



## PhosAgro Reports Operating and Financial Results for FY 2022

**Moscow** – PhosAgro (“PhosAgro” or “the Company”) (Moscow Exchange, LSE: PHOR), one of the world’s leading vertically integrated phosphate-based fertilizer producers, today announces its consolidated IFRS financial results for the fourth quarter (4Q) and 12 months (FY) of 2022.

### FY 2022 highlights

In FY 2022, production of mineral fertilizers and other chemicals increased by 4.6% year-on-year to 11.1 million tonnes. This growth was driven by the efficient operation of new production facilities, launched as part of the Company’s comprehensive long-term development programme, as well as the expansion of PhosAgro’s product line.

Total fertilizer sales in FY 2022 increased by 6.4% year-on-year to more than 11 million tonnes, an all-time record for the Company. At the same time, sales of phosphate-based fertilizers (the Company’s main products) increased by 8.3% to 8.4 million tonnes. This growth was driven by an increase in production volumes and strong demand for fertilizers in Russian and global markets.

Revenue for FY 2022 increased by 35.4% year-on-year and amounted to RUB 569.5 billion (USD 8.3 billion). The increase in revenue was the result of an increase in sales of end products.

The revenue increase was also driven by higher average sales prices in world markets and a focus on sales of high-margin fertilizers, which are in high demand among farmers.

The Company’s adjusted EBITDA increased by 39% year-on-year in FY 2022, reaching RUB 266.9 billion (USD 3.9 billion). EBITDA margin for 2022 rose to 46.9%.

In FY 2022, the Company’s adjusted free cash flow reached RUB 141 billion (USD 2.1 billion), an increase of 81.1% year-on-year.

Net debt as of 31 December 2022 had increased to RUB 180.3 billion (USD 2.6 billion), while the net debt/EBITDA ratio had decreased to 0.68x as of the end of the year.

### Financial and operating highlights

Financial highlights			
RUB mln	FY 2022	FY 2021	Change %
Revenue	569,527	420,488	35.4%
EBITDA*	257,879	191,810	34.4%
Adj. EBITDA**	266,947	192,117	39.0%
Adj. EBITDA margin	46.9%	45.7%	
Net profit	184,714	129,674	42.4%
Adj. net profit***	182,297	130,512	39.7%
Free cash flow	104,295	77,857	34.0%
Adj. free cash flow****	141,024	77,857	81.1%
	<b>31.12.2022</b>	<b>31.12.2021</b>	
Net debt	180,338	153,718	

ND/adj. LTM EBITDA 0.68x 0.80x

Operating highlights			
Production volumes by category			
kt	FY 2022	FY 2021	Change %
Phosphate-based fertilizers and feed phosphates	8,224.4	7,893.6	4.2%
Nitrogen-based fertilizers	2,546.6	2,412.1	5.6%
Other products	301.9	279.5	8.0%
<b>TOTAL fertilizers and other products</b>	<b>11,072.9</b>	<b>10,585.2</b>	<b>4.6%</b>
Sales volumes by category			
kt	FY 2022	FY 2021	Change %
Phosphate-based fertilizers and feed phosphates	8,402.8	7,762.4	8.3%
Nitrogen-based fertilizers	2,550.8	2,494.5	2.3%
Other products	143.9	177.3	-18.8%
<b>TOTAL fertilizers and other products</b>	<b>11,097.5</b>	<b>10,434.2</b>	<b>6.4%</b>

RUB/USD exchange rates: average FY 2022 rate: 68.5494; average FY 2021 rate: 73.6541; as of 31 December 2022: 70.3375; as of 31 December 2021: 74.2926.

\* EBITDA is calculated as operating profit adjusted for depreciation and amortisation.

\*\* Adj. EBITDA is EBITDA as reported minus FX differences from operating activities.

\*\*\* Adj. net profit is net profit as reported minus FX gain or loss.

\*\*\*\* Free cash flow adjusted for the amount of cash and cash equivalents written off as a result of the loss of ownership of foreign companies.

The Company faced a large number of challenges last year. At the same time, the Company was able to improve its financial performance considerably even in this environment thanks to a high level of efficiency and investments in capacity upgrades, a balanced financial policy and favourable prices in global markets.

Increased fertilizer production and sales drove year-on-year revenue growth of more than 35%. At the same time, revenue grew faster than the cost of sales, which increased by about 23% during the year.

These trends enabled the Company to increase its adjusted EBITDA by 39% year-on-year, while adjusted net profit rose by 40%.

The 81% increase in adjusted free cash flow to more than RUB 141 billion was driven by higher sales margins as well as efficient working capital management.

The Company enjoys a high degree of financial stability thanks to its robust performance in 2022. As of 31 December 2022, the net debt/adjusted EBITDA ratio had declined to 0.68x.

Among major events in terms of debt management, it is worth noting that holders of the Company's Eurobonds voted to amend the issue documentation. In the current environment, these changes enable us to continue reliably servicing our public debt to noteholders – both in Russia and beyond its borders.

