



CEO'S STATEMENT

HEALTH AND SAFETY OF OUR EMPLOYEES AT THE FOREFRONT IN 2020

2020 was caught up in the COVID-19 pandemic. Amid this unmatched challenge, the health and safety of our employees, their families, and local communities in the regions where we operate remained at the top of our priorities. Thanks to our robust business processes, we were able to quickly adjust to the new operating environment while avoiding disruptions in production and sales of fertilizers in our key markets. In 2020, PhosAgro was leading the way in Russia in terms of safety of its employees and local communities, having taken unprecedented measures to fight the virus. Amid ravages wrought by COVID-19, we introduced ad hoc work practices, spanning from transportation of employees to their workplaces and special

access control at our production sites to creating a safe working environment. Dedicated production workload regulations and schemes ensuring the availability of key reserve personnel supporting continuous production facilities were created for any epidemiological scenario. More than 3,500 people of PhosAgro's 17,500 employees transitioned to work remotely.

Each facility established a response task force. Supported by the management of the Company and its subsidiaries and working in conjunction with highly qualified leading experts in virology and anti-epidemic efforts, the task forces helped us ensure that PhosAgro's feel safe at their workplace.

In addition to caring for our employees and their families, we actively assisted healthcare institutions across our footprint:

we purchased necessary equipment and protective gear such as oxygen concentrators, lung ventilators, disposable syringes, vacutainers and biomaterials, medical masks and infection prevention suits, disinfectants, as well as tests and reagents for express testing of our employees and residents of the regions where we operate.

It was through the teamwork and joint efforts that we managed to avoid COVID-19 outbreaks and maintain a safe and comfortable work environment at all of our facilities while at the same time ensuring uninterrupted supply of fertilizers to our customers.



Despite all the challenges and restrictions of 2020, PhosAgro has done more than simply adjusting to the new circumstances and demonstrating sustainably strong performance: we also delivered record-high production and sales of fertilizers, reached new milestones in our major strategic investment projects, and honoured our promises to investors. With 2020 marked by the COVID-19 pandemic, PhosAgro remained focused on the health of our employees and their families while also working to ensure food security for the Russian market. We have weathered the last year's hardships and lived up to all the challenges we faced.

STEADY PROGRESS TOWARDS STRATEGY TO 2025

2020 was an exceptionally successful year for PhosAgro, despite all the challenges caused by the COVID-19 pandemic. We met all the targets under our Strategy to 2025. In particular, we achieved sustainable growth in production by consistently upgrading existing facilities and adding new ones and also enhancing production efficiency throughout the year. In 2020, PhosAgro's output was up by 5% y-o-y, reaching 10.2 mt.

Fertilizer sales were also strong, rising by 5.3% y-o-y to almost 10 mt. Sales growth was driven by higher production volumes and stronger demand in our priority markets. Most importantly, we continued to strengthen our positions in Russia, which is a strategic priority for PhosAgro, with record-high sales of over 3.5 mt, up by more than 12% y-o-y.

Even during the pandemic, PhosAgro kept on implementing its major strategic investment projects as scheduled. In 2020, the Company completed a large-scale upgrade and re-equipment programme at the Cherepovets site worth over RUB 100 bln, which will more than halve our procurement of ammonium sulphate from external suppliers. We commissioned the SK-3300 sulphuric acid production line and launched traffic at the Kryolite railway station. In August 2020, we finished yet another stage of upgrading Balakovo's mineral fertilizer capacities. Our last year's efforts culminated in early 2021, when we completed the first stage of constructing an ammophos plant with a capacity of 231 ktpa in Volkhov and finalised unique repairs on main shaft No. 2, one of the Kirovsk mine's key ore drawing assets set to increase our output going forward.



Our CAPEX in 2020 reached

RUB 40.9 bln.
or

49%

of the EBITDA, precisely in line with our Strategy to 2025.

Notwithstanding the COVID-19 pandemic, we stayed on track. For years, PhosAgro has been successfully implementing its investment programme to generate free cash flow enabling us to finance our continued growth, increase our contribution to sustainability efforts, and deliver on our promises to investors.



OPERATIONAL AND FINANCIAL RESULTS

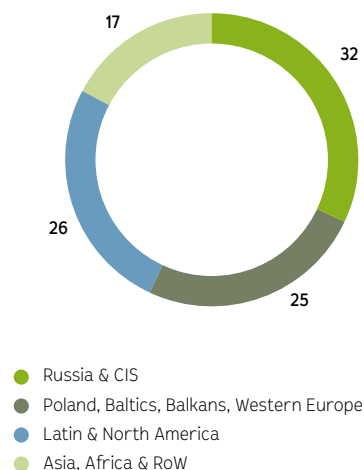
In 2020, the Company continued to ramp up production and increase its self-sufficiency in major inputs. PhosAgro's fertilizer output was up by 5% y-o-y, reaching to 10 mt. We delivered this growth by upgrading existing facilities and adding new ones and also enhancing production efficiency throughout the year. During the year, PhosAgro benefitted from a favourable market environment. Robust demand and high availability of fertilizers, coupled with limited global phosphate production, enabled us to increase sales by more than 5% y-o-y. As I have already mentioned, we achieved record-high sales in our key market, Russia. As a result, the domestic market share in our total supplies was up by 7.4% y-o-y.

