

Financial performance



39%
growth in adjusted EBITDA

In the reporting year, we faced multiple challenges, many of which were by all means unprecedented. Despite these headwinds, our high production efficiency and a balanced financial policy along with the favourable pricing environment on global markets helped the Company deliver strong financial results.

Increased fertilizer production and sales spurred a revenue rise in excess of 35% y-o-y. Revenue growth outpaced the increase in production costs, which were up by circa 23% y-o-y.

With these drivers in place, the Company was able to increase adjusted EBITDA by 39% y-o-y, while adjusted net profit improved by 40%.

Adjusted free cash flow increased by 81% to more than RUB 141 bln as a result of both improved sales margins and strong working capital management.

PhosAgro's strong y-o-y performance contributes to ensuring its robust financial stability. As at 31 December 2022, our net debt / adjusted EBITDA ratio was 0.68x, way below the 2x threshold that we consider comfortable. Importantly, it continued to decline throughout 2022 (down from 0.8x at the end of 2021 and 1.8x in December 2020).

With investors' confidence in our production and financial strategy and the management team, PhosAgro successfully held a vote among its Eurobond holders to amend the relevant issuance documentation so as to continue honouring its public debt

commitments to the holders of bonds recorded both in Russia and abroad.

Alexander Sharabaika
Deputy CEO for Finance and International Projects

Key external drivers of financial results

Other drivers of PhosAgro's strong financial performance in 2022 along with an increase in sales and competitive cost levels include:



Revenue analysis

Revenue for 2022 grew by 35.4% y-o-y and amounted to RUB 569.5 bln. The growth was associated with increased sales volumes driven by higher mineral fertilizer output. A large-scale programme to upgrade existing production facilities and build new ones helped the Group achieve a significant improvement in equipment productivity.

Higher average sales prices on global markets and a shift in the sales mix towards a greater share of higher-margin fertilizers, which are consistently popular among farmers, also contributed to the revenue increase.

RUB 569.5 bln
revenue for 2022

Financial and operational highlights

Item	2020	2021	2022	Δ 2022/2021, %
FINANCIAL HIGHLIGHTS, RUB MLN				
Revenue	253,879	420,488	569,527	35.4
Adj. EBITDA ¹	84,280	192,117	266,947	39.0
Adj. EBITDA margin	33.2%	45.7%	46.9%	1.2
Net profit	16,921	129,674	184,714	42.4
Adj. net profit ²	41,991	130,512	182,297	39.7
Adj. free cash flow ³	42,519	77,857	141,024	81.1
	31.12.2020	31.12.2021	31.12.2022	
Net debt	156,875	153,718	180,338	17.3
12M net debt / adj. EBITDA	1.86	0.80	0.68	(15.6)
SALES VOLUME, KT				
Phosphate-based fertilizers and feed phosphates	7,669	7,762	8,403	8.3
Nitrogen-based fertilizers	2,286	2,495	2,551	2.3
Total fertilizers	9,955	10,257	10,954	6.8
Other products	184	177	144	(18.8)
Total fertilizers and other products	10,139	10,434	11,097	6.4

Revenue breakdown by key product, RUB bln

Item	2020	2021	2022	Δ 2022/2021, %
Phosphate and nitrogen-based products	242.3	404.9	551.0	36
Other	11.6	15.6	18.5	19
Total	253.9	420.5	569.5	35

¹ Adjusted EBITDA is calculated as operating profit adjusted for depreciation and amortisation less foreign exchange gain or loss from operating activities.
² Adjusted net profit means net profit less net foreign exchange gain or loss from operating and financing activities.
³ Adjusted free cash flow is calculated as cash flows from operating activities less cash flows from investing activities, adjusted for the outflow of cash and cash equivalents as result of a loss of control over foreign subsidiaries.

Operating costs analysis

Cost of sales, RUB mln

Item	2020	2021	2022	Δ 2022/2021, %
Depreciation and amortisation	23,743	24,812	26,979	8.7
Materials and services	40,937	47,084	54,178	15.1
Phosphate rock transportation	8,134	9,105	11,610	27.5
Repair	10,134	11,373	12,002	5.5
Drilling and blasting	3,168	3,486	3,217	(7.7)
Other materials and services	19,501	23,120	27,349	18.3
Raw materials	35,514	63,534	108,323	70.5
Ammonia	4,802	14,277	19,550	36.9
Sulphur and sulphuric acid	4,360	17,707	40,798	130.4
Potassium	12,253	16,574	27,418	65.4
Natural gas	12,342	12,635	14,226	12.6
Ammonium sulphate	1,757	2,341	6,331	170.4
Salaries and social contributions	13,807	15,286	19,667	28.7
Electricity	6,311	6,740	6,754	0.2
Fuel	3,885	5,578	6,459	15.8
Products for resale	9,333	12,725	15,599	22.6
Customs duties	1,482	2,483	1,420	(42.8)
Freight, port and stevedoring expenses	19,128	28,587	16,382	(42.7)
Russian Railways and operators' fees	11,452	10,728	12,647	17.9
Other	1,111	1,250	610	(51.2)
Total	166,703	218,807	269,018	22.9

