Yara second-quarter and half-year report 2023

- Strong cash conversion in a low-margin environment
- Falling prices generated further position losses, recovery likely in 3Q based on latest price developments
- Positive volume effect from higher premium product deliveries
- Improved demand and tighter nitrogen market outlook for new season

Highlights 1)

USD millions, except where indicated otherwise	2Q 2023	2Q 2022	1H 2023	1H 2022
Revenue and other income	3,943	6,453	8,104	12,365
Operating income	(250)	1,223	(51)	2,262
EBITDA	237	1,514	727	2,837
EBITDA excl. special items	252	1,475	740	2,821
Net income/(loss)	(298)	667	(194)	1,614
Basic earnings/(loss) per share 2)	(1.18)	2.61	(0.77)	6.31
Basic earnings/(loss) per share excl. foreign currency exchange gain/(loss) and special items 2)	(0.36)	3.32	0.04	6.52
Net cash provided by/(used in) operating activities	677	960	1,180	1,276
Net cash provided by/(used in) investing activities	(270)	(239)	(538)	2
Net debt / equity ratio	0.54	0.45	0.54	0.45
Net debt / EBITDA excl. special items (last 12 months) ratio	1.37	0.79	1.37	0.79
Average number of shares outstanding (millions)	254.7	254.7	254.7	254.7
Return on invested capital (ROIC) 3)	(5.6 %)	33.4 %	10.5 %	17.7 %

Key statistics

	2Q 2023	2Q 2022	1H 2023	1H 2022
Yara production (thousand tonnes) 4)				
Ammonia	1,418	1,688	2,799	3,411
Finished fertilizer and industrial products, excl. bulk blends	4,398	4,466	8,441	9,328
Yara deliveries (thousand tonnes)				
Ammonia trade	412	404	828	847
Fertilizer	5,880	5,789	10,527	11,912
Industrial Product	1,642	1,862	3,141	3,663
Total deliveries	7,934	8,055	14,496	16,422
Yara's Energy prices (USD per MMBtu)				
Global weighted average gas cost 5)	10.2	22.6	12.9	21.7
European weighted average gas cost	14.3	31.0	19.3	30.7

1) See page 34-40 for definitions, explanations, and reconciliations of Alternative Performance Measures (APMs).
2) USD per share. Yara currently has no share-based compensation programs resulting in a dilutive effect on earnings per share.
3) Quarterly numbers annualized. Half-year numbers 12-months rolling average.
4) Including Yara's share of production in equity-accounted investees, excluding Yara-produced blends.
5) Excluding Babrala.

Variance analysis

USD millions	2Q 2023	1H 2023
EBITDA 2023	237	727
EBITDA 2022	1,514	2,837
Reported EBITDA variance	(1,277)	(2,110)
Special items variance (see page 10 for details)	(54)	(29)
EBITDA variance ex special items	(1,223)	(2,081)
Volume/Mix	240	(130)
Margin	(1,440)	(1,952)
Currency translation	13	41
Other	(36)	(40)
Total variance explained	(1,223)	(2,081)

Second quarter

Yara's second-quarter EBITDA excluding special items was 83% lower than a year earlier, mainly reflecting lower margins with lower selling prices offset a decline in energy costs and improved volume/mix. Total deliveries were 2% lower than a year earlier, but with an increased share of premium product deliveries.

Yara normally has a net position exposure between production and sales order. Steep price decline this quarter resulted in low demand in overseas markets which increased Yara's net position exposure. This price decline generated position losses including new inventory write-downs.

During the quarter, Yara recognized a 168 MUSD impairment of the Tertre production plant, which is reflected in the negative operating income of 250 MUSD. See note 9 for more information.

Europe

EBITDA excluding special items was 71 MUSD negative compared with 325 MUSD positive a year earlier, as lower selling prices more than offset higher deliveries and lower feedstock costs, and triggered inventory write-downs. Deliveries increased by 32%, with an increased share of premium product deliveries, compared to second quarter last year which had historically low deliveries due to the high price environment then. Production was impacted by curtailments in some plants.

Americas

EBITDA excluding special items was 76% lower than a year earlier, mainly reflecting lower production margins in North America, lower commercial margins and lower deliveries. Deliveries were down 11% due to farmers postponing purchases in a declining price environment, as well as sanctions imposed on suppliers from Russia and Belarus impacting deliveries of commodity fertilizers for blending and distribution. However, the share of premium product deliveries increased compared to the same period a year earlier.

Africa & Asia

EBITDA excluding special items was 96% lower than a year earlier, driven by reduced ammonia production margins in Australia, lower commercial margins and lower deliveries. Total deliveries were 7% lower, due to sluggish demand in a declining price environment which also triggered inventory write-downs.

Global Plants & Operational Excellence (GPOE)

EBITDA excluding special items was 91% lower than a year earlier. The result mainly reflects the downward pressure of commodity fertilizer prices despite higher finished fertilizer deliveries.

Industrial Solutions

EBITDA excluding special items was 82% lower than a year earlier, driven by lower deliveries and declining market prices. Total deliveries were down 12%, mainly in Chemical applications EMEA due to reduced industrial activity in Europe, and in Transport Reagents compared with record deliveries a year earlier.

Clean Ammonia

EBITDA excluding special items was 65% lower than a year earlier, driven by lower margins due to lower ammonia prices and higher fixed costs. Total volumes were 2% higher than a year earlier.

First half

Yara's first-half EBITDA excluding special items was 74% lower than a year earlier, mainly reflecting lower margins, with lower selling prices triggering inventory write-downs and more than offsetting a decline in energy costs. Total deliveries were down 12% compared to same period a year earlier.

Europe

EBITDA excluding special items was 76 MUSD negative compared with 670 MUSD positive a year earlier, as lower selling prices more than offset lower feedstock costs and triggered inventory write-downs. Deliveries were down 2% compared to the same period last year. Production was impacted by curtailments in several plants.

Americas

EBITDA excluding special items was 65% lower than a year earlier, mainly reflecting lower production margins in North America, lower commercial margins and lower deliveries. Overall deliveries were down 19%, driven by supply overhangs and customers delaying purchases in a declining price environment, as well as sanctions imposed on suppliers from Russia and Belarus impacting deliveries of commodity fertilizers for blending and distribution.

Africa & Asia

EBITDA excluding special items was 72% lower than a year earlier, driven by reduced ammonia production margins in Australia, lower commercial margins and lower deliveries. Total deliveries were 8% lower, due to sluggish demand in a declining price environment, which also triggered inventory write-downs.

Global Plants & Operational Excellence (GPOE)

EBITDA excluding special items was 88% lower than a year earlier, mainly reflecting reduced selling prices impacting production margins.

Industrial Solutions

EBITDA excluding special items was 73% lower than a year earlier, mainly reflecting lower deliveries and declining market prices. Total deliveries were down 14%, mainly in Chemical applications EMEA due to reduced industrial activity in Europe, and in Transport Reagents compared with record deliveries a year earlier.

Clean Ammonia

EBITDA excluding special items was 56% lower than a year earlier, mainly reflecting lower margins due to lower ammonia prices and higher fixed costs.

Production volumes

	2Q 2023	2Q 2022	1H 2023	1H 2022
Thousand tonnes				
Ammonia	1,418	1,688	2,799	3,411
Urea	1,039	1,081	1,869	2,207
Nitrate	1,299	1,201	2,489	2,726
NPK	1,432	1,463	2,754	2,919
CN	385	434	820	893
UAN	179	209	361	438
SSP-based fertilizer	63	78	147	145
Total Finished Products	4,398	4,466	8,441	9,328

Deliveries

Crop Nutrition deliveries

Thousand tonnes	2Q 2023	2Q 2022	1H 2023	1H 2022
Urea	1,284	1,317	2,332	2,695
Nitrate	1,171	871	2,137	2,232
NPK	2,050	2,050	3,805	4,134
of which Yara-produced compounds	*1,515*	*1,346*	*2,838*	*2,743*
of which blends	*524*	*634*	*923*	*1,160*
CN	446	417	768	836
UAN	337	314	522	616
DAP/MAP/SSP	186	192	252	294
MOP/SOP	159	300	228	512
Other products	247	329	482	592
Total Crop Nutrition deliveries	5,880	5,789	10,527	11,912

Europe deliveries

Thousand tonnes	2Q 2023	2Q 2022	1H 2023	1H 2022
Urea	140	162	223	346
Nitrate	943	606	1,674	1,600
NPK	497	361	1,045	952
of which Yara-produced compounds	*463*	*331*	*989*	*888*
CN	137	93	203	187
Other products	357	343	598	730
Total deliveries Europe	2,074	1,566	3,744	3,815

Americas deliveries

Thousand tonnes	2Q 2023	2Q 2022	1H 2023	1H 2022
Urea	574	499	1,077	1,118
Nitrate	181	198	351	509
NPK	1,127	1,302	1,978	2,462
of which Yara-produced compounds	*713*	*710*	1,235	1,305
of which blends	*409*	*546*	730	985
CN	271	275	481	544
DAP/MAP/SSP	179	180	226	263
MOP/SOP	136	281	181	462
Other products	218	279	395	451
Total deliveries Americas	2,687	3,014	4,688	5,810
of which North America	*884*	*833*	*1,608*	*1,738*
of which Brazil	*1,355*	*1,760*	*2,277*	*3,248*
of which Latin America ex Brazil	*447*	*421*	*803*	*824*

Africa & Asia deliveries

	2Q 2023	2Q 2022	1H 2023	1H 2022
Thousand tonnes				
Urea	569	655	1,031	1,231
Nitrate	47	68	113	123
NPK	425	387	782	720
of which Yara-produced compounds	*339*	*306*	*614*	*551*
CN	39	48	84	105
Other products	39	51	85	108
Total deliveries Africa & Asia	1,119	1,209	2,095	2,287
of which Asia	*836*	*966*	*1,554*	*1,835*
of which Africa	*283*	*243*	*541*	*452*

Industrial Solutions deliveries

	2Q 2023	2Q 2022	1H 2023	1H 2022
Thousand tonnes				
Ammonia [1]	88	125	183	258
Urea [1]	324	366	608	746
Nitrate [2]	328	313	618	633
CN	44	49	91	101
Other products [3]	365	439	683	809
Water content in industrial ammonia and urea	494	570	959	1,116
Total Industrial Solutions deliveries	1,642	1,862	3,141	3,663

1) Pure product equivalents.
2) Including AN Solution.
3) Including sulfuric acid, ammonia and other minor products.

Financial items

USD millions	2Q 2023	2Q 2022	1H 2023	1H 2022
Interest income	44	23	81	46
Interest income and other financial income	44	23	80	46
Interest expense	(71)	(55)	(136)	(113)
Net interest expense on net pension liability	-	(1)	-	(2)
Foreign currency exchange gain/(loss)	(14)	(268)	(12)	(44)
Other	(2)	(17)	(14)	(15)
Interest expense and foreign currency exchange gain/(loss)	(87)	(340)	(161)	(174)
Net financial income/(expense)	(43)	(318)	(80)	(128)

Second quarter

The variance in financial items primarily reflects a USD 254 million lower net foreign currency exchange loss this quarter, compared with the same quarter a year ago.

