

FINANCIAL PERFORMANCE



With global fertilizer prices going back to normal from the peak levels of 2022, PhosAgro Group once again delivered strong financial performance in 2023. It was driven by both growth of sales volumes (especially in the segment of high-margin products) and effective cost control, with cost reduction coming primarily on the back of the investment programme successfully implemented in the previous years.

In the reporting year, the Company's revenue went above RUB 440 bln, EBITDA reached RUB 183 bln, and adjusted net profit came in at RUB 104 bln. Even though this constituted a decline compared to 2022 with its historically high global fertilizer prices, these results are nonetheless among the strongest on record. Another highlight was the EBITDA margin, which remained at a very high level of over 40%.

In 2023, the Company had a free cash flow of more than RUB 70 bln, driven by continuously high capital investments and additional liquidity outflows associated with the payment of newly introduced export duties and the year-end transfer of RUB 6.4 bln as an advance payment towards the excess profit tax liabilities.

Robust financial position, capital investments without budget overruns, and a strong free cash flow enable us to fully meet all our debt obligations (including those denominated in foreign currencies) in a timely manner. As at the end of 2023, PhosAgro's leverage remained at a comfortable level, with net debt standing at RUB 223.2 bln and the net debt/EBITDA ratio coming in at 1.2x. The share of USD-denominated debt also continued to decline.

The high credit quality of the Company was further confirmed by the success of two exchange-traded bond issues (for CNY 2 bln and RUB 20 bln), which helped, among other things, replace more than 74% of the two remaining PHOR-25 and PHOR-28 Eurobond issues for a total amount of USD 740.4 mln



Alexander Sharabaika
Deputy CEO for Finance and International Projects at PhosAgro

> RUB 440 bln
Company revenue in 2023

RUB 104 bln
adjusted net profit

41.6 %
EBITDA margin

KEY EXTERNAL DRIVERS OF FINANCIAL RESULTS

IN ADDITION TO INCREASED SALES VOLUMES AND CONTINUOUSLY COMPETITIVE COST LEVELS, THE STRONG FINANCIAL RESULTS IN 2023 WERE DRIVEN BY THE FOLLOWING MARKET EVENTS:



1/ Significant increase in mineral fertilizer consumption, primarily in Latin America, Africa, South Asia and Oceania, due to a good fertilizer/crop price ratio, favourable weather conditions in key markets, and stronger government support for agriculture



2/ Growth of global crop prices underpinned in part by the growing demand for forage crops, which itself was partially caused by the recovery of hog production in China after the swine flu epidemic in 2018–2019



3/ Restrictions on exports of phosphate-based fertilizers from China to bolster domestic supply and introduction of fertilizer export quotas in Russia



4/ Fertilizer affordability issues caused by supply disruptions and an increase in raw materials prices

REVENUE ANALYSIS

In 2023, revenue decreased by 23% y-o-y to RUB 440 bln (USD 5.23 bln) due to the correction of global fertilizer prices after the record high levels recorded in 2022.

RUB 440 bln
revenue in 2023

Financial and operational highlights, RUB mln

Item	2021	2022	2023	Δ 2023/2022,%
Financial highlights, rub mln				
Revenue	420,488.00	569,527.00	440,304.00	(22.70)
EBITDA	191,810.00	257,879.00	183,038.00	(29.00)
Adj. EBITDA ¹	192,117.00	266,947.00	168,352.00	(36.90)
Adj. EBITDA margin, %	45.70	46.90	38.20	
Net profit	129,674.00	184,714.00	86,141.00	(53.40)
Adj. net profit ²	130,512.00	182,297.00	104,105.00	(42.90)
Adj. free cash flow ³	77,857.00	141,024.00	70,208.00	(50.20)

Item	31.12.2021	31.12.2022	31.12.2023	Δ 2023/2022,%
Net debt	153,718.00	180,338.00	223,207.00	23.80
12M net debt / EBITDA	0.80	0.70	1.22	

Sales volume, kt	2021	2022	2023	Δ 2023/2022,%
Phosphate-based fertilizers and feed phosphates	7,762.40	8,402.80	8,578.20	2.10
Nitrogen-based fertilizers	2,494.50	2,550.80	2,560.50	0.40
Total fertilizers	10,256.90	10,953.60	11,138.70	1.70
Other products	226.90	179.50	214.80	19.70
Total fertilizers and other products	10,483.80	11,133.10	11,353.50	2.00

Revenue breakdown by key product, RUB bln

Item	2021	2022	2023	Δ 2023/2022,%
Phosphate and nitrogen-based products	404.9	551.0	421.7	(23.5)
Other	15.6	18.5	18.6	0.5
Total	420.5	569.5	440.3	(22.7)

