

For immediate release

31 August 2021

**Globaltrans Investment PLC****Interim 2021 Results and Approval of Interim  
and Special Interim Dividends**

Globaltrans Investment PLC (the “Company” and together with its consolidated subsidiaries “Globaltrans” or the “Group”), (LSE/MOEX ticker: GLTR) today announces its financial and operational results for the six months ended 30 June 2021 along with approval of interim and special interim dividends.

*In this announcement, the Group has used certain measures not recognised by EU IFRS or IFRS (referred to as “non-IFRS measures”) as supplemental measures of the Group’s operating performance. The management believes that these non-IFRS measures provide valuable information to readers, because they enable them to focus more directly on the underlying day-to-day performance of the Group’s business. The Company also reports certain operational information to illustrate the changes in the Group’s operational and financial performance during the reporting periods. Certain financial information which is derived from the management accounts is marked in this announcement with an asterisk {\*}. Information (non-IFRS financial and operating measures) requiring additional explanation or defining is marked with initial capital letters and the explanations or definitions are provided at the end of this announcement. Reconciliations of the non-IFRS measures to the closest EU IFRS measures are included in the body of this announcement. The presentational currency of the Group’s financial results is the Russian rouble (“RUB”).*

**KEY HIGHLIGHTS****Strong bulk market momentum, solid Free Cash Flow generation and robust financial profile support dividend capacity**

- Financial results remained under pressure as anticipated with weak gondola pricing for much of H1 2021.
- Overall Russian freight rail turnover bounced back up 5.2% year on year in H1 2021, nearing 2019 levels.
- Substantial improvement in gondola market pricing was seen in late Q2 and in July-August due to ongoing bulk market recovery.
- Three key service contracts extended including 5-year contract with Rosneft.
- Free Cash Flow remained solid at RUB 4.2 billion supported by low expansion CAPEX.
- Net Debt was relatively stable with first-half Net Debt to LTM Adjusted EBITDA<sup>1</sup> at 1.2x compared to 1.0x at end 2020.
- Sale of Group’s 60% stake in SyntezRail agreed for RUB 1.1 billion in cash representing a return on investments for the Group of around 3.8x.
- Due to strengthening dividend capacity, above-target interim dividends approved of RUB 4.0 billion (RUB 22.50 per share/GDR) and final dividend target set at RUB 5.0 billion (about RUB 27.97 per share/GDR), a 25% increase on interim dividend level, subject to no significant adverse changes.

**Commenting on Globaltrans’ first-half 2021 results, CEO Valery Shpakov said:**

“As expected, weak gondola pricing conditions remained for much of the first half putting our financial results under pressure. However, continued momentum in the bulk cargo market supported an improvement in gondola rates toward the end of the second quarter that has carried through into the summer months. Alongside our solid Free Cash Flow and robust financial profile, this shift has enabled the Board to approve interim dividends above

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<sup>1</sup> Adjusted EBITDA for the last twelve months.

our initial outlook and to target final dividends exceeding the level approved for the interims. I am satisfied with what we have achieved so far and believe Globaltrans is well positioned to capitalise on the positive trends we are seeing as we progress through the year.”

## FINANCIAL RESULTS

### Solid Free Cash Flow, ongoing cost control and robust financial profile

- Revenue down 9% year on year to RUB 32.1 billion. Adjusted Revenue fell 14% year on year to RUB 24.8 billion as solid pricing in the oil and oil products segment only partially offset weak gondola pricing.
- Total Operating Cash Costs were again held steady rising just 1% year on year in the first half of 2021.
- Adjusted EBITDA was down 29% year on year to RUB 10.4 billion. Profit for the period decreased 41% year on year to RUB 4.2 billion.
- Solid Free Cash Flow of RUB 4.2 billion, down 40% year on year, was impacted by a decline in cash generated from operations and the greater weighting of maintenance CAPEX toward the first half, supported by reduced expansion CAPEX and lower tax paid.
- Total CAPEX rose 19% year on year to RUB 4.0 billion with maintenance CAPEX up 44% year on year reflecting a high level of repairs during H1 2021 while expansion CAPEX was cut 45% year on year. The full-year 2021 Total CAPEX target is unchanged at about RUB 7 billion, which is broadly in line with the full-year 2020 Total CAPEX level.
- Net Debt was relatively stable, up 3% compared to the end of 2020 with Net Debt to LTM Adjusted EBITDA at a comfortable 1.2x vs. 1.0x at end 2020.

## DIVIDENDS

### Above-target interim dividends and strong final dividend target

- Improving dividend capacity compared to the outlook at the beginning of the year due to a substantial recovery in gondola market pricing, solid Free Cash Flow generation and robust financial profile.
- Interim 2021 regular and special dividends above the previously announced target were approved - RUB 4.0 billion (RUB 22.50 per share/GDR) in total, equating to 123% of Attributable Free Cash Flow for the first six months of 2021. The GDRs will be marked as ex-dividend on 3 September 2021 (as set by London Stock Exchange)<sup>2</sup>.
- A strong final 2021 dividend target has been established, representing a 25% increase on the approved interim dividends, of RUB 5.0 billion (about RUB 27.97 per share/GDR) subject to no significant adverse changes. Payment is expected in April-May 2022.