This quarter the US dollar continued to appreciate against most of Yara's other main currencies, but the resulting losses on Yara's US dollar-denominated debt positions were largely offset by gains on internal funding positions, mainly in euro against the Norwegian krone. In the same quarter a year ago, a significant appreciation of the US dollar generated a loss that was only partly offset by gains on internal funding positions.

Yara's accounting policy regarding foreign currency transactions is described on page 17 and in the integrated report for 2022 on pages 144 and 145.

The increase in interest income this quarter reflects both higher floating interest rates and higher cash deposits on the back of strong earnings in 2022.

The increase in interest expense this quarter mainly reflects higher floating interest rates. The average gross debt level was around USD 200 million higher than a year earlier.

At the end of the second quarter, the US dollar-denominated debt position generating currency effects in the income statement was approximately USD 3,100 million, with the exposure primarily towards the Norwegian krone.

First half

First-half net financial expense was USD 48 million lower than a year ago, with the variance primarily explained by lower net foreign currency exchange loss and higher interest income.

Income tax

Second quarter

Yara reports a tax cost of USD 7 million despite a loss before tax. The main reason for this is the impairment of Tertre, which is recognized without tax effect. See note 9 for more information. Furthermore, Yara has tax losses in certain countries that are not recognized as deferred tax assets. In the same quarter last year, Yara reported an effective tax rate of 28%.

First half

Yara reports a tax cost of USD 63 million despite a loss before tax. The main reason for this is the impairment of Tertre, as explained in the previous section. Furthermore, tax losses that are not recognized as deferred tax assets also contribute to higher tax cost in 2023. The effective tax rate for the same period last year was 25%.

Cash flow

Second quarter

Yara’s second-quarter operating cash flow was USD 283 million lower than a year earlier, as a lower operating income more than offset a release in operating capital. The release of operating capital in the quarter was driven by lower prices and reduced inventory volumes across all regions.

Yara’s investing cash outflow in the period was USD 31 million higher than a year earlier, mainly reflecting increased maintenance investments, while higher cash outflow from financing activities reflected increased dividend payments compared to a year earlier, partially offset by new loan proceeds.

First half

Yara’s first-half operating cash flow was USD 95 million lower than a year earlier, as lower operating income more than offset a release of operating capital due to lower prices and reduced inventory volumes.

Yara's investing cash outflow in the period was USD 540 million higher than a year earlier, primarily due to proceeds from the Salitre divestment received in first quarter last year. When adjusting for the Salitre proceeds of USD 440 million, Yara's investing cash outflow increased by USD 100 million compared to a year earlier. Yara’s financing cash outflow was USD 69 million lower than a year earlier, as principal payments last year and loan proceeds this year offset higher dividends than a year earlier.

Outlook

The energy transition, climate crisis and food security are top priorities globally. With its leading food solutions and ammonia positions, Yara is uniquely positioned to drive these transformations. Furthermore, the volatile operating conditions of the past years have shown the resilience of Yara's global and flexible business model.

Since fourth quarter 2022, fertilizer prices have been on a declining trend, pushing the industry into a low-margin environment. European nitrate demand returned with the launch of new season nitrate prices, but overall market sentiment varied through the second quarter due to continued fluctuations in both energy prices and nitrogen prices. Yara's production curtailments were largely discontinued due to stronger order books, leaving curtailments of finished fertilizers at 0.4 million tonnes (10% of its European capacity) for the quarter, of which more than half is related to urea. In addition, Yara continued to use its global sourcing and production system to import ammonia and curtailed 0.2 million tonnes ammonia (17% of its European capacity) during the quarter. As of mid-July 2023, Yara had curtailed an annualized capacity of 0.5 million tonnes of ammonia (10% of its European capacity) and 1.2 million tonnes of finished products (7% of its European capacity).

Based on current forward markets for natural gas (12 July 2023) and assuming stable gas purchase volumes, Yara's gas cost for the third quarter 2023 is estimated to be USD 800 million lower than a year earlier. These estimates may change depending on future spot gas prices and local terms.

As expected, the Europe nitrogen industry saw a recovery of volumes during the quarter and season-to-date deliveries were in line with a year ago. Given supply overhangs from last season, this indicates an increase in application rates this season. For the new season, recent price developments indicate stronger demand and a tighter urea market going forward, despite substantial recent capacity additions. Together with healthy farmer incentives and low producer stocks in Europe, this creates a positive backdrop also for nitrate markets. Based on the latest price developments for phosphate and potash, margin recovery is likely in third quarter.

For global urea supply, industry consultant projections show new capacity additions in 2023 above historical trend demand growth, followed by significantly lower supply growth from 2024 and beyond.

Yara continues to lead the energy transition and mature its Clean Ammonia project portfolio. Clean ammonia from the US represents a significant opportunity for profitable decarbonization and the potential to drive increased adoption in new segments including shipping, power generation and as an energy carrier. At its Capital Markets Day on June 26th, Yara defined its ambition of developing two full-scale blue ammonia projects in the US. In addition to the announced project with Enbridge, the joint evaluation of a low-carbon blue ammonia project with BASF represents a second project candidate.

Yara's financial situation is robust, with a net debt/EBITDA excluding special items ratio of 1.37 and a net debt/equity ratio of 0.54 at the end of second quarter. The company distributed dividends of USD 1.3 billion in second quarter and will consider further cash distributions in the coming quarters, in line with its capital allocation policy.

Risk and uncertainty

As described in Yara's Annual Report for 2022, Yara's total risk exposure is analyzed and evaluated at group level. Risk evaluations are integrated in all business activities both at group and business unit level, increasing Yara's ability to take advantage of business opportunities. Yara's most important market risk is related to the margin between nitrogen fertilizer prices and natural gas prices. Although there is a positive long-term correlation between these prices, margins are influenced by the supply/demand balance for food relative to energy. Yara has in place a system for credit and currency risk management with defined limits for exposure both at country, customer and currency level. Yara's geographically diversified portfolio reduces the overall credit and currency risk of the Group. As the fertilizer business is essentially a US dollar business, with both revenues and raw material costs mainly priced in US dollars, Yara seeks to keep most of its debt in US dollars to reduce its overall US dollar currency exposure.

The Russian invasion of Ukraine from late February 2022 has brought increased geopolitical risks to global markets and business operations. The war has major impacts on both the food and fertilizer industries and has created political and economic uncertainty which could result in material adjustments to Yara's carrying amounts of assets and liabilities. See note 1 and 10 to the Interim Consolidated Financial Statements for more information.

The US Inflation Reduction Act (IRA), which was approved in 2022, makes the US a highly attractive location for clean ammonia investments. With these incentives, the cost of producing blue ammonia in the US will be significantly lower than in Europe. Given expected increased demand for blue ammonia in new segments like shipping, power generation and as energy carrier, combined with low visibility of future incentive schemes in Europe, there is risk and uncertainty related to predict how new ammonia supply from the US will impact Yara's production assets in Europe. See note 1 and 9 to the Interim Consolidated Financial Statements for more information.

The risks and uncertainties for the remaining six months of the year are described in Outlook.

Related parties

Note 8.1 and 8.2 in the annual report for 2022 provides details of related parties. During the first half of 2023 there have not been any changes or transactions that significantly impact the group's financial position or result for the period.

The Board of Directors and Chief Executive Officer
Yara International ASA
Oslo, 18 July 2023

Trond Berger Chair	Jannicke Hilland Vice chair	John Thuestad Board member
Rune Bratteberg Board member	Tove Feld Board member	Geir O. Sundbø Board member
Eva Safrine Aspvik Board member	Ragnhild Flesland Høimyr Board member	Therese Log Bergjord Board member
Harald Thorstein Board member	Tina Lawton Board member	Svein Tore Holsether President and CEO

Special items

Yara defines "special items" as items in the results which are not regarded as part of underlying business performance for the period. These comprise restructuring related items, contract derivatives, impairments and other items which are not primarily related to the period in which they are recognized, subject to a minimum value of USD 5 million per item within a 12-month period. "Contract derivatives" are commodity-based derivative gains or losses which are not the result of active exposure or position management by Yara. Together with impairments, these are defined as special items regardless of amount.

	Fixed cost effect				EBITDA effect				Operating income effect			
	2Q 2023	2Q 2022	1H 2023	1H 2022	2Q 2023	2Q 2022	1H 2023	1H 2022	2Q 2023	2Q 2022	1H 2023	1H 2022
Environmental provision	(16)	-	(16)	-	(16)	-	(16)		(16)	-	(16)	
Restructuring cost	-	(1)	-	(3)	-	(1)	-	(3)	-	(1)	-	(3)
Impairment of non-current assets	-	-	-	-	-	-	-		(173)	(6)	(175)	(6)
Contract derivatives gain/(loss)	-	-	-	-	1	(3)	3	(4)	1	(3)	3	(4)
Total Europe	(16)	(1)	(16)	(3)	(15)	(4)	(13)	(7)	(188)	(10)	(188)	(13)
Salitre divestment	-	-	-	(2)	-	(5)	-	(11)	-	(5)	-	(21)
Provision related to closure of plant	-	-	-	4	-	-	-	4	-	-	-	4
Impairment of non-current assets	-	-	-		-	-	-	-	-	(3)	-	(3)
Scrapping of project development	-	-	-		-	(13)	-	(13)	-	(13)	-	(13)
Total Americas	-	-	-	2	-	(18)	-	(20)	-	(22)	-	(34)
Supplier claim compensation	-	-	-	-	-	9	-	9	-	9	-	9
Impairment of non-current assets	-	-	-	-	-	-	-	-	-	(2)	-	(2)
Contract derivatives gain/(loss)	-	-	-	-	-	54	-	35	-	54	-	35
Total Africa & Asia	-	-	-	-	-	63	-	44	-	61	-	42
Impairment of non-current assets	-	-	-	-	-	-	-	-	(3)	(4)	(3)	(4)
Total Global Plants & Operational Excellence	-	-	-	-	-	-	-	-	(3)	(4)	(3)	(4)
Contract derivatives gain/(loss)	-	-	-	-	-	(2)	-	(1)	-	(2)	-	(1)
Total Clean Ammonia	-	-	-	-	-	(2)	-	(1)	-	(2)	-	(1)
Impairment of non-current assets	-	-	-	-	-	-	-	-	(10)	-	(10)	-
Total Other and Eliminations	-	-	-	-	-	-	-	-	(10)	-	(10)	-
Total Yara	(16)	(1)	(16)	(2)	(15)	39	(13)	16	(200)	24	(201)	(9)

See page 34-40 for definitions, explanations and reconciliation of Alternative Performance Measures (APMs).

Variance analysis

In order to track underlying business developments from period to period, Yara's management also uses a variance analysis methodology ("variance analysis") that involves the extraction of financial information from the accounting system, as well as statistical and other data from internal management information systems. Management considers the estimates produced by the variance analysis, and the identification of trends based on such analysis, sufficiently precise to provide useful data to monitor the business. However, these estimates should be understood to be less than an exact quantification of the changes and trends indicated by such analysis.