In 2022, cost of sales grew by 22.9% y-o-y to RUB 269 bln, mainly on the back of higher sales volumes and increased prices for key feedstocks.

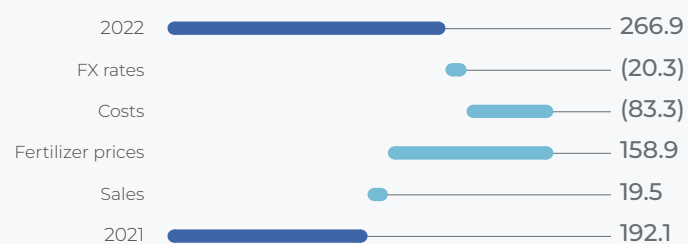
Raw materials costs added 70.5% y-o-y and amounted to RUB 108 bln as a result of a significant increase in the global prices for all key inputs, including sulphur and sulphuric acid, potassium, ammonium sulphate and natural gas.

Despite the higher costs, PhosAgro remains one of the industry's most efficient players and leads the pack globally in terms of production costs. The main way we ensure effective cost control is by sourcing the key inputs and materials from domestic suppliers.

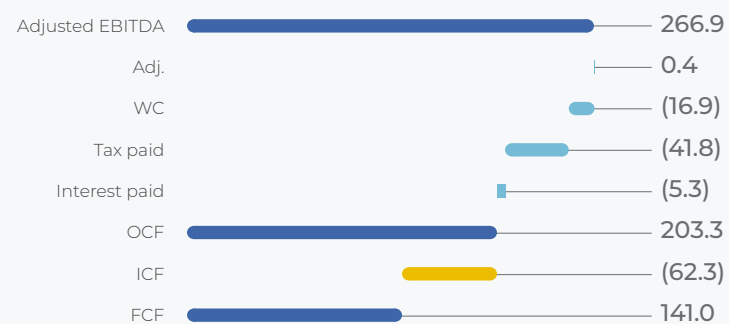
RUB 269 bln
cost of sales for 2022

Adjusted EBITDA

Adjusted EBITDA in 2022 vs actual 2021, RUB bln



Adjusted EBITDA to adjusted FCF conversion in 2022, RUB bln



Adjusted free cash flow

Capital investments (including capitalised repairs) for the year amounted to RUB 63 bln and were mainly focused around completing the construction of a large production facility in Volkhov, developing the ore

and raw material base in Kirovsk, developing production capacities in Balakovo, and maintaining production facilities across all process stages, from mining and processing of raw materials to producing finished products.



In 2022, the Company's adjusted EBITDA grew to a record high of

RUB 266.9 bln up by 39% y-o-y

Adjusted EBITDA margin for the reporting period grew

to **46.9%**

In 2022, the Company's adjusted free cash flow reached

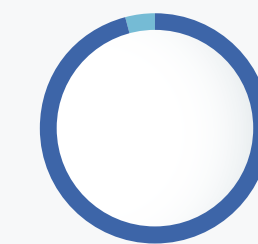
RUB 141 bln up by 81.1% y-o-y

Debt

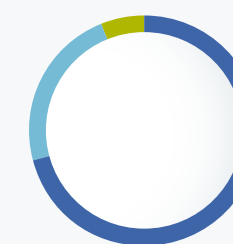
Net debt as at 31 December 2022 increased y-o-y to RUB 180.3 bln. At the 2022 year-end, our net debt to adjusted EBITDA ratio went down to 0.68x from 0.8x as at 31 December 2021, primarily thanks to EBITDA growth.

Our commitment to maintaining high credit quality and ensuring timely debt servicing continues to be a priority for the Company.