#### Situation in mineral fertilizer markets in 4Q 2022

The situation in global mineral fertilizer markets in 4Q 2022 was marked by a low level of sales in key areas and downward price trends for the main types of fertilizers. The decline in prices for

phosphate-based and potash fertilizers was driven by seasonal factors and a decrease in import demand (most significantly in Europe).

Prices for nitrogen-based fertilizers, including urea, declined due to the weakening of natural gas prices in Europe and an increase in the utilisation of domestic capacities for the production of ammonia and nitrogen-based fertilizers. The drop in import demand for urea in India in 4Q 2022 was driven by an increase in domestic production (including at new facilities) and was also one of the key factors in the overall decline in global prices for urea.

In 2022, the average price of urea was USD 573 per tonne (FOB Baltic), versus an average price of USD 475 per tonne (FOB Baltic) in 2021; the average price of MAP in 2022 was USD 849 per tonne (FOB Baltic), compared with an average price of USD 651 per tonne (FOB Baltic) in 2021. Prices for phosphate and potash feedstocks also remained high: the average price for potassium chloride in 2022 was USD 621 per tonne (FOB Baltic); the average price for phosphate feedstocks was USD 277 per tonne (FOB Morocco) (for feedstocks with P<sub>2</sub>O<sub>5</sub> content of 31%–33%). The average price of sulphur in 2022 was USD 203 per tonne (FOB Baltic).

### **Market outlook**

The market for nitrogen-based fertilizers in 1Q 2023 is marked by an excess of supply in the market due to high levels of carry-over stocks (in European countries as well as North and South America), which continues to have a negative impact on prices.

Phosphate-based fertilizer prices have now stabilised. Prices can expect support from an increase in seasonal activity in South America, and in Brazil in particular, as well as in the US domestic market following a significant reduction in imports in 2022.

### **About the Company**

*PhosAgro ([www.phosagro.ru](http://www.phosagro.ru)) is a vertically integrated Russian company and one of the world's leading producers of mineral phosphorous fertilizers and of high-grade apatite concentrate grading 39% P<sub>2</sub>O<sub>5</sub> and higher. PhosAgro's fertilizers are highly effective, ensuring the improved quality of agricultural produce.*

*PhosAgro Group is the largest manufacturer of phosphate-based fertilisers in Europe (by total capacity of NAP/MAP/NP/NPK/NPS production), the largest producer of phosphite grading 39% P<sub>2</sub>O<sub>5</sub> in the world and one of the leading global producers of ammonium and diammonium phosphate, one of Europe's leading and the only producer in Russia of monocalcium phosphate feed, and the only producer in Russia of nepheline concentrate.*

*The company's main products, including phosphite, 57 grades of fertilizer, phosphate feed, ammonium, and sodium tripolyphosphate, are used in 100 countries on all inhabited continents. Our priority markets, besides Russia and the CIS, are Latin America, Europe, and Asia.*

*The company's shares are listed on the Moscow Exchange and its Global Depositary Receipts (GDRs) are listed on the London Stock Exchange (MOEX and LSE ticker: PHOR).*

*More information about PhosAgro PJSC can be found on our site: [www.phosagro.ru](http://www.phosagro.ru)*

**PJSC “PhosAgro”****Consolidated Statement of Profit or Loss and Other Comprehensive Income for 2022**

<i>RUB million</i>	<b>Note</b>	<b>2022</b>	<b>2021</b>
Revenues	6	569,527	420,488
Cost of Group products sold	7	(253,419)	(206,082)
Cost of products for resale		(15,599)	(12,725)
<b>Gross profit</b>		<b>300,509</b>	<b>201,681</b>
Administrative and selling overhead expenses	8	(42,403)	(27,845)
Taxes, other than income tax, net	9	(11,327)	(5,946)
Other expenses, net	10	(9,371)	(3,449)
Foreign exchange loss from operating activities, net		(9,068)	(307)
<b>Operating profit</b>		<b>228,340</b>	<b>164,134</b>
Gain from revaluation of financial assets measured at fair value	17	-	1,193
Finance income	11	4,439	778
Finance costs	11	(11,967)	(5,044)
Foreign exchange gain/(loss) from financing activities, net	28(b)	11,485	(531)
COVID-19 related expenses		-	(475)
<b>Profit before tax</b>		<b>232,297</b>	<b>160,055</b>
Income tax expense	12	(47,583)	(30,381)
<b>Profit /(loss) for the year</b>		<b>184,714</b>	<b>129,674</b>
Attributable to:			
Non-controlling interests*		52	(23)
Shareholders of the Company		184,662	129,697
Basic and diluted earnings per share (in RUB)	23	1,426	1,002
<b>Other comprehensive loss</b>			
<b>Items that will never be reclassified to profit or loss</b>			
Actuarial losses	26	(276)	(36)
<b>Items that may be reclassified subsequently to profit or loss</b>			
Foreign currency translation difference		(2,929)	(350)
Foreign currency translation difference reclassified to profit or loss upon loss of control over foreign subsidiaries	29	(6,302)	-
Actuarial losses reclassified to profit or loss upon loss of control over foreign subsidiaries		61	-
<b>Other comprehensive loss for the year</b>		<b>(9,446)</b>	<b>(386)</b>
<b>Total comprehensive income/(loss) for the year</b>		<b>175,268</b>	<b>129,288</b>
Attributable to:			
Non-controlling interests*		52	(23)
Shareholders of the Company		175,216	129,311