The variance analysis presented in Yara's quarterly and annual financial reports is prepared on a Yara EBITDA basis including net income/(loss) in equity-accounted investees. The volume, margin and other variances presented therefore include effects generated by performance in equity-accounted investees.

Condensed consolidated interim statement of income

USD millions, except share information	Notes	2Q 2023	2Q 2022	1H 2023	1H 2022	2022
Revenue from contracts with customers	3	3,940	6,390	8,076	12,317	23,902
Other income and commodity derivative gain/(loss)	5	3	63	28	48	150
Revenue and other income		3,943	6,453	8,104	12,365	24,051
Raw materials, energy costs and freight expenses		(2,837)	(4,727)	(5,914)	(9,143)	(18,078)
Change in inventories of own products		(449)	224	(654)	458	725
Payroll and related costs		(340)	(325)	(661)	(646)	(1,284)
Depreciation and amortization	8	(257)	(238)	(508)	(485)	(964)
Impairment loss	8, 9	(185)	(14)	(188)	(25)	(35)
Expected and realized credit loss on trade receivables		(1)	(2)	1	(6)	(14)
Other operating expenses		(124)	(147)	(232)	(255)	(575)
Operating costs and expenses		(4,193)	(5,230)	(8,155)	(10,102)	(20,224)
Operating income		(250)	1,223	(51)	2,262	3,827
Share of net income/(loss) in equity-accounted investees		2	16	1	18	25
Interest income and other financial income		44	23	80	46	108
Foreign currency exchange gain/(loss)		(14)	(268)	(12)	(44)	(61)
Interest expense and other financial items		(72)	(72)	(149)	(130)	(260)
Income/(loss) before tax		(291)	921	(130)	2,152	3,639
Income tax expense		(7)	(254)	(63)	(538)	(857)
Net income/(loss)		(298)	667	(194)	1,614	2,782
Net income/(loss) attributable to						
Shareholders of the parent		(300)	664	(196)	1,608	2,777
Non-controlling interests		1	3	2	6	5
Net income/(loss)		(298)	667	(194)	1,614	2,782
Basic earnings/(loss) per share [1)]		(1.18)	2.61	(0.77)	6.31	10.90
Weighted average number of shares outstanding	2	254,725,627	254,725,627	254,725,627	254,725,627	254,725,627

1) Yara currently has no share-based compensation program resulting in a dilutive effect on earnings per share.

Condensed consolidated interim statement of comprehensive income

USD millions	2Q 2023	2Q 2022	1H 2023	1H 2022	2022
Net income/(loss)	(298)	667	(194)	1,614	2,782
Other comprehensive income/(loss) that may be reclassified to statement of income in subsequent periods, net of tax					
Currency translation adjustments	89	(157)	196	(156)	(199)
Hedge of net investments	(20)	(81)	(58)	(76)	(70)
Net other comprehensive income/(loss) that may be reclassified to statement of income in subsequent periods, net of tax	69	(238)	138	(232)	(269)
Other comprehensive income/(loss) that will not be reclassified to statement of income in subsequent periods, net of tax					
Currency translation adjustments [1)]	(30)	(140)	(52)	(127)	(134)
Net gain/(loss) on equity instruments at fair value through other comprehensive income	-	-	-	-	13
Remeasurement gains/(losses) on defined benefit plans	-	95	-	132	140
Net other comprehensive income/(loss) that will not be reclassified to statement of income in subsequent periods, net of tax	(30)	(45)	(52)	5	19
Reclassification adjustments of the period	-	-	-	-	9
Other comprehensive income/(loss), net of tax	39	(284)	85	(227)	(242)
Total comprehensive income/(loss)	(259)	383	(108)	1,387	2,540
Total comprehensive income/(loss) attributable to					
Shareholders of the parent	(260)	381	(109)	1,383	2,538
Non-controlling interests	1	3	1	4	2
Total comprehensive income/(loss)	(259)	383	(108)	1,387	2,540

1) Currency translation adjustments that will not be reclassified to statement of income are related to entities with functional currency NOK as these are not classified as "foreign operations" to Yara International ASA.

Condensed consolidated interim statement of changes in equity

USD millions	Share Capital [1]	Premium paid-in capital	Currency translation adjust-ments	Other reserves [2]	Retained earnings	Reserve of disposal group held for sale	Attribut-able to share-holders of the parent	Non-controlling interests	Total equity
Balance at 31 December 2021	63	(49)	(1,571)	(214)	8,883	(8)	7,104	13	7,116
Net income/(loss)	-	-	-	-	1,608	-	1,608	6	1,614
Other comprehensive income/(loss)	-	-	(281)	(76)	132	-	(225)	(2)	(227)
Total comprehensive income/(loss)	-	-	(281)	(76)	1,740	-	1,383	4	1,387
Long-term incentive plan	-	-	-	-	(1)	-	(1)	-	(1)
Dividends distributed	-	-	-	-	(797)	-	(797)	(1)	(798)
Balance at 30 June 2022	63	(49)	(1,852)	(290)	9,826	(8)	7,690	15	7,705
Net income/(loss)	-	-	-	-	1,169	-	1,169	(1)	1,168
Other comprehensive income/(loss)	-	-	(49)	19	8	8	(14)	(1)	(15)
Total comprehensive income/(loss)	-	-	(49)	19	1,177	8	1,155	(2)	1,153
Long-term incentive plan	-	-	-	-	1	-	1	-	1
Dividends distributed	-	-	-	-	(258)	-	(258)	-	(258)
Balance at 31 December 2022	63	(49)	(1,901)	(270)	10,745	-	8,587	13	8,600
Net income/(loss)	-	-	-	-	(196)	-	(196)	2	(194)
Other comprehensive income/(loss)	-	-	145	(58)	-	-	86	(1)	85
Total comprehensive income/(loss)	-	-	145	(58)	(196)	-	(109)	1	(108)
Long-term incentive plan	-	-	-	-	(1)	-	(1)	-	(1)
Dividends distributed [3]	-	-	-	-	(1,298)	-	(1,298)	(2)	(1,300)
Balance at 30 June 2023	63	(49)	(1,756)	(329)	9,250	-	7,179	12	7,191

1) Par value NOK 1.70.
2) Other reserves include fair value reserve of financial assets at FVOCI, hedge of net investments, and cash flow hedges.
3) See Note 2 Shares, dividend, and share buy-back program

Condensed consolidated interim statement of financial position

USD millions	Notes	30 Jun 2023	30 Jun 2022	31 Dec 2022
Assets				
Non-current assets				
Deferred tax assets		543	479	449
Goodwill	8,9	757	771	754
Intangible assets other than goodwill	8	132	117	112
Property, plant and equipment	8,9	6,819	6,750	6,970
Right-of-use assets	8	401	405	403
Associated companies and joint ventures		153	142	147
Other non-current assets		569	525	526
Total non-current assets		9,374	9,188	9,363
Current assets				
Inventories	6	3,338	4,815	4,365
Trade receivables		1,944	2,478	2,305
Prepaid expenses and other current assets		913	957	932
Cash and cash equivalents		626	579	1,010
Non-current assets and disposal group classified as held-for-sale	4	16	26	9
Total current assets		6,837	8,855	8,620
Total assets		16,211	18,044	17,982

Condensed consolidated interim statement of financial position

USD millions, except share information	Notes	30 Jun 2023	30 Jun 2022	31 Dec 2022
Equity and liabilities				
Equity				
Share capital reduced for treasury shares		63	63	63
Premium paid-in capital		(49)	(49)	(49)
Total paid-in capital		14	14	14
Other reserves		(2,085)	(2,150)	(2,172)
Retained earnings		9,250	9,826	10,745
Total equity attributable to shareholders of the parent		7,179	7,690	8,587
Non-controlling interests		12	15	13
Total equity	2	7,191	7,705	8,600
Non-current liabilities				
Employee benefits		270	288	293
Deferred tax liabilities		482	455	473
Interest-bearing debt	7	3,550	3,038	3,597
Other non-current liabilities		209	150	158
Non-current provisions		248	209	231
Non-current lease liabilities		298	298	292
Total non-current liabilities		5,056	4,437	5,043
Current liabilities				
Trade and other current payables	10	2,145	3,353	2,549
Prepayments from customers		649	932	620
Current tax liabilities		130	396	288
Current provisions		63	56	92
Other current liabilities		340	466	460
Interest-bearing debt	7	523	582	210
Current lease liabilities		112	112	118
Liabilities associated with non-current assets and disposal group classified as held-for-sale		-	6	1
Total current liabilities		3,963	5,902	4,338
Total equity and liabilities		16,211	18,044	17,982
Number of shares outstanding	2	254,725,627	254,725,627	254,725,627

The Board of Directors and Chief Executive Officer
Yara International ASA
Oslo, 18 July 2023

Trond Berger
Chair

Jannicke Hilland
Vice chair

John Thuestad
Board member

Rune Bratteberg
Board member

Tove Feld
Board member

Geir O. Sundbø
Board member

Eva Safrine Aspvik
Board member

Ragnhild Flesland Høimyr
Board member

Therese Log Bergjord
Board member

Harald Thorstein
Board member

Tina Lawton
Board member

Svein Tore Holsether
President and CEO

Condensed consolidated interim statement of cash flows

USD millions	Notes	2Q 2023	2Q 2022	1H 2023	1H 2022	2022
Operating activities						
Income/(loss) before tax		(291)	921	(130)	2,152	3,639
Adjustments to reconcile income/(loss) before tax to net cash provided by/(used in) operating activities						
Depreciation and amortization	8	257	238	508	485	964
Impairment loss	8,9	185	14	188	25	35
(Gain)/loss on disposal of non-current assets		7	16	2	17	34
Foreign currency exchange (gain)/loss		14	268	12	44	61
Finance income and expense		29	50	69	84	153
Income taxes paid		(181)	(148)	(372)	(282)	(627)
Interest paid [1]		(105)	(63)	(132)	(106)	(236)
Interest received		46	28	92	41	103
Other		(15)	(10)	(39)	(27)	70
Working capital changes that provided/(used) cash						
Trade receivables		170	304	403	(448)	(299)
Inventories		754	(537)	1,118	(893)	(605)
Prepaid expenses and other current assets		(17)	(118)	19	(253)	(214)
Trade and other payables		(76)	145	(319)	264	(620)
Prepayments from customers		78	64	(8)	289	(6)
Other interest-free liabilities		(176)	(213)	(229)	(117)	(63)
Net cash provided by/(used in) operating activities		677	960	1,180	1,276	2,391
Investing activities						
Purchase of property, plant and equipment		(244)	(226)	(498)	(406)	(926)
Proceeds from sales of property, plant and equipment		1	1	2	3	16
Cash flows from losing control of subsidiaries or other businesses		-	4	-	443	456
Cash flows used in obtaining control of subsidiaries or other businesses		-	(4)	(3)	(4)	(29)
Purchase of other non-current assets		(27)	(14)	(41)	(37)	(32)
Proceeds from sales of other non-current assets		-	1	3	3	6
Net cash provided by/(used in) investing activities		(270)	(239)	(538)	2	(509)
Financing activities						
Loan proceeds [2]	7	358	72	391	4	613
Principal payments [2]	7	(47)	(57)	(71)	(218)	(633)
Payment of lease liabilities	7	(42)	(36)	(84)	(73)	(149)
Dividends paid	2	(1,229)	(796)	(1,247)	(796)	(1,054)
Other cash transfers (to)/from non-controlling interests		(2)	(1)	(2)	(1)	(1)
Net cash provided by/(used in) financing activities		(962)	(819)	(1,013)	(1,082)	(1,226)
Foreign currency effects on cash and cash equivalents		(6)	(20)	(12)	(12)	(42)
Net increase/(decrease) in cash and cash equivalents		(561)	(118)	(383)	183	614
Cash and cash equivalents at beginning of period [3]		1,189	699	1,011	397	397
Cash and cash equivalents at end of period [3]		628	580	628	580	1,011
Bank deposits not available for the use by the Group		129	106	129	106	102

1) Including interest on lease liabilities.
2) Loan proceeds and principal payments related to short-term borrowings for which maturity is three months or less, are presented net.
3) Excluded expected credit loss provisions on bank deposits.