Loans and borrowings breakdown by rate type as at 31 December 2022, %



Loans and borrowings breakdown by currency as at 31 December 2022, %



Debt maturity profile, RUB bln

Item	2023	2024	2025	2026	2027	2028	Total
Unsecured bank loans	44.6	23.2	3.7	10.7	2.1	-	84.3
Eurobonds ¹	35.2	-	35.2	-	-	35.2	105.6
Interest payable	1.1	-	-	-	-	-	1.1
Total debt	80.9	23.2	38.9	10.7	2.1	35.2	191.0

Tax policy

GRI 3-3, 207-1, 207-2, 207-3

In 2022, PhosAgro's Board of Directors approved the Company's Tax Strategy. Our approach to taxation was developed in accordance with the Company's Strategy to 2025 and combines social responsibility for developing and maintaining the well-being of regions across PhosAgro's footprint, minimising tax litigation risks, and maximising the use of the Company's leverage toolkit stipulated by law for actively investing companies, in particular Investment Protection

and Promotion Agreements and Special Investment Contracts.

Our approach to tax management, participation in shaping government tax policy, and organisational arrangements pertaining to the exercise of tax functions at PhosAgro is described in the Company's Tax Strategy.

¹ The full text of the Tax Strategy is available on the Company's website

¹ Eurobond debt amount does not include the bank fee of RUB 220 mln.

20%
the Company's income
tax rate in 2022
and 2021

Country-by-country reporting, RUB mln

GRI 207-4

Tax jurisdiction	Unrelated party revenue		Revenue from intra-group transactions with other tax jurisdictions		Profit/(loss) before income tax		Income tax paid (cash basis)		Income tax accrued ¹		Statutory tax rate ²		Average headcount, people		Tangible assets other than cash and cash equivalents		Total employee remuneration		Intra-group loans received	
	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022
Russia	131,527	440,639	250,534	106,420	11,877	157,360	28,471	41,393	29,875	39,932	20.00%	20.00%	18,198	19,846	274,386	320,961	34,039	55,318	67,069	103,233
Switzerland	221,961	96,268	63,188	27,436	112,008	57,850	137	331	742	764	12.05%	12.05%	32	36	4,725	0	1,723	528	0	0
Cyprus	0	0	8	4	(598)	(4,243)	0	2	0	2	12.50%	12.50%	28	30	14	0	201	57	2,237	0
Poland	14,916	8,088	0	0	7,253	4,943	59	48	84	235	19.00%	19.00%	15	15	1,705	0	121	55	0	0
Germany	10,423	7,446	0	0	6,381	5,242	7	2	60	129	32.27%	32.27%	7	7	466	0	97	33	0	0
France	15,833	7,045	0	0	10,887	5,541	0	5	93	94	26.50%	25.00%	6	6	578	0	85	58	0	0
Serbia	4,752	2,020	230	58	2,060	1,063	(1)	1	89	65	15.00%	15.00%	12	14	1,443	0	54	28	337	0
Lithuania	9,838	1,598	0	0	5,075	1,038	28	26	31	0	15.00%	15.00%	4	4	7	0	67	20	0	0
Romania	4,681	4,050	0	0	1,213	1,916	5	0	6	63	16.00%	16.00%	5	7	1,019	0	25	14	0	0
South Africa	6,452	2,343	0	0	4,046	1,643	79	0	85	174	28.00%	28.00%	2	2	338	0	18	10	502	0
Finland	105	29	0	0	(7)	(2)	12	3	12	3	20.00%	20.00%	1	1	677	0	8	2	0	0
Brazil	0	0	0	0	(86)	(42)	(5)	0	(5)	4	34.00%	34.00%	7	7	2	0	58	32	0	0
Singapore	0	0	0	0	(55)	(13)	13	0	0	0	17.00%	17.00%	3	3	7	0	25	8	0	0
Total	420,488	569,527	313,961	133,918	160,055	232,297	28,806	41,811	31,073	41,465					285,368	320,961	36,522	56,163	70,146	103,233

For the list of tax jurisdictions where the entities included in the Group's consolidated financial statements are resident for tax purposes, and the details of taxes payable in each jurisdiction, please see page 394. In March 2022, the Group lost control over all of its foreign subsidiaries, therefore the 2022 figures for these companies in the table above are presented for the period before the loss of control.

¹ Reasons for the difference between corporate income tax accrued on profit/loss and the tax due if the statutory tax rate is applied to profit/loss before tax are as follows: intercompany transactions elimination, provisions accrued in accordance with IFRS (mostly allowance for expected credit losses), reduction in tax rate for certain Russian and foreign entities items which are not deductible or assessable for taxation purposes, and other differences.
² For the Russian tax jurisdiction, an average statutory tax rate is used.