Driven by sales growth, PhosAgro's revenue in 2020 increased by 2.3% y-o-y to RUB 253.9 bln (USD 3.5 bln). EBITDA grew by 11.5% to RUB 84.3 bln (USD 1.2 bln), while EBITDA margin remained strong at 33.2%, up by 2.7 pp y-o-y. In 2020, our free cash flow rose by more than half to over RUB 42 bln, hitting another record. PhosAgro's strong growth enhances our ability to deliver on all our existing obligations to partners and the public at large.

SUSTAINABLE DEVELOPMENT AS ONE OF THE PILLARS OF OUR STRATEGY

PhosAgro is a responsible producer of mineral fertilizers used in more than 100 countries across the globe. Sustainable development

Sales by market, %



is key to implementing our Strategy to 2025. All of our efforts are geared to creating value for our stakeholders and the public at large. 2020 was an important step towards our goals. PhosAgro's Board of Directors approved climate and water strategies and endorsed a low-carbon transition plan, including measures to cut emissions at the PhosAgro sites and across the value chain, as well as to enhance energy efficiency at the Company's production and infrastructure facilities.

In September 2020, the UN once again named PhosAgro a Global Compact LEAD company for its ongoing commitment to the Compact's principles in the areas of human rights, labour, the environment and anti-corruption activities. The Company was identified as being among the most highly-engaged participants of the world's largest corporate sustainability initiative. Today, there are only 41 LEAD participants globally.

PhosAgro joined efforts with the Russian Association of Fertilizer Producers to support the initiative on green labelling of products with improved environmental characteristics, with an emblem depicting a green wheat spike in a circle to confirm eco-friendliness of Russian-made fertilizers. This indicates the country's increased focus on food quality and security, which we are willing to support and guarantee.

Marking another milestone in 2020, PhosAgro launched a project to use renewable energy sources at its production and social facilities, with solar panels installed in Balakovo. In early 2021, PhosAgro increased green electricity use in agrochemical production after the Apatit mining and processing plant signed a contract for the supply of hydroelectric power from plants on the Kola Peninsula, which covered around 20% of its output. These initiatives are fully in line with PhosAgro's growth trajectory and the UN Sustainable Development Goals it pursues.

On top of that, the Company's numerous projects won recognition among the largest Russian and international organisations focusing on sustainable development. In October 2020, PhosAgro won the Grand Prix at the Russian Business Leaders: Dynamics and Responsibility Awards held by the Russian Union of Industrialists and Entrepreneurs. Of particular note is that the Grand Prix has been awarded only twice in the history of the awards, and both times it has gone to PhosAgro taking more than half of the nominations. Also in 2020, Sustainalytics improved PhosAgro's ESG rating from 43.8 to 26.9, which is one of the best scores among the largest fertilizer producers in Russia and beyond. In August 2020, MSCI ESG Research, another prominent sustainability firm, upgraded PhosAgro's rating to BBB. Later in December 2020, the Carbon Disclosure Project, one of the largest and most authoritative studies of companies in terms

EBITDA margin, RUB bln



GHG emissions per unit of output, kg/t¹

of climate responsibility metrics, raised PhosAgro's rating from C to B-. Having achieved appreciation on a global scale, we will keep evolving as we continue to deliver strong results for our stakeholders and the public at large.

OUTLOOK

2020 proved that PhosAgro is on the right track. Even during tough times, the Company demonstrated excellent performance and enhanced its potential for the benefit of our shareholders and all stakeholders while also maintaining its leadership in our key market, Russia. We will certainly continue our progress in 2021 by upgrading existing facilities and adding new ones in line with our investment programme. We strive to ramp up the output

of fertilizers with a proven track record in our home market and >100 countries across the globe. In 2021, PhosAgro will also stay focused on social and charitable programmes and sustainability initiatives.

I would like to thank all of our stakeholders, including employees and contractors as our joint efforts help us continue our journey and keep striving for more. We are entering 2021 with the confidence that together we can overcome any challenge to ensure sustainable and successful growth for PhosAgro.

Andrey Guryev,
General Director and Chairman
of the Management Board
of PJSC PhosAgro



EBITDA for 2020 grew by

11.5%



EBITDA margin stood at

33.2%

¹ Scope 1 GHG emissions per tonne of finished and semi-finished products.