Notes to the interim financial statements

General and accounting policies

Yara (the Group) consists of Yara International ASA and its subsidiaries. Yara International ASA is a public limited company incorporated in Norway. The address of its registered office is Drammensveien 131, Oslo, Norway.

These unaudited, condensed consolidated interim financial statements consist of the Group and the Group's interests in associated companies and joint arrangements. They are prepared in accordance with International Accounting Standard 34 Interim Financial Reporting and should be read in conjunction with the annual consolidated financial statements in Yara's Integrated Report for 2022. The accounting policies applied are the same as those applied in 2022 and implemented for 2023 as communicated in the annual consolidated financial statements incorporated in Yara's Integrated Report 2022.

As a result of rounding differences numbers or percentages may not add up to the total.

These condensed consolidated financial statements are presented in US dollars (USD) million, except when otherwise indicated. Individual financial statements of Yara International ASA and its subsidiaries are prepared in the respective entities' functional currency. Functional currency is the currency of the primary economic environment in which the entity operates. The functional currency of Yara International ASA is Norwegian kroner (NOK). In the individual financial statements, transactions in currencies other than the entity's functional currency are recognized by applying the exchange rate at the date of transaction. At the balance sheet date, monetary items denominated in foreign currencies are translated using the exchange rate at that date. The changes in value due to such foreign currency translations are recognized in the statement of income of the individual entity and reflected as "foreign currency exchange gain/(loss)" in the consolidated statement of income for the Group. When preparing the consolidated financial statements, all items in the individual financial statements are translated into USD using the exchange rates at period end for statement of financial position items and monthly average exchange rates for statement of income items. Gains and losses derived from this translation are included in other comprehensive income as a separate component.

Note 1 Judgments, estimates and assumptions

Yara faces risks and uncertainties which require management to make judgements, estimates and assumptions when preparing consolidated financial statements, and which may significantly differ from actual results and may lead to material adjustments to carrying amounts. The significant judgments, estimates and assumptions related to inventory, impairment of assets, tax assets and liabilities, pensions liabilities, and joint arrangements as communicated in the consolidated financial statements as of 31 December 2022, also apply to these interim financial statements as well as the other key factors mentioned related to climate change, price volatility and the war in Ukraine.

The US Inflation Reduction Act (IRA), which was approved in 2022, makes the US a highly attractive location for clean ammonia investments. With these incentives, the cost of producing blue ammonia in the US will be significantly lower than in Europe, and Yara expects that even on a full-cost basis, US blue ammonia production will be competitive with European cash cost. As communicated at Yara's Capital Markets Day 2023, the Group will prioritize strategic and value-creating investments in US clean ammonia. These investments are complimentary to Yara's European footprint as a majority of Yara assets in Europe are flexible on ammonia source. This creates opportunities for Yara to fuel parts of its European production with imports of low-carbon ammonia at competitive cost, to diversify its energy position through increased exposure to US natural gas markets, and to decarbonize nitrate and NPK production. Competitive supply from the US to Europe could lead to reduced useful life and/or impairments of production assets in Europe, in particular ammonia production assets. However, the technical and business feasibility of increasing ammonia imports in future will vary from site to site. Furthermore, assets and cash generating units shall be tested for impairment in their current condition. Uncommitted future projects, for example decarbonization investments and restructuring projects, will not be included in cash flow projections when measuring value-in-use for impairment testing purposes. This may lead to impairment of assets that will be reversed at a later stage when new projects are committed. See note 9 for the specific effects to these interim financial statements. Future financial effects of the IRA are highly uncertain and cannot be reliably estimated at this time.

See note 10 for the specific effects of the war in Ukraine to these financial statements. Future financial effects of the war are highly uncertain and cannot be reliably estimated. However, it is likely that future financial effects will be driven by further price volatility for raw materials and end products as well as changes to sourcing patterns. Any estimate will be subject to significant uncertainties. Yara will continue to closely monitor the situation and adapt to market conditions going forward.

Note 2 Shares, dividend, and share buy-back program

The Annual General Meeting on 12 June 2023 approved a dividend for 2022 of NOK 55.00 per share. Total amount payable is NOK 14,010 million (USD 1,298 million). The dividend was paid out during second quarter 2023, except for NOK 739 million (USD 69 million) that will be paid during third quarter 2023.

On 12 June 2023 the Annual General Meeting also authorized the Board of Directors to acquire up to 12,736,281 shares in the open market and from the Norwegian State. Shares may be purchased within a price range from NOK 10 to NOK 1,000. The shares shall be subsequently cancelled. Yara has renewed its agreement with the Norwegian State according to which the State's shares will be redeemed on a pro-rata basis to ensure the State's ownership is unchanged in the event of a cancellation of shares bought back. Yara has not purchased own shares under the 2023 or 2022 buy-back programs.

Total number of shares outstanding as of 30 June 2023 is 254,725,627. Yara has not purchased or cancelled own shares in 2022 or 2023 and does not hold own shares as of 30 June 2023.

Note 3 Operating segment information

Yara's operations comprise of the following operating segments:

- Europe
- Americas
- Africa & Asia
- Global Plants & Operational Excellence
- Clean Ammonia
- Industrial Solutions

The operating segments presented are the key components of Yara's business which are assessed, monitored and managed on a regular basis by Yara's Chief Executive Officer (CEO) as the Chief Operating Decision Maker.

The regional segments (Europe, Americas, and Africa & Asia) operate in a fully integrated setup, comprising production, supply chain and commercial operations, producing and delivering Yara's existing fertilizer solutions in addition to commercializing and selling new offerings.

The Global Plants & Operational Excellence segment operates Yara's largest, and export-oriented, production plants in Porsgrunn (Norway) and in Sluiskil (the Netherlands) and has a key role in driving operational improvements, competence development and technical project execution across Yara's production system. In addition, the segment includes the global planning and optimization function, the product management function, the direct procurement functions, and the corporate Health, Environment, Safety and Quality (HESQ) function.

The Clean Ammonia segment contains Yara's ammonia sales and logistics activity that plays a vital role in Yara's production system as it allocates excess volume from producing plants and delivers ammonia to consuming plants in timely manner to ensure full production capacity utilization. In addition, the segment sources and trades ammonia externally and provides optimized shipping solutions through use of a fleet of owned and time-chartered vessels. The segment is currently evaluating several new green and blue ammonia projects with the aim to serve growing markets for clean ammonia and add scale to the existing business.

Yara Industrial Solutions mainly provides nitrogen-based solutions and services across a wide range of industries including automotive, construction, waste handling and circular economy, chemicals, mining, and animal feed. The segment performs its activities through four commercial units: Transport Reagents, Mining Applications, Chemical Applications EMEA, and Chemical Applications Americas. These commercial units are backed by six dedicated production plants across Europe, Latin America, Africa and Asia.

USD millions	2Q 2023	2Q 2022	1H 2023	1H 2022	2022
External revenue from contracts with customers					
Europe	990	1,268	2,112	2,871	5,729
Americas	1,550	2,540	2,890	4,550	8,492
Africa & Asia	622	929	1,238	1,670	3,188
Global Plants & Operational Excellence	13	13	26	28	77
Clean Ammonia	143	522	431	982	1,946
Industrial Solutions	588	1,110	1,324	2,194	4,415
Other and Eliminations	35	9	55	21	55
Total	3,940	6,390	8,076	12,317	23,902
Internal revenue					
Europe	195	509	469	841	1,390
Americas	43	317	234	606	1,240
Africa & Asia	62	181	199	371	976
Global Plants & Operational Excellence	591	1,277	1,272	2,405	4,277
Clean Ammonia	188	650	687	1,232	2,481
Industrial Solutions	46	154	145	299	517
Other and Eliminations	(1,125)	(3,088)	(3,007)	(5,753)	(10,883)
Total	-	-	-	-	-
Total revenue					
Europe	1,185	1,777	2,582	3,712	7,119
Americas	1,593	2,857	3,125	5,156	9,732
Africa & Asia	684	1,110	1,437	2,042	4,165
Global Plants & Operational Excellence	604	1,289	1,297	2,432	4,354
Clean Ammonia	331	1,172	1,118	2,214	4,428
Industrial Solutions	635	1,264	1,469	2,493	4,932
Other and Eliminations	(1,091)	(3,079)	(2,952)	(5,732)	(10,828)
Total	3,940	6,390	8,076	12,317	23,902
EBITDA [1]					
Europe	(86)	321	(89)	663	1,226
Americas	158	638	405	1,153	1,852
Africa & Asia	6	211	76	318	659
Global Plants & Operational Excellence	21	240	53	434	396
Clean Ammonia	19	52	51	115	249
Industrial Solutions	31	171	96	363	642
Other and Eliminations	89	(117)	134	(209)	(65)
Total	237	1,514	727	2,837	4,959
Investments [2]					
Europe	98	135	143	161	352
Americas	29	76	54	117	238
Africa & Asia [3]	42	(10)	70	(52)	15
Global Plants & Operational Excellence	35	47	59	71	225
Clean Ammonia	4	3	19	4	22
Industrial Solutions	41	43	61	65	164
Other and Eliminations	8	(6)	13	13	26
Total	256	287	419	378	1,042

1) See section "Alternative performance measures" for definition and relevant reconciliations.
2) Investments comprises additions to property, plant and equipment, intangible assets other than goodwill, associated companies and joint ventures, and equity instruments in the period. The figures presented are capitalized amounts and may deviate from net cash provided by/(used in) investing activities due to timing of cash outflows.
3) The 2022 figure includes a USD 45 million reduction of decommissioning assets, mainly due to an increase in discount rate. For 2Q 2023, the figure includes a USD 4 million reduction of decommissioning assets (2Q 2022: reduction of USD 19 million, 1H 2023: net increase of USD 4 million, and 1H 2022: net reduction of USD 63 million).

