



## PhosAgro Reports Operating and Financial Results for 1Q 2023

**Moscow. 18 May 2023.** 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 interim condensed financial results for the three months ended 31 March 2023.

### 1Q 2023 highlights

In 1Q 2023, production of mineral fertilizers and other chemicals increased by 6.1% year-on-year to over 2.8 million tonnes. The phased ramp-up to design capacity of the production complex in Volkhov, launched as part of the Company’s comprehensive long-term development programme, made this growth possible.

Total fertilizer sales in 1Q 2023 increased by 1.5% year-on-year to more than 2.7 million tonnes. At the same time, while sales of phosphate-based fertilizers (the Company’s main product) remained essentially flat year-on-year, sales of nitrogen-based fertilizers rose by 6.1% compared with 1Q 2022 on the back of seasonal demand, driven mainly by an almost twofold increase in sales of ammonium sulphate.

Revenue for 1Q 2023 decreased by 35.7% year-on-year and amounted to RUB 116.2 billion (USD 1.6 billion). The decrease in revenue was due to a drop in global fertilizer prices from their highs in early 2022, when a high degree of uncertainty and sanctions pressure on Russia (the biggest player in the global fertilizer market) led to speculation, driving up prices for all types of fertilizers.

At the same time, the Company’s quarterly revenue rose by 5.5% compared with 4Q 2022, driven by an increase in production and sales at a time of relatively stable prices.

The Company’s adjusted EBITDA amounted to RUB 49.0 billion (USD 0.67 billion) in 1Q 2023, which was lower year-on-year, while adjusted EBITDA margin was 42.2%. Adjusted EBITDA increased by 10.1% from 4Q 2022.

In 1Q 2023, the Company’s adjusted free cash flow reached RUB 43.4 billion (RUB 0.6 billion), up 29.0% year-on-year and nearly double the figure from 4Q 2022.

Net debt as of 31 March 2023 amounted to RUB 142.4 billion (USD 1.85 billion), while the net debt/adjusted EBITDA ratio was 0.62x as of the end of the quarter.

### Financial and operating highlights

Financial highlights					
RUB mln	1Q 2023	1Q 2022	Change %	4Q 2022	Change %
Revenue	116,178	180,678	-35.7%	110,104	5.5%
EBITDA*	55,395	87,672	-36.8%	58,441	-5.2%
Adj. EBITDA**	48,978	86,992	-43.7%	44,470	10.1%
Adj. EBITDA margin	42.2%	48.1%		40.4%	
Net profit	28,059	43,462	-35.4%	19,214	46.0%
Adj. net profit***	33,897	59,253	-42.8%	32,099	5.6%
Free cash flow	43,419	-3,061	n/a	22,756	90.8%
Adj. free cash flow****	43,419	33,668	29.0%	22,756	90.8%

	31 March 2023	31 December 2022
Net debt	142,435	180,338
ND/adj. LTM EBITDA	0.62x	0.68x

Operating highlights					
Production volumes by category					
kt	1Q 2023	1Q 2022	Change, %	4Q 2022	Change, %
Phosphate-based fertilizers and feed phosphates	2,070.3	1,957.4	5.8%	2,040.1	1.5%
Nitrogen-based fertilizers	675.6	629.9	7.3%	671.2	0.7%
Other products	65.8	64.0	2.9%	96.1	-31.4%
<b>TOTAL fertilizers</b>	<b>2,811.8</b>	<b>2,651.3</b>	<b>6.1%</b>	<b>2,807.4</b>	<b>0.2%</b>
Sales volumes by category					
kt	1Q 2023	1Q 2022	Change, %	4Q 2022	Change, %
Phosphate-based fertilizers and feed phosphates	2,016.7	2,010.7	0.3%	2,012.8	0.2%
Nitrogen-based fertilizers	686.6	647.3	6.1%	628.8	9.2%
Other products	39.0	42.8	-8.9%	30.2	29.1%
<b>TOTAL fertilizers</b>	<b>2,742.3</b>	<b>2,700.8</b>	<b>1.5%</b>	<b>2,671.8</b>	<b>2.6%</b>

RUB/USD exchange rates: average 1Q 2023 rate: 72.7738; average 1Q 2022 rate: 86.0693; as of 31 March 2023: 77.0863; as of 31 December 2022: 70.3375.

\* 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's high margins in 1Q 2023 were driven not only by increased production and sales but also by cost optimisation in the form of reduced spending on sulphur, ammonia and especially ammonium sulphate.

Although the Company continues to diversify its sales structure, securing the interests of the rapidly growing domestic market remains its top priority. While meeting seasonal demand, PhosAgro fully addressed Russian farmers' needs for high-quality fertilizers and also increased sales to India and Latin America at the same time.

The Company's robust operating performance was reflected in increased free cash flow, which was driven by a reduction in working capital, among other things.