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	2021	2022	2023	Δ 2023/2022,%
Depreciation and amortisation	24,812	26,979	29,374	8.9
Materials and services	47,084	54,178	65,738	21.3
• Phosphate rock transportation	9,105	11,610	13,468	16.0
• Repair	11,373	12,002	15,865	32.2
• Toll processing	-	-	4,341	100.0
• Drilling and blasting	3,486	3,217	3,101	(3.6)
• Other materials and services	23,120	27,349	28,963	5.9
Raw materials	63,534	108,323	63,335	(41.5)
• Ammonia	14,277	19,550	11,533	(41.0)
• Sulphur and sulphuric acid	17,707	40,798	11,507	(71.8)
• Potassium	16,574	27,418	22,444	(18.1)
• Natural gas	12,635	14,226	15,033	5.7
• Ammonium sulphate	2,341	6,331	2,818	(55.5)
Salaries and social contributions	15,286	19,667	26,265	33.5
Electricity	6,740	6,754	7,317	8.3
Fuel	5,578	6,459	5,754	(10.9)
Products for resale	12,725	15,599	16,056	2.9
Customs duties	2,483	1,420	13,207	>100
Freight, port and stevedoring expenses	28,587	16,382	9,924	(39.4)
Russian Railways and operators' fees	10,728	12,647	14,047	11.1
Other	1,250	610	599	(1.8)
Total	218,807	269,018	251,616	(6.5)

In 2023, cost of sales went down by 6.5% to RUB 251.6 bln.

This was mainly due to lower raw material expenses (down 41.5% y-o-y to RUB 63.3 bln) and freight, port and stevedoring costs (down 39.4% y-o-y to RUB 9.9 bln).

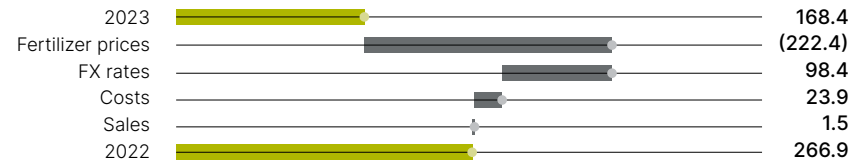
PhosAgro remains one of the industry's most efficient players and leads the pack globally in terms of production costs. The main way we ensure effective cost control is by championing strong vertical integration and sourcing the key inputs and materials from domestic suppliers.

RUB 251.6 bln cost
of sales in 2023

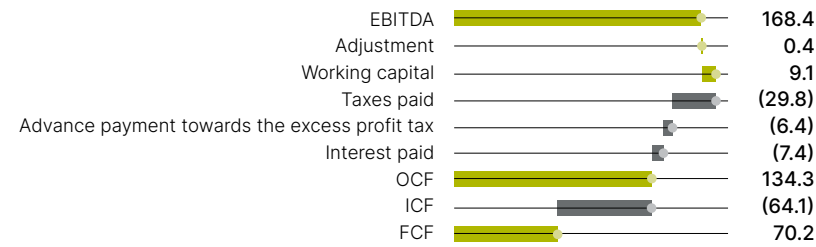
-41.5%
lower raw material expenses

ADJUSTED EBITDA

Adjusted EBITDA in 2023 vs actual 2022, RUB bln



Adjusted EBITDA to adjusted FCF conversion in 2023, RUB bln



In 2023, adjusted EBITDA declined by 36.9 y-o-y to

RUB 168.4 bln

Adjusted EBITDA margin for the reporting period came in at

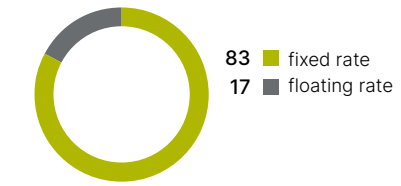
38.2%

DEBT

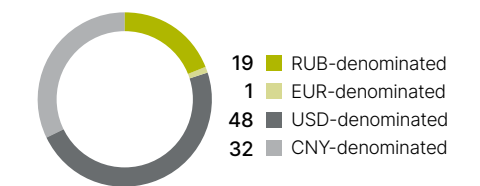
Net debt as at 31 December 2023 increased y-o-y to RUB 223 bln. Depreciation of the rouble against the US dollar in 2023 and reassessment of the Company's foreign currency debt using the year-end exchange rate had a significant impact on the RUB-denominated debt amount. With a decline in EBITDA, the net debt / adjusted EBITDA ratio increased to 1.33x as at 31 December 2023 from 0.68x a year earlier.