USD millions	Jul 2022–Jun 2023	Jul 2021–Jun 2022	2022
Net operating profit after tax (NOPAT) [1]			
Yara	1,229	2,012	2,981
Europe	33	538	722
Americas	616	815	1,185
Africa & Asia	236	239	419
Global Plants & Operational Excellence	(130)	210	155
Clean Ammonia	94	97	148
Industrial Solutions	185	264	396
Invested capital [1]			
Yara [2]	11,705	11,349	11,602
Europe	3,050	2,627	2,923
Americas	3,979	4,083	4,214
Africa & Asia	2,061	1,935	2,040
Global Plants & Operational Excellence	1,173	1,314	1,081
Clean Ammonia	395	427	446
Industrial Solutions	1,380	1,277	1,385
ROIC [1]			
Yara [2]	10.5 %	17.7 %	25.7 %
Europe	1.1 %	20.5 %	24.7 %
Americas	15.5 %	20.0 %	28.1 %
Africa & Asia	11.4 %	12.3 %	20.5 %
Global Plants & Operational Excellence	(11.1 %)	16.0 %	14.3 %
Clean Ammonia	23.7 %	22.7 %	33.1 %
Industrial Solutions	13.4 %	20.7 %	28.6 %

1) NOPAT, Invested capital and ROIC are calculated on a 12-month rolling average basis. See section "Alternative performance measures" for definitions and relevant reconciliations.
2) A normalized operating cash level of USD 200 million is included in the Invested capital and ROIC calculations for Yara. This is not included in the Invested capital and ROIC calculations at the operating segment level.

Reconciliation of operating income to EBITDA [1)]

USD millions	Operating income	Share of net income/(loss) in equity-accounted investees	Interest income and other financial income	Depreciation and amortization	Impairment loss	EBITDA
2Q 2023						
Europe	(326)	2	-	65	173	(86)
Americas	56	4	32	65	-	158
Africa & Asia	(22)	-	3	26	-	6
Global Plants & Operational Excellence	(30)	-	-	48	3	21
Clean Ammonia	3	-	-	16	-	19
Industrial Solutions	(1)	(5)	-	36	-	31
Other and Eliminations	70	-	8	-	10	89
Total	(250)	2	44	257	185	237
2Q 2022						
Europe	249	2	-	64	6	321
Americas	538	11	22	63	4	638
Africa & Asia	185	-	(1)	24	2	211
Global Plants & Operational Excellence	192	-	-	45	3	240
Clean Ammonia	40	-	-	11	-	52
Industrial Solutions	136	3	1	31	-	171
Other and Eliminations	(117)	-	-	(1)	-	(117)
Total	1,223	16	23	238	14	1,514
1H 2023						
Europe	(395)	2	1	128	175	(89)
Americas	211	2	61	131	1	405
Africa & Asia	20	-	6	51	-	76
Global Plants & Operational Excellence	(46)	-	-	95	3	53
Clean Ammonia	20	-	-	32	-	51
Industrial Solutions	28	(4)	1	72	-	96
Other and Eliminations	111	-	12	1	10	134
Total	(51)	1	80	508	188	727
1H 2022						
Europe	523	3	1	130	6	663
Americas	963	10	41	124	14	1,153
Africa & Asia	263	-	2	51	2	318
Global Plants & Operational Excellence	335	-	-	96	3	434
Clean Ammonia	92	-	-	23	-	115
Industrial Solutions	295	5	2	61	-	363
Other and Eliminations	(209)	-	-	-	-	(209)
Total	2,262	18	46	485	25	2,837
2022						
Europe	953	5	4	251	13	1,226
Americas	1,486	9	91	251	15	1,852
Africa & Asia	550	-	3	104	2	659
Global Plants & Operational Excellence	206	-	-	186	4	396
Clean Ammonia	197	-	-	51	2	249
Industrial Solutions	509	10	3	119	-	642
Other and Eliminations	(74)	-	6	2	-	(65)
Total	3,827	25	108	964	35	4,959

1) See section “Alternative performance measures” for a reconciliation of net income to EBITDA.

Disaggregation of external revenues by nature

USD millions	Fertilizer and chemical products	Freight/ insurance services	Other products and services	Total
2Q 2023				
Europe	947	32	11	990
Americas	1,503	45	2	1,550
Africa & Asia	608	13	1	622
Global Plants & Operational Excellence	3	-	10	13
Clean Ammonia	126	16	1	143
Industrial Solutions	536	46	6	588
Other and Eliminations	3	-	31	35
Total	3,726	152	62	3,940
2Q 2022				
Europe	1,230	25	13	1,268
Americas	2,480	50	10	2,540
Africa & Asia	908	20	1	929
Global Plants & Operational Excellence	3	-	10	13
Clean Ammonia	502	18	2	522
Industrial Solutions	1,051	48	11	1,110
Other and Eliminations	-	-	8	9
Total	6,175	161	55	6,390
1H 2023				
Europe	2,030	58	24	2,112
Americas	2,805	81	4	2,890
Africa & Asia	1,213	23	2	1,238
Global Plants & Operational Excellence	6	-	20	26
Clean Ammonia	400	29	2	431
Industrial Solutions	1,211	94	19	1,324
Other and Eliminations	4	-	51	55
Total	7,669	284	122	8,076
1H 2022				
Europe	2,784	58	30	2,871
Americas	4,452	85	13	4,550
Africa & Asia	1,635	33	2	1,670
Global Plants & Operational Excellence	7	-	21	28
Clean Ammonia	945	34	3	982
Industrial Solutions	2,072	89	33	2,194
Other and Eliminations	-	-	21	21
Total	11,896	298	123	12,317
2022				
Europe	5,547	122	60	5,729
Americas	8,292	171	28	8,492
Africa & Asia	3,126	57	5	3,188
Global Plants & Operational Excellence	28	-	49	77
Clean Ammonia	1,875	64	7	1,946
Industrial Solutions	4,167	189	59	4,415
Other and Eliminations	4	-	51	55
Total	23,039	604	258	23,902

Disaggregation of external revenues by geographical area [1)]

USD millions	Europe	Brazil	Latin America ex. Brazil	North America	Africa	Asia	Total
2Q 2023							
Europe	944	5	7	6	22	5	990
Americas	-	750	343	457	-	-	1,550
Africa & Asia	-	-	-	-	188	434	622
Global Plants & Operational Excellence	13	-	-	-	-	-	13
Clean Ammonia	-	19	-	40	-	84	143
Industrial Solutions	327	115	53	27	40	28	588
Other and Eliminations	24	-	-	-	-	10	35
Total	1,308	889	402	529	250	562	3,940
2Q 2022							
Europe	1,230	-	6	-	18	14	1,268
Americas	1	1,449	453	637	-	-	2,540
Africa & Asia	-	-	-	-	280	649	929
Global Plants & Operational Excellence	13	-	-	-	-	-	13
Clean Ammonia	-	129	12	212	-	168	522
Industrial Solutions	647	239	58	48	93	26	1,110
Other and Eliminations	6	-	-	1	-	2	9
Total	1,896	1,817	528	898	392	859	6,390
1H 2023							
Europe	2,031	9	12	8	42	9	2,112
Americas	1	1,363	633	894	-	-	2,890
Africa & Asia	-	-	-	-	402	836	1,238
Global Plants & Operational Excellence	26	-	-	-	-	-	26
Clean Ammonia	-	69	-	134	-	228	431
Industrial Solutions	769	251	99	50	92	64	1,324
Other and Eliminations	40	-	-	1	-	15	55
Total	2,867	1,692	744	1,087	535	1,152	8,076
1H 2022							
Europe	2,801	-	14	1	39	17	2,871
Americas	2	2,464	805	1,280	-	-	4,550
Africa & Asia	-	-	-	-	485	1,185	1,670
Global Plants & Operational Excellence	27	-	-	-	-	-	28
Clean Ammonia	-	218	22	422	-	319	982
Industrial Solutions	1,311	445	118	99	166	56	2,194
Other and Eliminations	14	-	-	1	-	6	21
Total	4,155	3,127	960	1,802	690	1,584	12,317
2022							
Europe	5,589	5	22	16	81	16	5,729
Americas	2	4,910	1,607	1,972	-	-	8,492
Africa & Asia	-	-	-	-	1,033	2,155	3,188
Global Plants & Operational Excellence	76	-	-	-	-	-	77
Clean Ammonia	-	391	42	818	-	696	1,946
Industrial Solutions	2,732	815	253	164	329	122	4,415
Other and Eliminations	30	-	-	3	-	21	55
Total	8,431	6,120	1,924	2,974	1,443	3,009	23,902

1) Disaggregation by geographical area is based on customer location.

Note 4 Business initiatives

Yara Clean Ammonia

Yara Clean Ammonia ("YCA") was established as a separate segment and business unit in 2021 to focus on clean ammonia, i.e. green and blue ammonia. It reflects Yara's strategic ambition to enable the hydrogen economy where clean ammonia will play a crucial role within zero-emission shipping fuels, power generation, green fertilizer production and other industrial applications. On Yara Capital Markets Day 26 June 2023, it was announced that a potential IPO of the YCA business will be postponed 1-2 years.

On 31 March 2023, Yara announced the signing of a letter of intent with Enbridge Inc. to jointly develop and construct a world scale low-carbon blue ammonia production facility as equal partners. The facility (including autothermal reforming with carbon capture), will be located in Texas, United States. The total project investment is expected in the range of USD 2.6-2.9 billion, with production start-up in 2027/2028. The expected capacity is 1.2-1.4 million tonnes per annum.

On 29 June 2023, Yara announced that BASF and YCA are collaborating on a joint study to develop and construct a world-scale low-carbon blue ammonia production facility with carbon capture in the U.S. Gulf coast region. The companies are looking into the feasibility of a plant with a total capacity of 1. 2 to 1.4 million tonnes per annum.

Disposal of Yara Dallol B.V.

On 27 January 2023, Yara completed the sale of its ownership interest in the Dallol mining project in Ethiopia. The sale had immaterial impact on Yara's first half-year 2023 financial statements.

Note 5 Specifications

Other income and commodity derivative gain/(loss)

USD millions	2Q 2023	2Q 2022	1H 2023	1H 2022	2022
Sale of white certificates	-	-	3	2	5
Insurance and other compensations	-	9	17	9	33
Commodity based derivatives gain/(loss)	1	49	3	29	94
Gain on sale of non-current assets	-	4	-	4	4
Other	2	1	6	3	14
Total	3	63	28	48	150

Note 6 Inventories

USD millions	Europe	Americas	Africa & Asia	Global Plants & Operational Excellence	Clean Ammonia	Industrial Solutions	Other and Eliminations	Total
30 Jun 2023								
Finished goods	483	581	484	65	-	113	(28)	1,699
Work in progress	31	1	15	15	-	10	-	73
Raw materials	160	820	13	128	66	82	(13)	1,256
Spare parts	98	63	29	72	-	48	-	310
Total	772	1,466	542	280	66	254	(41)	3,338
Write-down, closing balance	(43)	(48)	(21)	(9)	(13)	(16)	22	(129)
30 Jun 2022								
Finished goods	691	939	635	129	-	178	(330)	2,242
Work in progress	61	1	1	33	-	15	-	111
Raw materials	214	1,460	34	203	147	122	(6)	2,174
Spare parts	87	62	28	67	-	44	-	288
Total	1,053	2,461	698	433	147	360	(336)	4,815
Write-down, closing balance	(11)	(20)	(3)	(7)	(9)	(7)	23	(34)
31 Dec 2022								
Finished goods	989	769	503	123	-	197	(168)	2,413
Work in progress	59	2	8	44	-	50	-	164
Raw materials	223	827	15	184	146	112	(14)	1,494
Spare parts	93	56	29	70	-	46	-	294
Total	1,365	1,654	555	421	146	405	(181)	4,365
Write-down, closing balance	(37)	(61)	(19)	(33)	(4)	(18)	30	(140)

Note 7 Interest-bearing debt and financial instruments at fair value

Specification of interest-bearing debt

USD millions	30 June 2023	30 June 2022	31 Dec 2022
Non-current liabilities			
Debenture bonds [1]	3,256	2,707	3,302
Bank loans	241	264	242
Other loans	53	67	53
Total non-current interest-bearing debt	3,550	3,038	3,597
Current liabilities			
Current portion of non-current debt	47	450	54
Credit and overdraft facilities	477	132	157
Total current interest-bearing debt	523	582	210
Total interest-bearing debt	4,074	3,620	3,808

1) Yara International ASA is responsible for the entire amount.

