation interests in Udinsk Gold Limited Liability Company and Berill Gold Limited Liability Company from the Highland Gold Mining group of companies for total consideration of USD 140 million and customary adjustments of USD 10 million paid. The acquisition was considered as a bargain purchase, resulting in a gain in the amount of USD 16 million recognised in the consolidated statement of profit or loss.

Acquired companies give the group 100 percent stake in the Chulbatkan gold deposit, a high-grade greenfield project located in the Khabarovsk region of the Russian Far East. In accordance with IFRS 3 the group preliminary assessed amounts of fair values of the identified assets and liabilities of the acquired companies at the acquisition date. These amounts are provisional and may be adjusted during measurement period (not exceeding one year from the date of acquisition).

	Provisional fair value amounts at the acquisition date
Property, plant and equipment	138
Non-current inventories	5
Deferred tax assets	5
Trade and other receivables	9
Taxes receivable	5
Cash and cash equivalents	7
Taxes payable	(2)
Trade and other payables	(1)
Total identifiable net assets	**166**
Cash consideration paid	(150)
Gain on acquisition of subsidiaries	**16**

For the period from the date of acquisition to 31 December 2022, the acquired companies had no effect on the group's profit for the period and revenue. The acquired companies would have decreased the group's profit for the year ended 31 December 2022 by an additional USD 2 million, if the acquisition had occurred in January 2022, with no effect on revenue.

[6] Effective % held by the Company, including holdings by other subsidiaries of the group.

26. EVENTS AFTER THE REPORTING DATE

In February 2023, with respect to Eurobonds due in 2023 the group transferred the funds earmarked for coupon payments due in August 2022 and February 2023 as well as principal payment for these Eurobonds (in the amount of USD 330 million) to the principal paying agent and was informed by the principal paying agent that these funds were further transferred by the principal paying agent to the international clearing systems for further distribution to the holders of the Eurobonds whose rights are accounted for within the international clearing systems and thus redeemed these Eurobonds upon their maturity.

In February 2023, the group issued rouble denominated bonds in the amount of RUB 20 billion (USD 268 million) with a coupon rate of 10.4% and maturity date in February 2028. Following the placement the group has entered into cross-currency swaps to convert RUB 20 billion bonds into yuan denominated liability in the amount of CNY 1,842 million with a fixed rate of 4.98%.

In March 2023, the group received payments as settlement of loans receivable in the amount of USD 88 million.