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 2023, %



Loans and borrowings breakdown by currency as at 31 December 2023, %



Debt maturity profile, RUB bln

Item	2024	2025	2026	2027	2028	Total
Unsecured bank loans ¹	84.6	8.5	16.1	2.7	–	111.9
Bonds ²	–	44.8	45.2	–	44.8	134.8
Interest payable	1.8	–	–	–	–	1.8
Total debt	86.4	53.3	61.3	2.7	44.8	248.5

TAX POLICY

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

In 2023, the Board of Directors approved a new version of PhosAgro's Tax Strategy. The 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 (IPPAs) and Special Investment Contracts (SPICs).

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.

The full text of the new version of the Tax Strategy is available on the Company's website.



ADJUSTED FREE CASH FLOW

In 2023, the Company's adjusted free cash flow exceeded RUB 70 bln, marking a 50% decrease compared to 2022.

Capital investments (including capitalised repairs) for the year amounted to RUB 64 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.

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¹ Debt amount under unsecured bank loans does not include the bank fee of RUB 6 mln.
² Bond debt amount does not include the bank fee of RUB 355 mln

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) ¹			Income tax accrued ²			Statutory tax rate ³ , %			Average headcount, people		
	2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023
Russian Federation	131,527	440,639	440,304	250,534	106,420	-	11,877	157,360	114,603	28,471	41,393	36,132	29,875	39,932	34,527	20.00	20.00	20.00	18,198	19,846	21,839
Switzerland	221,961	96,268	-	63,188	27,436	-	112,008	57,850	-	137	331	-	742	764	-	12.05	12.05	-	32	36	-
Cyprus	-	-	-	8	4	-	(598)	(4,243)	-	-	2	-	-	2	-	12.50	12.50	-	28	30	-
Poland	14,916	8,088	-	-	-	-	7,253	4,943	-	59	48	-	84	235	-	19.00	19.00	-	15	15	-
Germany	10,423	7,446	-	-	-	-	6,381	5,242	-	7	2	-	60	129	-	32.27	32.27	-	7	7	-
France	15,833	7,045	-	-	-	-	10,887	5,541	-	-	5	-	93	94	-	26.50	25.00	-	6	6	-
Serbia	4,752	2,020	-	230	58	-	2,060	1,063	-	(1)	1	-	89	65	-	15.00	15.00	-	12	14	-
Lithuania	9,838	1,598	-	-	-	-	5,075	1,038	-	28	26	-	31	-	-	15.00	15.00	-	4	4	-
Romania	4,681	4,050	-	-	-	-	1,213	1,916	-	5	-	-	6	63	-	16.00	16.00	-	5	7	-
South Africa	6,452	2,343	-	-	-	-	4,046	1,643	-	79	-	-	85	174	-	28.00	28.00	-	2	2	-
Finland	105	29	-	-	-	-	(7)	(2)	-	12	3	-	12	3	-	20.00	20.00	-	1	1	-
Brazil	-	-	-	-	-	-	(86)	(42)	-	(5)	-	-	(5)	4	-	34.00	34.00	-	7	7	-
Singapore	-	-	-	-	-	-	(55)	(13)	-	13	-	-	-	-	-	17.00	17.00	-	3	3	-
Total	420,488	569,527	440,304	313,961	133,918	0	160,055	232,297	114,603	28,806	41,811	36,132	31,073	41,465	34,527						

Tax jurisdiction	Tangible assets other than cash and cash equivalents			Total employee remuneration			Intra-group loans received		
	2021	2022	2023	2021	2022	2023	2021	2022	2023
Russian Federation	274,386	320,961	367,857	34,039	55,318	53,745	67,069	103,233	137,911
Switzerland	4,725	-	-	1,723	528	-	-	-	-
Cyprus	14	-	-	201	57	-	2,237	-	-
Poland	1,705	-	-	121	55	-	-	-	-
Germany	466	-	-	97	33	-	-	-	-
France	578	-	-	85	58	-	-	-	-
Serbia	1,443	-	-	54	28	-	337	-	-
Lithuania	7	-	-	67	20	-	-	-	-
Romania	1,019	-	-	25	14	-	-	-	-
South Africa	338	-	-	18	10	-	502	-	-
Finland	677	-	-	8	2	-	-	-	-
Brazil	2	-	-	58	32	-	-	-	-
Singapore	7	-	-	25	8	-	-	-	-
Total	285,368	320,961	367,857	36,522	56,163	53,745	70,146	103,233	137,911

The Company's income tax rate in 2021-2023 was

20%

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 376](#).

¹ Income tax paid includes windfall tax security payment in the amount of RUB 6,355 mln.

² Tax rates effective in any given jurisdiction apply to profit/loss before income tax. 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;
- foreign entities items which are not deductible or assessable for taxation purposes;
- other differences (including the 2023 excess profit tax in the amount of RUB 6,355 mln).

³ For the Russian tax jurisdiction, an average statutory tax rate is used.