At 30 June 2023, the fair value of the non-current interest-bearing debt, including current portion, is USD 3,402 million while the carrying value is USD 3,597 million. The difference between fair value and carrying value decreased by USD 38 million during the quarter reflecting the shortening of the discounting period.

There have been no significant changes in Yara's interest-bearing debt profile during the second quarter.

Of Yara's long-term revolving credit facilities, USD 1,250 million remains undrawn. A further USD 640 million is available through unused short-term credit facilities with various banks.

Contractual payments on non-current interest-bearing debt

USD millions	Debenture loans	Bank Loans	Other loans	Total
2024	143	165	5	314
2025	-	46	18	63
2026	692	31	8	730
2027	84	-	8	92
Thereafter	2,337	-	14	2,351
Total	3,256	241	53	3,550

Reconciliation of liabilities arising from financing activities

			Non-cash changes				
USD millions	31 Dec 2022	Cash flows	Additions and lease modifi-cations	Foreign exchange movement	Amorti-zation[1]	Other	30 Jun 2023
Interest-bearing debt	3,808	320	-	(51)	1	(4) [2]	4,074
Lease liabilities	410	(84)	83	(1)	-	-	410
Total	4,218	236	83	(52)	1	(4)	4,483

1) Amortization of transaction cost
2) Other non-cash changes include USD 3 million increase related to financing of machinery acquired by a contractor which in substance is controlled by Yara. It also includes fair value changes on interest rate swaps designated as hedging instruments.

Financial instruments at fair value at end of period with corresponding gains and losses in the period

USD millions	30 Jun 2023	30 Jun 2022	31 Dec 2022
Equity instruments	62	38	54
Derivatives, net	(179)	(195)	(132)
Financial liabilities	(5)	(17)	(15)
Financial instruments at fair value in the statement of financial position at end of period	(121)	(174)	(92)

USD millions	2Q 2023	2Q 2022	1H 2023	1H 2022	2022
Gains and (losses) from financial instruments at fair value recognized in:					
Consolidated statement of income	(75)	17	(81)	(117)	(15)
Consolidated statement of comprehensive income[1]	(26)	(7)	(75)	(5)	(76)
Total	(101)	10	(155)	(122)	(91)

1) Amounts are presented before tax.

There has been no transfer between levels of the fair value hierarchy used in measuring the fair value in the period.

Note 8

Non-current assets

USD millions	Property, plant and equipment (PP&E)		Goodwill	Intangible assets other than goodwill	Right-of-use assets
	PP&E other than AuC	Assets under construction (AuC)			
Carrying value					
1H 2023					
Balance at 1 January 2023	6,424	546	754	112	403
Additions and lease modifications	72	319		21	87
Disposals	(7)	-	-	-	-
Transfers	153	(171)	-	14	(4)
Depreciation and amortization	(409)	-	-	(13)	(86)
Impairment loss 1)	(143)	(35)	(10)	-	-
Foreign currency exchange gain/(loss)	63	9	13	(2)	-
Balance at 30 June 2023	6,153	666	757	132	401

1) Includes USD 168 million impairment of Yara's production site in Tertre, Belgium. Refer to note 9 "Impairment on non-current assets" for further information.

USD millions	PP&E other than AuC	Assets under construction (AuC)	Goodwill	Intangible assets other than goodwill	Right-of-use assets
1H 2022					
Balance at 1 January 2022	6,553	581	789	132	421
Additions and lease modifications	84	259	-	10	80
Disposals	1	(14)	-	-	-
Transfers	160	(153)	-	-	-
Depreciation and amortization	(393)	-	-	(17)	(74)
Impairment loss	(21)	(4)	-	-	-
Foreign currency exchange gain/(loss)	(270)	(31)	(18)	(8)	(22)
Balance at 30 June 2022	6,114	636	771	117	405
2022					
Balance at 1 January 2022	6,553	581	789	132	421
Additions and lease modifications 2)	605	391	-	21	156
Disposals	(19)	(25)	-	-	-
Transfers	375	(372)	-	-	-
Depreciation and amortization	(777)	-	-	(34)	(153)
Impairment loss	(32)	(2)	-	-	-
Foreign currency exchange gain/(loss)	(279)	(26)	(35)	(8)	(21)
Balance at 31 December 2022	6,424	546	754	112	403

2) Additions to PP&E other than AuC in 2022 was USD 650 million. The net amount included USD 45 million reduction to decommissioning assets related to buildings, this was mainly due to increase in discounting rate. Additions to PP&E also included machinery acquired by a contractor, which in substance is controlled by Yara (USD 57 million).

Leases expensed in the period

Leases expensed in the quarter amounts to USD 16 million (2022: USD 15 million) and USD 32 million (2022: USD 29 million) year-to-date, and refers to leases with variable payments, leases of low value, or leases of short term.

Note 9 Impairment of non-current assets

Recognized impairment loss

USD millions	2Q 2023	2Q 2022	1H 2023	1H 2022	2022
Asset class					
Goodwill	(10)	-	(10)	-	-
Property, plant and equipment	(175)	(14)	(178)	(25)	(35)
Total impairment of non-current assets	(185)	(14)	(188)	(25)	(35)

USD millions	2Q 2023	2Q 2022	1H 2023	1H 2022	2022
Segment split					
Europe	(173)	(6)	(175)	(6)	(13)
Americas	-	(4)	(1)	(14)	(15)
Africa & Asia	-	(2)	-	(2)	(2)
Global Plants & Operational Excellence	(3)	(3)	(3)	(3)	(4)
Clean Ammonia	-	-	-	-	(2)
Other and Eliminations	(10)	-	(10)	-	-
Total impairment of non-current assets	(185)	(14)	(188)	(25)	(35)

Second quarter

In second quarter 2023, Yara recognized impairments of USD 185 million, of which USD 168 million is related to Yara Europe's production site in Tertre, Belgium.

The Tertre site is an integrated production unit that produces ammonia, nitric acid and nitrates. The main drivers for the impairment are lower sales price and volume expectations, linked to a challenged sourcing position with limited flexibility to import ammonia. Yara's price forecasts have incorporated estimated impacts of the Inflation Reduction Act (IRA) in the US. The strong competitiveness of IRA-eligible blue ammonia projects in the US is expected to have a negative impact on European ammonia prices, while the introduction of CBAM may provide attractive opportunities for European based nitrates.

On a net basis, this reduces the value-in-use for an integrated site like Tertre which is exposed to European natural gas and emission cost and currently has limited flexibility to import ammonia. While Yara is planning to invest in significant blue ammonia capacity in the US providing attractive and profitable decarbonization opportunities for Yara's European nitrates position, assets are as described in note 1 to be tested in their current condition. Cash flows associated with future projects like decarbonization initiatives and projects to enable flexible sourcing of ammonia cannot be incorporated in impairment testing until they are committed. The value-in-use does therefore not reflect the potential strategic value of production assets in a decarbonized future.

The remaining carrying value of the cash generating unit Tertre after this impairment is USD 138 million. The pre-tax discount rate used in the impairment test is 11.8%. An isolated 1%-point increase in the discount rate would have resulted in USD 12 million additional impairment. An isolated reduction in forecasted fertilizer prices of 10% would have resulted in USD 77 million additional impairment. An isolated increase in the forecasted natural gas cost of 10% points would have resulted in USD 77 million additional impairment.

The impairment of Tertre creates deductible temporary differences. These differences have not been recognized as deferred tax assets due to uncertainty involving their recovery. Unrecognized deferred tax assets related to the impairment is USD 42 million. Yara will continuously reassess this position, and recognition will take place if and when recovery is considered probable.

First half

Total impairment year-to-date is USD 188 million. In addition to the second quarter impairment of Tertre, there are impairments of single assets and of cash generating units where the remaining carrying values are immaterial.

Note 10 Effects of price volatility and the war in Ukraine

Import restrictions, as well as several rounds of new sanctions, have been presented by the EU, UK, US and other countries following Russia's invasion of Ukraine. This has restricted, and will likely continue to restrict, trade with Russian and Belarus counterparties, both due to sanctions imposed on entities and individuals, and due to banking and logistical challenges.

Yara has historically sourced phosphate, potash and ammonia from Russia, and purchased significant volumes of natural gas for its production in Europe. Yara has stopped all sourcing from suppliers which are prohibited by sanctions in certain jurisdictions, and is utilizing its global sourcing, production and distribution capabilities with the objective to keep supplying customers and secure continuity in food supply chains.

To cater for the reduced volumes of ammonia from Russian producers, Yara has replaced these volumes by sourcing ammonia from other producers, including from producers in the Middle East, North Africa, North America and the Caribbean.

In the second quarter Yara adapted to market conditions by curtailing 0.2 million tonnes ammonia (17% of the Group's European capacity) and 0.4 million tonnes of finished fertilizer (10% of the Group's European capacity). The curtailments are frequently adjusted according to market conditions.

For phosphates and potash Yara has increased sourcing from existing suppliers outside of Russia/Belarus and entered into contracts with new suppliers, which has secured supplies to Yara's production system. There has been no material impact on Yara's production volumes so far due to a lack of raw materials. There can be no assurance, however, that Yara will be able to continue to do so in the future, whether on commercially acceptable terms or within a reasonable amount of time, and, as a result, there could be a reduction in volumes sourced by Yara.

Accounts payables to companies linked to Russian sanctioned individuals amount to USD 228 million as of 30 June 2023. The amount is adjusted based on foreign currency rates at the balance sheet date. These payables are related to goods received before sanctions were implemented and are presented on the line "Trade and other current payables" in the statement of financial position. All were overdue as of 30 June 2023. Future settlements are dependent on the development in sanction regulations, so the timing of cash outflow is uncertain.

Yara has received contractual demands from suppliers that are linked to Russian sanctioned individuals, see note 11 Contingencies.

