

# **Independent Auditor's Report**

## **[Translation from Russian original]**

To the Shareholders of Public Joint Stock Company "PhosAgro"

### **Opinion**

We have audited the accompanying financial statements of Public Joint Stock Company "PhosAgro" (hereinafter – PJSC "PhosAgro"), which comprise the balance sheet as at December 31, 2019, statement of financial results, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the financial statements present fairly, in all material respects, the financial position of PJSC "PhosAgro" as at December 31, 2019, its financial performance and its cash flows for the year then ended in accordance with Russian accounting standards.

### **Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of PJSC "PhosAgro" in accordance with the Rules of Independence of the Auditors and Audit Organizations and The Code of Professional Ethics of the Auditors, which are in accordance with International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated accounting reports of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

### **Evaluation of Financial Investments**

During the audit we paid particular attention to measurement of financial investments due to the fact that long-term and short-term financial investments accounted for about 86% of total assets of PJSC "PhosAgro" as at December 31, 2019 and they were mainly investments for which current market value was not determined.

Our audit procedures in respect of the risk of material misstatement of financial investments, their testing for impairment and presentation of the results of such testing in the financial statements included, in particular, substantive procedures involving testing of accounting records, testing of financial investment measurement

for reflection in accounting records and financial statements based on the information about availability or absence of stable considerable reduction of their value below the amount of economic benefits to be received in the ordinary course of business. We also analyzed whether disclosures made by PJSC "PhosAgro" about the respective accounting policies applied were sufficient.

Based on the results of the procedures performed we believe that the management's approach to measurement of financial investments and presentation of the results of such measurement in the financial statements is appropriate.

Information about applied methods of accounting for financial investments is disclosed in Section 2.2.4 of the notes to the balance sheet and the statement of financial results for 2019, information about the structure and the measurement is disclosed in Section 4.4 of the notes to the balance sheet and the statement of financial results for 2019.

## Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual Report of PJSC "PhosAgro" for 2019 and the Quarterly issuer's report for the first quarter of 2020 but does not include the financial statements and our auditor's report thereon. The Annual Report of PJSC "PhosAgro" for 2019 and the Quarterly issuer's report for the first quarter of 2020 are expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Annual report of PJSC "PhosAgro" for 2019 and the Quarterly issuer's report for the first quarter of 2020, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Board of Directors of PJSC "PhosAgro".

## Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Russian accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the entity or to cease operations, or have no realistic alternative but to do so.

Board of Directors is responsible for overseeing the entity's financial reporting process.

## Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes

our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

a) identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

b) obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

c) evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

d) conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.

e) evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Partner of FBK, LLC

E.O. Sarafanova  
On the ground of power of attorney № 98/19 dated  
November 15, 2019, audit qualification certificate  
No. 06-000528 dated October 18, 2019, registration  
number 21906078276

Engagement partner on the audit resulting in this  
independent auditor's report

A.V. Ivanova  
Audit qualification certificate No. 06-000527 dated  
October 18, 2019, registration number 21606047640

Date of the independent auditor's report: February 20, 2020

## Audit entity

### Name:

Public Joint Stock Company "PhosAgro" (farther –  
PJSC "PhosAgro").

### Place of business:

119333, Moscow, Leninsky prospekt 55/1, bld. 1.

### Official registration:

Registered by the Moscow Registration Chamber  
on October 17, 2001, the certificate: series ЛП  
No. 011803. Entered in the Uniform State Register  
of Legal Entities on September 5, 2002 under the  
main state number 1027700190572.

## Auditor

### Name:

FBK, LLC

### Place of business:

44/1, 2AB, Myasnitskaya St, Moscow, 101990,  
Russian Federation.

### Official registration:

State Registration Certificate series Ю3 3  
No. 484.583 ПП issued by Moscow Registration  
Chamber on 15 November 1993.

The registration entry was made in the Unified State  
Register of Legal Entities on 24 July 2002 under  
primary state registration number (OGRN)  
1027700058286.

### Membership in a self-regulatory auditor organization:

Self-regulatory organization of auditors Association  
"Sodruzhestvo".

### Number in the register of audit organizations registered with the self-regulatory audit organization:

Certificate of membership in the Self-regulatory  
organization of auditors Association "Sodruzhestvo"  
No. 7198, principal number of registration entry  
(ORNZ) – 11506030481.