Thanks to its strong performance in 1Q 2023, the Company is in an excellent financial position, as reflected by the AAA credit ratings (the highest possible) received from two major Russian rating agencies – Expert RA and ACRA. As of 31 March 2023, the Company's net debt had decreased to RUB 142.4 billion, and its net debt/adjusted EBITDA ratio was 0.62x. In addition, it should be noted that, as of the end of the quarter, the Company had cash on hand for the payment of dividends declared for 2022 in the amount of RUB 465 per ordinary share. The dividends were paid out in April 2023.

Among other highlights in terms of debt management, the successful redemption of USD 500 million in Eurobonds in late April 2023 is worth noting. The Eurobonds were refinanced including through two issues of exchange-traded bonds (RMB 2 billion and RUB 20 billion) which had previously been successfully

floated on Moscow Exchange. The redemption of the Eurobonds was completed through a separate payment scheme that was agreed with all the bondholders and entered in the payment documentation in the second half of 2022.

### **Market situation in 1Q 2023**

The situation in global mineral fertilizer markets in 1Q 2023 was marked by weakening demand for all types of fertilizers, driven by high stocks in key markets amid a downward price trend.

Residual demand in India and pre-season purchases in Brazil supported the market for phosphate-based fertilizers at the beginning of the year, while demand in Western Europe and North America remained weak. The average price for MAP in 1Q 2023 was USD 606 per tonne (FOB Baltic).

The off-season in South America (Brazil), delays in a significant tender in India and increased competition among major suppliers in other sales areas drove a downward price trend in the market for nitrogen-based fertilizers. The average price of urea in 1Q 2023 was USD 319 per tonne (FOB Baltic). Export prices for ammonium nitrate remained relatively high as a result of seasonal shipments to the domestic market. The average price of ammonium nitrate in 1Q 2023 was USD 323 per tonne (FOB Baltic).

Weak demand in fertilizer markets also drove down prices for major commodities. The average price of sulphur in 1Q 2023 was USD 77 per tonne (FOB Baltic); the average price of potassium chloride was USD 443 per tonne (FOB Baltic). Prices for phosphate feedstocks remained stable at USD 300 per tonne (FOB Morocco) as of the end of 1Q 2023 (for feedstocks with P<sub>2</sub>O<sub>5</sub> content of 31%–33%).

### **Market outlook**

The beginning of the second quarter was marked by continued low demand for fertilizers in key markets, due to the end of the spring season in the Northern Hemisphere and the off-season in key markets in Asia and South America. The decrease in prices for fertilizers in 1Q 2023 helped make them more affordable (in terms of the cost of fertilizer in relation to a basket of basic agricultural products), which will help stabilise future prices in fertilizer markets. In addition, the second quarter has seen a rise in seasonal demand in markets in India, Brazil and Southeast Asia, which should also have a positive impact on prices.

### **About the Company**

*PhosAgro ([www.phosagro.com](http://www.phosagro.com)) 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 DAP/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 (MCP), 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 around 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 Interim Condensed Statement of Profit or Loss and Other Comprehensive Income for the three months ended 31 March 2023*

<i>RUB million</i>	<b>Three months ended 31 March</b>	
	<b>2023</b>	<b>2022</b>
Revenues	116,178	180,678
Cost of Group products sold	(56,678)	(71,017)
Cost of products for resale	(7,643)	(5,040)
<b>Gross profit</b>	<b>51,857</b>	<b>104,621</b>
Administrative and selling overhead expenses	(6,932)	(21,573)
Taxes, other than income tax, net	(3,064)	(2,684)
Other expenses, net	(709)	(763)
Foreign exchange gain from operating activities, net	6,417	680
<b>Operating profit</b>	<b>47,569</b>	<b>80,281</b>
Finance income	568	351
Finance costs	(1,670)	(8,415)
Foreign exchange loss from financing activities, net	(12,255)	(16,471)
<b>Profit before tax</b>	<b>34,212</b>	<b>55,746</b>
Income tax expense	(6,153)	(12,284)
<b>Profit/(loss) for the period</b>	<b>28,059</b>	<b>43,462</b>
Attributable to:		
Non-controlling interests*	4	(4)
Shareholders of the Company	28,055	43,466
Basic and diluted earnings per share (in RUB)	217	336
<b>Other comprehensive loss</b>		
<b>Items that may be reclassified subsequently to profit or loss</b>		
Foreign currency translation difference	-	(2,929)
Foreign currency translation difference reclassified to profit or loss upon loss of control over foreign subsidiaries	-	(6,302)
Actuarial losses reclassified to profit or loss upon loss of control over foreign subsidiaries	-	61
<b>Other comprehensive loss for the period</b>	<b>-</b>	<b>(9,170)</b>
<b>Total comprehensive income/(loss) for the period</b>	<b>28,059</b>	<b>34,292</b>
Attributable to:		
Non-controlling interests*	4	(4)
Shareholders of the Company	28,055	34,296