Note 11 Contingencies

Sanctions

Yara has certain long term supply agreements where sourcing has, to date, been stopped or terminated as a result of the political and economic import restrictions and sanctions imposed against Russia and certain Russian entities and individuals. Yara, together with its advisors, is constantly reviewing the scope of the sanctions to ensure that the Group operates in accordance with relevant government regulation and contractual commitments. As the sanction regulations are complex and the assessments of the related impact on each business partner depend on several judgements, there is uncertainty when drawing conclusions. The suppliers' assessments of the sanction regulation and the related impact on contractual commitments may therefore differ from Yara's conclusions, which could subject Yara to potential claims.

Yara has received contractual demands from suppliers that are linked to Russian sanctioned individuals. For each of these demands, Yara has considered if it is probable that they will require outflow of resources. Based on available information and legal advice, Yara has not made material provisions for these demands. It is not possible to provide a reliable estimate of the potential exposure at this time as these demands are not detailed with amounts and have not been sufficiently stipulated.

Tax

Several subsidiaries are engaged in legal and administrative proceedings related to various disputed tax matters. There are no material changes to the tax related contingencies that were disclosed in the annual integrated report for 2022.

Responsibility statement

We confirm to the best of our knowledge, that the condensed set of interim consolidated financial statements at 30 June 2023 and for the six-month period 1 January to 30 June 2023 have been prepared in accordance with IAS 34 "Interim Financial Reporting" and give a true and fair view of the Group's assets, liabilities, financial position and the result for the period viewed in their entirety, and that the interim management report in accordance with the Norwegian Securities Trading Act section 5-6 fourth paragraph includes a fair review of any significant events that arose during the six-month period and their effect on the half-year financial report, any significant related parties transactions, and a description of the principal risks and uncertainties for the remaining six months this year.

The Board of Directors and Chief Executive Officer
Yara International ASA
Oslo, 18 July 2023

Trond Berger
Chair

Jannicke Hilland
Vice chair

John Thuestad
Board member

Rune Bratteberg
Board member

Tove Feld
Board member

Geir O. Sundbø
Board member

Eva Safrine Aspvik
Board member

Ragnhild Flesland Høimyr
Board member

Therese Log Bergjord
Board member

Harald Thorstein
Board member

Tina Lawton
Board member

Svein Tore Holsether
President and CEO

Quarterly historical information

EBITDA

USD millions	2Q 2023	1Q 2023	4Q 2022	3Q 2022	2Q 2022	1Q 2022
Europe	(86)	(3)	257	306	321	342
Americas	158	248	313	386	638	515
Africa & Asia	6	70	144	198	211	107
Global Plants & Operational Excellence	21	32	57	(95)	240	194
Clean Ammonia	19	33	68	66	52	63
Industrial Solutions	31	65	139	139	171	192
Other and Eliminations	89	45	87	57	(117)	(92)
Total	237	489	1,065	1,057	1,514	1,323

Results

USD millions, except share information	2Q 2023	1Q 2023	4Q 2022	3Q 2022	2Q 2022	1Q 2022
Revenue and other income	3,943	4,161	5,464	6,222	6,453	5,912
Operating income	(250)	199	777	787	1,223	1,039
EBITDA	237	489	1,065	1,057	1,514	1,323
Net income/(loss) attributable to shareholders of the parent	(300)	104	769	400	664	944
Basic earnings/(loss) per share	(1.18)	0.41	3.02	1.57	2.61	3.71

Alternative performance measures

Yara makes regular use of certain non-GAAP financial alternative performance measures (APMs), both in absolute terms and comparatively from period to period. The APMs used are the following:

- Operating income
- EBITDA
- EBITDA excluding special items
- Return on invested capital (ROIC)
- Premium generated
- Fixed cost in core business
- Net operating capital (days)
- Net interest-bearing debt
- Net debt / equity ratio
- Net debt / EBITDA excluding special items ratio
- Basic earnings/(loss) per share excluding foreign currency exchange gain/(loss) and special items

Definitions and explanations for the use of these APMs are described below, including reconciliations of the APMs to the most directly reconcilable line item, subtotal or total presented in the financial statements.

Operating income

Operating income is directly identifiable from Yara's consolidated statement of income and is considered key information understanding the Group's financial performance. It provides performance information covering all activities which normally are considered as "operating". Share of net income/(loss) in equity-accounted investees is, however, not included.

EBITDA

Earnings before interest, tax, depreciation and amortization (EBITDA) is used for providing consistent information on Yara's operating performance and debt servicing ability. Such a measure is relative to other companies and frequently used by securities analysts, investors and other stakeholders. EBITDA, as defined by Yara, includes operating income, share of net income/(loss) in equity-accounted investees, interest income and other financial income. It excludes depreciation, amortization and impairment loss, as well as amortization of excess values in equity-accounted investees. Yara's definition of EBITDA may differ from that of other companies.

EBITDA excluding special items

EBITDA excluding special items is used to better reflect the underlying performance in the reported period, adjusting for items which are not primarily related to the period in which they are recognized. Yara defines "special items" as items in the results which are not regarded as part of underlying business performance for the period. These comprise restructuring related items, contract derivatives, impairments and other items which are not primarily related to the period in which they are recognized, subject to a minimum value of USD 5 million per item within a 12-month period. "Contract derivatives" are commodity-based derivative gains or losses which are not the result of active exposure or position management by Yara. Together with impairments, these are defined as special items regardless of amount. See section "Special items" on page 10 for details on special items.

Reconciliation of operating income to EBITDA excluding effect of special items

USD millions		2Q 2023	2Q 2022	Jul 2022–Jun 2023	Jul 2021–Jun 2022	2022
Operating income		(250)	1,223	1,514	2,532	3,827
Share of net income/(loss) in equity-accounted investees		2	16	8	30	25
Interest income and other financial income		44	23	142	77	108
Depreciation and amortization		257	238	987	977	964
Impairment loss		185	14	198	641	35
Earnings before interest, tax and depreciation/amortization (EBITDA)		237	1,514	2,849	4,256	4,959
Special items included in EBITDA [1]		15	(39)	(42)	96	(70)
EBITDA, excluding special items	A	252	1,475	2,808	4,352	4,889

1) See section "Special items" for details on special items.

USD millions		1H 2023	1H 2022	2022
Operating income		(51)	2,262	3,827
Share of net income/(loss) in equity-accounted investees		1	18	25
Interest income and other financial income		80	46	108
Depreciation and amortization		508	485	964
Impairment loss		188	25	35
Earnings before interest, tax and depreciation/amortization (EBITDA)		727	2,837	4,959
Special items included in EBITDA [1]		13	(16)	(70)
EBITDA, excluding special items	A	740	2,821	4,889

1) See section "Special items" for details on special items.

Special items included in EBITDA per operating segment

USD millions	2Q 2023	2Q 2022	1H 2023	1H 2022	2022
Europe	(15)	(4)	(13)	(7)	(11)
Americas	-	(18)	-	(20)	(26)
Africa & Asia	-	63	-	44	106
Global Plants & Operational Excellence	-	-	-	-	(2)
Clean Ammonia	-	(2)	-	(1)	(1)
Industrial Solutions	-	-	-	-	6
Other and Eliminations	-	-	-	-	(2)
Total special items included in EBITDA [1]	(15)	39	(13)	16	70

1) See section "Special items" for details on special items.

EBITDA per operating segment, excluding special items

USD millions		2Q 2023	2Q 2022	1H 2023	1H 2022	2022
Europe		(71)	325	(76)	670	1,237
Americas		158	657	405	1,173	1,878
Africa & Asia		6	148	76	274	554
Global Plants & Operational Excellence		21	240	53	434	398
Clean Ammonia		19	54	51	116	251
Industrial Solutions		31	171	96	363	636
Other and Eliminations		89	(117)	134	(209)	(63)
EBITDA, excluding special items [1]	A	252	1,475	740	2,821	4,889

1) See section "Special items" for details on special items.

Reconciliation of net income/(loss) to EBITDA

USD millions	2Q 2023	2Q 2022	1H 2023	1H 2022	2022
Net income/(loss)	(298)	667	(194)	1,614	2,782
Income tax expense	7	254	63	538	857
Interest expense and other financial items	72	72	149	130	260
Foreign currency exchange (gain)/loss	14	268	12	44	61
Depreciation and amortization	257	238	508	485	964
Impairment loss	185	14	188	25	35
EBITDA	237	1,514	727	2,837	4,959

Return on invested capital (ROIC)

Return on invested capital (ROIC) is defined as Net Operating Profit After Tax (NOPAT) divided by average invested capital calculated on a 12-months rolling average and a quarterly annualized basis. NOPAT is defined as operating income adding back amortization and impairment of intangible assets other than goodwill, as well as adding interest income from external customers and net income/(loss) from equity-accounted investees, reduced with a tax cost calculated based on a 25% flat rate.

Average invested capital is defined as total current assets excluding cash and cash equivalents and adding a normalized cash level of USD 200 million, reduced for total current liabilities excluding current interest-bearing debt and current portion of non-current debt, and adding property, plant and equipment, right-of-use assets, goodwill and associated companies and joint ventures. NOPAT and average invested capital are defined and reconciled as components in the reporting of ROIC as an APM. They are not considered to be separate APMs.

Reconciliation of operating income to net operating profit after tax

USD millions		2Q 2023	2Q 2022	Jul 2022–Jun 2023	Jul 2021–Jun 2022	2022
Operating income		(250)	1,223	1,514	2,532	3,827
Amortization and impairment of intangible assets other than goodwill		7	9	29	41	33
Interest income from external customers		22	22	85	71	81
Calculated tax cost (25% flat rate) on items above		55	(313)	(407)	(661)	(985)
Share of net income/(loss) in equity-accounted investees		2	16	8	30	25
Net operating profit after tax (NOPAT)	B	(164)	956	1,229	2,012	2,981
Annualized NOPAT	C=Bx4	(655)	3,824			
12-month rolling NOPAT	C			1,229	2,012	2,981

Reconciliation of net income/(loss) to net operating profit after tax

USD millions		2Q 2023	2Q 2022	Jul 2022–Jun 2023	Jul 2021–Jun 2022	2022
Net income/(loss)		(298)	667	975	1,445	2,782
Amortization and impairment of intangible assets other than goodwill		7	9	29	41	33
Interest income from external customers		22	22	85	71	81
Interest income and other financial income		(44)	(23)	(142)	(77)	(108)
Interest expense and other financial items		72	72	280	216	260
Foreign currency exchange (gain)/loss		14	268	29	283	61
Income tax expense, added back		7	254	381	695	857
Calculated tax cost (25% flat rate)		55	(313)	(407)	(661)	(985)
Net operating profit after tax (NOPAT)	B	(164)	956	1,229	2,012	2,981
Annualized NOPAT	C=Bx4	(655)	3,824			
12-month rolling NOPAT	C			1,229	2,012	2,981

Reconciliation of invested capital and ROIC calculation

		3-months average		12-months average		
USD millions		2Q 2023	2Q 2022	Jul 2022–Jun 2023	Jul 2021–Jun 2022	2022
Total current assets, as reported		6,837	8,855	6,837	8,855	8,620
Cash and cash equivalents, as reported		(626)	(579)	(626)	(579)	(1,010)
Normalized level of operating cash		200	200	200	200	200
Total current liabilities, as reported		(3,963)	(5,902)	(3,963)	(5,902)	(4,338)
Current interest-bearing debt, as reported		523	582	523	582	210
Current lease liabilities, as reported		112	112	112	112	118
Property, plant and equipment, as reported		6,819	6,750	6,819	6,750	6,970
Right-of-use assets, as reported		401	405	401	405	403
Goodwill, as reported		757	771	757	771	754
Associated companies and joint ventures		141	139	141	139	143
Adjustment for 3-months/12-months average		438	115	504	16	(468)
Invested capital	D	11,639	11,447	11,705	11,349	11,602
Return on invested capital (ROIC)	E=C/D	(5.6 %)	33.4 %	10.5 %	17.7 %	25.7 %

Premium generated

Yara reports the measure Premium generated to provide information on its commercial performance for selected Premium Products, reflecting Yara's ability to grow premium offerings and to generate a positive price premium compared with alternative commodity products.