\*Non-controlling interests are the minority shareholders of the subsidiaries of PJSC “PhosAgro”

**PJSC “PhosAgro”***Consolidated Statement of Financial Position as at 31 December 2022*

<i>RUB million</i>	<b>Note</b>	<b>31 December 2022</b>	<b>31 December 2021</b>
<b>Assets</b>			
Property, plant and equipment	13	274,522	237,444
Advances issued for property, plant and equipment		9,270	13,237
Other non-current assets	17	8,546	2,058
Deferred tax assets	16	7,903	9,499
Non-current spare parts		5,125	4,698
Right-of-use assets	14	4,277	6,955
Intangible assets		2,099	1,756
Catalysts		1,965	2,049
Investments in associates	15	592	569
<b>Non-current assets</b>		<b>314,299</b>	<b>278,265</b>
Trade and other receivables	20	75,741	48,526
Inventories	19	39,349	41,177
Cash and cash equivalents	21	13,356	21,710
VAT and other taxes receivable		12,565	15,013
Other financial assets	18	210	216
Income tax receivable		93	540
<b>Current assets</b>		<b>141,314</b>	<b>127,182</b>
<b>Total assets</b>		<b>455,613</b>	<b>405,447</b>
<b>Equity</b>			
Share capital	22	372	372
Share premium		7,494	7,494
Retained earnings		190,664	148,193
Actuarial losses		(968)	(753)
Foreign currency translation reserve		-	9,231
<b>Equity attributable to shareholders of the Company</b>		<b>197,562</b>	<b>164,537</b>
Equity attributable to non-controlling interests		158	106
<b>Total equity</b>		<b>197,720</b>	<b>164,643</b>
<b>Liabilities</b>			
Loans and borrowings	24	109,784	157,081
Deferred tax liabilities	16	17,820	12,937
Lease liabilities	25	1,660	3,459
Defined benefit obligations	26	1,050	952
<b>Non-current liabilities</b>		<b>130,314</b>	<b>174,429</b>
Loans and borrowings	24	80,974	12,710
Trade and other payables	27	39,412	41,754
VAT and other taxes payable		5,632	6,397
Lease liabilities	25	1,276	2,178
Income tax payable		203	3,334
Dividends payable		82	2
<b>Current liabilities</b>		<b>127,579</b>	<b>66,375</b>
<b>Total equity and liabilities</b>		<b>455,613</b>	<b>405,447</b>

<i>RUB million</i>	Note	2022	2021
<b>Cash flows from operating activities</b>			
Operating profit		228,340	164,134
<i>Adjustments for:</i>			
Depreciation and amortisation	7, 8	29,539	27,676
Loss on disposal of property, plant and equipment and intangible assets	10	429	198
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Operating profit before changes in working capital and provisions		258,308	192,008
Increase in inventories, catalysts and non-current spare parts		(12,308)	(10,855)
Decrease/(increase) in trade and other receivables*		7,498	(38,667)
(Decrease)/increase in trade and other payables*		(3,131)	17,490
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Cash flows from operations before income taxes and interest paid		250,367	159,976
Income tax paid		(41,811)	(28,806)
Finance costs paid		(5,275)	(4,945)
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<b>Cash flows from operating activities</b>		<b>203,281</b>	<b>126,225</b>
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<b>Cash flows from investing activities</b>			
Acquisition of property, plant and equipment and intangible assets		(63,021)	(47,951)
Cash and cash equivalents disposed as a result of loss of control over foreign subsidiaries	29	(36,729)	-
Loans issued	18	(3,130)	-
Borrowing cost capitalised paid	13	(976)	(1,141)
Advances issued for right-of-use assets		(850)	-
Finance income received		3,783	583
Proceeds from disposal of financial assets measured at fair value through profit or loss	17	1,778	-
Other		159	141
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<b>Cash flows used in investing activities</b>		<b>(98,986)</b>	<b>(48,368)</b>
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<b>Cash flows from financing activities</b>			
Proceeds from borrowings, net of transaction costs	24	57,171	61,622
Repayment of borrowings	24	(23,926)	(50,081)
Dividends paid to shareholders of the Company	22	(142,111)	(72,260)
Lease payments	25	(1,429)	(1,950)
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<b>Cash flows used in financing activities</b>		<b>(110,295)</b>	<b>(62,669)</b>
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<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(6,000)</b>	<b>15,188</b>
Cash and cash equivalents at 1 January		21,710	8,460
Effect of exchange rates fluctuations		(2,354)	(1,938)
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<b>Cash and cash equivalents at 31 December</b>	21	<b>13,356</b>	<b>21,710</b>

\*Changes in trade and other receivables and changes in trade and other payables include effect of foreign exchange differences from operating activity