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

**PJSC “PhosAgro”***Consolidated Interim Condensed Statement of Financial Position as at 31 March 2023*

<i>RUB million</i>	<b>31 March 2023</b>	<b>31 December 2022</b>
<b>Assets</b>		
Property, plant and equipment	277,480	274,522
Other non-current assets	9,550	8,546
Advances issued for property, plant and equipment	9,183	9,270
Deferred tax assets	8,812	7,903
Non-current spare parts	6,199	5,125
Right-of-use assets	4,721	4,277
Intangible assets	2,114	2,099
Catalysts	2,046	1,965
Investments in associates	611	592
<b>Non-current assets</b>	<b>320,716</b>	<b>314,299</b>
Cash and cash equivalents	72,358	13,356
Trade and other receivables	65,281	75,741
Inventories	38,053	39,349
VAT and other taxes receivable	10,233	12,565
Other financial assets	303	210
Income tax receivable	72	93
<b>Current assets</b>	<b>186,300</b>	<b>141,314</b>
<b>Total assets</b>	<b>507,016</b>	<b>455,613</b>
<b>Equity</b>		
Share capital	372	372
Share premium	7,494	7,494
Retained earnings	158,501	190,664
Actuarial losses	(968)	(968)
<b>Equity attributable to shareholders of the Company</b>	<b>165,399</b>	<b>197,562</b>
Equity attributable to non-controlling interests	162	158
<b>Total equity</b>	<b>165,561</b>	<b>197,720</b>
<b>Liabilities</b>		
Loans and borrowings	121,694	109,784
Deferred tax liabilities	14,579	17,820
Lease liabilities	1,695	1,660
Defined benefit obligations	1,062	1,050
<b>Non-current liabilities</b>	<b>139,030</b>	<b>130,314</b>
Loans and borrowings	90,101	80,974
Dividends payable	67,443	82
Trade and other payables	31,711	39,412
Income tax payable	7,253	203
VAT and other taxes payable	4,614	5,632
Lease liabilities	1,303	1,276
<b>Current liabilities</b>	<b>202,425</b>	<b>127,579</b>
<b>Total equity and liabilities</b>	<b>507,016</b>	<b>455,613</b>

**PJSC “PhosAgro”***Consolidated Interim Condensed Statement of Cash Flows for the three months ended 31 March 2023*

<i>RUB million</i>	Three months ended	
	31 March	2022
<b>Cash flows from operating activities</b>		
Operating profit	47,569	80,281
<i>Adjustments for:</i>		
Depreciation and amortisation	7,826	7,391
Loss on disposal of property, plant and equipment and intangible assets	94	166
Operating profit before changes in working capital and provisions	55,489	87,838
Decrease/(increase) in inventories, catalysts and non-current spare parts	428	(11,585)
Decrease/(increase) in trade and other receivables <sup>1</sup>	12,060	(4,912)
Decrease in trade and other payables <sup>1</sup>	(9,235)	(14,453)
Cash flows from operations before income taxes and interest paid	58,742	56,888
Income tax paid	(3,234)	(9,887)
Finance costs paid	(1,605)	(1,547)
<b>Cash flows from operating activities</b>	<b>53,903</b>	<b>45,454</b>
<b>Cash flows from investing activities</b>		
Acquisition of property, plant and equipment and intangible assets	(10,433)	(10,571)
Cash and cash equivalents disposed as a result of loss of control over foreign subsidiaries	-	(36,729)
Loans issued	-	(3,130)
Borrowing cost capitalised paid	(248)	(215)
Proceeds from disposal of financial assets measured at fair value through profit or loss	-	1,778
Advances issued for right-of-use assets	(63)	-
Other	260	352
<b>Cash flows used in investing activities</b>	<b>(10,484)</b>	<b>(48,515)</b>
<b>Cash flows from financing activities</b>		
Proceeds from borrowings, net of transaction costs	14,773	18,400
Repayment of borrowings	(8,131)	(7,443)
Refund of dividends paid <sup>2</sup>	7,143	-
Lease payments	(332)	(515)
<b>Cash flows from financing activities</b>	<b>13,453</b>	<b>10,442</b>
<b>Net increase in cash and cash equivalents</b>	<b>56,872</b>	<b>7,381</b>
Cash and cash equivalents at 1 January	13,356	21,710
Effect of exchange rates fluctuations	2,130	5,472
<b>Cash and cash equivalents at 31 March</b>	<b>72,358</b>	<b>34,563</b>

<sup>1</sup> Changes in trade and other receivables and changes in trade and other payables include effect of foreign exchange differences from operating activities

<sup>2</sup> The Group received cash refund from depositories paid as dividends to parties who were entitled to receive them (according to the shareholders' extraordinary general meeting decision of PJSC “PhosAgro” dated 21 September 2022), but didn't receive dividends due to reasons beyond the depositories' control.