The brief definition of Premium generated is total tonnage of delivered Premium NPKs and straight Nitrate fertilizers, multiplied by their associated price premiums. NPK premium is defined as Yara's average realized price for Premium NPKs benchmarked against a comparable and theoretically calculated blend of global nitrogen (N), phosphorus (P) and potassium (K) prices, adjusted for variable bagging costs and logistical costs.

The blend model is calculated using Urea Prilled FOB Black Sea, DAP FOB North Africa, and MOP FOB Vancouver / SOP FOB West Europe for the respective main nutrients. These commodity prices are derived from external publications. Costs for content of secondary and micro nutrients in Yara deliveries are deducted for comparability. The Nitrate premium is defined as Yara's average sales price for straight nitrates versus the comparable value of urea.

Comparability is achieved through adjusting the measures for relevant freight components and nitrogen content, such that both are represented in a theoretical delivered CIF bulk Germany value of CAN 27%. The urea reference applied is Urea Granular FOB Egypt, and the measure is adjusted for sulfur content. The measurement includes estimates and simplified assumptions, however, it is considered to be of sufficient accuracy to assess the premium development over time. Market references applied are currently under revision.

Reconciliation of Premium generated

USD millions		Jul 2022–Jun 2023	2022
Revenues [1] from premium NPKs and straight nitrates		7,169	7,956
Adjustments to revenues [2]		(610)	(666)
Adjusted revenues as basis for premium generated	F	6,559	7,290
Benchmark revenue for premium generated [3]	G	4,160	5,482
Calculated premium generated	H=F–G	2,399	1,808

1) IFRS revenues, ref. Yara Integrated Report 2022 page 151, note 2.1 Revenue from contracts with customers.
2) Adjustments for logistical and bagging costs, incoterms, sulfur content, and homogenization of nutrient content (for nitrates).
3) Value of commodity fertilizers adjusted by nutrient content, secondary and micro nutrients in NPK, cost of coloring and incoterms. The commodity prices are derived from the external publications Fertecon, Fertilizer Week, Profercy, The Market and FMB. Market references applied are currently under revision.

Yara Improvement Program (YIP)

Yara has established a corporate program to drive and coordinate existing and new improvement initiatives, the Yara Improvement Program. At its Capital Markets Day on 26 June 2019, Yara launched an extended version of this program which distinguishes between three defined pillars; a) higher production returns and lower variable costs, b) leaner cost base, and c) smarter working capital management. At the same time, Yara moved to reporting operational metrics on underlying value drivers to provide information on project performance to management, and which Yara also considers to be relevant for external stakeholders. During recent years' challenging market conditions, Yara has actively prioritized resilience and cash flow over continuous improvement. Therefore, timing of YIP target is extended from 2023 to 2025. The operational metrics are reported on a rolling 12-months basis and include:

- production volume (kt),
- fixed cost in core business (USD millions), and
- net operating capital (days).

The fixed cost in core business and the net operating capital measures represent financial alternative performance measures and are defined below.

Fixed cost in core business is defined as the subtotal "Operating costs and expenses" in the consolidated statement of income minus variable product cost (raw materials, energy, freight), other variable operating expenses, depreciation, amortization and impairment loss. The reported amounts are adjusted for items which are not considered to be part of underlying business performance for the period (see section "Special items" for details on special items) as well as items which relate to portfolio and structural changes.

Previously the reported number was total fixed cost for Yara. With effect from second quarter 2023, Yara changed the definition of this KPI to exclude five portfolio units. These units are Yara Clean Ammonia, Agoro, Varda, Yara Marine Technology and Yara Growth Ventures. The KPI is renamed "Fixed cost in core business" to reflect this change. The rational for this change is to better reflect Yara's ambition to beat inflation in core business in the current inflationary environment.

Net operating capital days are reported on a 12-months average basis and is defined as the net of credit days, inventory days and payable days. Credit days are calculated as trade receivables, adjusted for VAT payables, relative to total revenue and interest income from customers. Inventory days are calculated as the total inventory balance relative to product variable costs. Payable days are calculated as trade payables adjusted for payables related to investments, relative to supplier related operating costs and expenses.

As Yara Improvement Program performance measures are presented to report on the progress towards Yara's strategic goals, previous calendar year is considered to represent the relevant comparatives.

Reconciliation of operating costs and expenses to fixed cost in core business

USD millions	Jul 2022–Jun 2023	2022
Operating costs and expenses	18,277	20,224
Variable part of Raw materials, energy costs and freight expenses	(14,601)	(16,762)
Variable part of Other operating expenses	(39)	(64)
Depreciation and amortization	(987)	(964)
Impairment loss	(198)	(35)
Special items within fixed cost	(35)	(21)
Adjustment for portfolio units	(146)	(127)
Fixed cost in core business	2,271	2,252

Reconciliation of Net operating capital days

USD millions, except when days are indicated		Jul 2022–Jun 2023	2022
Trade receivables, as reported		1,944	2,305
Adjustment for VAT payables		(138)	(164)
Adjustment for 12-months average		370	257
Adjusted trade receivables (12-months average)	I	2,176	2,398
Revenue from contracts with customers		19,661	23,902
Interest income from external customers		81	78
Total revenue and interest income from customers	J	19,742	23,979
Credit days	K=(I/J)*365	40	36
Inventories, as reported		3,338	4,365
Adjustment for 12-months average		945	219
Inventories (12-months average)	L	4,284	4,584
Raw materials, energy costs and freight expenses		14,849	18,078
Change in inventories of own products		387	(725)
Fixed product costs and freight expenses external customers		(1,511)	(1,606)
Product variable costs	M	13,725	15,747
Inventory days	N=(L/M)*365	114	106
Trade and other current payables, as reported		2,145	2,549
Adjustment for other payables		(153)	(214)
Adjustment for payables related to investments		(106)	(221)
Adjustment for 12-months average		466	733
Trade payables (12-months average)	O	2,352	2,846
Operating costs and expenses		18,277	20,224
Depreciation and amortization		(987)	(964)
Impairment loss		(198)	(35)
Other non-supplier related costs		(1,829)	(733)
Operating costs and expenses, adjusted	P	15,264	18,493
Payable days	Q=(O/P)*365	56	56
Net operating capital days	R=K+N-Q	98	87

Capital structure measures

Yara reports the Group’s net interest-bearing debt, net debt / equity ratio and net debt / EBITDA excluding special items ratio to provide information on the Group’s financial position as references to the targeted capital structure as communicated in Yara’s financial policy. In addition, Yara’s reporting of net interest-bearing debt highlights key development factors which supplement the consolidated statement of cash flows.

Net interest-bearing debt is defined by Yara as cash and cash equivalents and other liquid assets, reduced for current and non-current (including current portion) interest-bearing debt, and lease liabilities. The net debt/equity ratio is calculated as net interest-bearing debt divided by shareholders’ equity plus non-controlling interests. The Net Debt / EBITDA ratio is calculated as net interest-bearing debt divided by EBITDA excluding special items on a 12-months rolling basis.

Net interest-bearing debt

USD millions		30 Jun 2023	30 Jun 2022	31 Dec 2022
Cash and cash equivalents		626	579	1,010
Other liquid assets		2	2	1
Current interest-bearing debt		(523)	(582)	(210)
Current lease liabilities		(112)	(112)	(118)
Non-current interest-bearing debt		(3,550)	(3,038)	(3,597)
Non-current lease liabilities		(298)	(298)	(292)
Net interest-bearing debt	S	(3,856)	(3,448)	(3,206)

Net debt / equity ratio

USD millions, except for ratio		30 Jun 2023	30 Jun 2022	31 Dec 2022
Net interest-bearing debt	S	(3,856)	(3,448)	(3,206)
Total equity	T	(7,191)	(7,705)	(8,600)
Net debt / equity ratio	U=S/T	0.54	0.45	0.37

Net debt / EBITDA excluding special items ratio

USD millions, except for ratio		30 Jun 2023	30 Jun 2022	31 Dec 2022
Net interest-bearing debt	S	(3,856)	(3,448)	(3,206)
EBITDA, excluding special items (last 12 months)	A	2,808	4,352	4,889
Net debt / EBITDA excluding special items ratio	V=(S)/A	1.37	0.79	0.66

Basic earnings/(loss) per share excluding foreign currency exchange gain/(loss) and special items

Basic earnings/(loss) per share (EPS) excluding foreign currency exchange gain/(loss) and special items is an adjusted EPS measure which reflects the underlying performance in the reported period by adjusting for currency effects and items which are not primarily related to the period in which they are recognized.

This APM represents net income/(loss) after non-controlling interests, excluding foreign currency exchange gain/(loss) and special items after tax, divided by average number of shares outstanding in the period. The tax effect on foreign currency exchange gain/(loss) and special items is calculated based on relevant statutory tax rate for simplicity.

Earnings/(loss) per share

USD millions, except earnings per share and number of shares		2Q 2023	2Q 2022	1H 2023	1H 2022	2022
Weighted average number of shares outstanding	W	254,725,627	254,725,627	254,725,627	254,725,627	254,725,627
Net income/(loss) attributable to shareholders of the parent	X	(300)	664	(196)	1,608	2,777
Foreign currency exchange gain/(loss)	Y	(14)	(268)	(12)	(44)	(61)
Tax effect on foreign currency exchange gain/(loss)	Z	-	72	(1)	6	25
Non-controlling interest's share of foreign currency exchange (gain)/loss, net after tax	AA	-	-	(2)	-	(3)
Special items within income before tax [1]	AB	(200)	24	(201)	(9)	37
Tax effect on special items	AC	6	(11)	6	(5)	(22)
Special items within income before tax, net after tax	AD=AB+AC	(195)	14	(195)	(14)	15
Net income/(loss) excluding foreign currency exchange gain/(loss) and special items	AE=X–Y–Z+AA–AD	(91)	846	11	1,660	2,797
Basic earnings/(loss) per share	AF=X/W	(1.18)	2.61	(0.77)	6.31	10.90
Basic earnings/(loss) per share excluding foreign currency exchange gain/(loss) and special items	AG=AE/W	(0.36)	3.32	0.04	6.52	10.98

1) See section "Special items" for details on special items.

Notes

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