## OPERATIONAL PERFORMANCE

### Gondola rates starting to recover on back of strong bulk market momentum; tank car rates solid

- Globaltrans' Freight Rail Turnover retreated 4% year on year to H1 2019 levels primarily due to weather-related delays at main ports and congestion at key client facilities impacting the gondola segment with the average number of loaded trips per gondola down 6% year on year. Continued sluggish demand in the oil products and oil segment.
- Gondola rates were depressed through much of the first half of 2021, leading to a 12% year-on-year decline in Globaltrans' Average Price per Trip despite solid pricing conditions in the oil products and oil segment. Ongoing bulk market recovery is driving up gondola rates which were improving in May-August 2021, although Globaltrans' pricing is less volatile due to its high share of large service contracts.
- Leased-in Fleet, which provides flexibility to meet demand fluctuations, was expanded in the gondola segment by 1.2 thousand units to about 1.4 thousand units<sup>3</sup> (representing about 3% of Globaltrans' total gondola fleet) reflecting growing demand for Globaltrans' services.

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<sup>2</sup> The GDRs (Global Depositary Receipts) will be marked as ex-dividend on 3 September 2021 (as set by London Stock Exchange). The shareholder dividend record date is set as 7 September 2021. Dividends will be paid in US dollars in the total amount of about 30.46692 US cents per one ordinary share/GDR not later than 10 September 2021 with conversion from Russian roubles executed at the average of the official exchange rates of the Central Bank of Russia for the three business days in Russia from 27 to 31 August 2021 inclusive (1 USD: 73.8506 RUB). Holders of GDRs will receive the dividend approximately three business days after the payment date.

<sup>3</sup> As of 30 June 2021 compared to the end of 2020.

- Pricing conditions in the oil products and oil segment remained solid although recovery in demand was sluggish; the number of leased-in tank cars more than halved to about 1.3 thousand units to reflect this.

### **Operational efficiency maintained**

- The Empty Run Ratio for gondola cars remained elevated but was stable year on year at 46% reflecting continued adjustments to cargo and client mix due to the impact of the COVID-19 pandemic.
- Total Empty Run Ratio (for all types of rolling stock) was unchanged year on year at 52%.
- Share of Empty Run Kilometers paid by Globaltrans was at 100% (H1 2020: 99%) due to changed cargo mix and gondola segment headwinds.

### **Client relationships remain strong; three key service contracts successfully extended, including 5-year Rosneft extension**

- Strong portfolio of service contracts with superior clients contributed 63% of Net Revenue from Operation of Rolling Stock in the first six months of 2021.
- These long-term service contracts provide for better volume visibility and lower pricing volatility and enable logistical efficiencies.
- Three key service contracts successfully extended over the past 12 months:
  - Rosneft for five years to the end of March 2026.
  - MMK for a further two years until the end of September 2024.
  - Metalloinvest for one year until the end of 2021.
- Relationships with other key clients strengthened: one-year contract signed with EVRAZ at end 2020 following an increase in business volumes while relationships expanded with NefteKhimService, Kuzbasskaya Toplivnaya Company and National Non-Metallic Company.

### **SALE OF SYNTEZRAIL**

#### **Profitable sale agreed for stake in successful niche, non-core business that strengthens balance sheet and supports dividend capacity**

- Successful operator of specialised containers established in 2014<sup>4</sup>, with few synergies and limited potential for further value growth.
- Sale agreed of Globaltrans' 60% stake in SyntezRail for RUB 1.1 billion in cash to three of Globaltrans' founders<sup>5</sup>.
- Transaction represents a return on investments for the Group of around 3.8x, normalised EV/EBITDA multiple of around 6.8x<sup>6</sup>.
- Impact from deleveraging along with transaction proceeds account for around 12% of the Group's Net Debt<sup>7</sup>.
- Transaction was unanimously approved by the independent and non-interested Board members. Fairness opinion from the financial point of view was conducted by Ernst & Young. The transaction is expected to close by year end.

### **MARKET OVERVIEW**

#### **Overall freight rail market recovery is continuing in Russia with freight turnover moving back in line with H1 2019**

- Overall Russian freight rail turnover rose 5.2% year on year in the first six months of 2021, approaching the

<sup>4</sup> SyntezRail was established in 2014 from scratch, focused on the transportation of petrochemicals and high-grade steel. Owned fleet of 3,214 specialised containers as of 30 June 2021. Adjusted EBITDA for the twelve months to 30 June 2021 of RUB 435 million\*, Net Debt of RUB 2,331 million\* at 30 June 2021 (excluding the impact of IFRS 16).

<sup>5</sup> Side Pears Holdings Limited (beneficially owned by Nikita Mishin), Waterose Investments Limited (beneficially owned by Konstantin Nikolaev) and Mattinsen Hill Ltd (beneficially owned by Sergey Maltsev).

<sup>6</sup> Based on estimated financial results of SyntezRail for 2021, normalised assuming that all 500 new specialised containers delivered year to date were operational from 1 January 2021 and excluding the impact of IFRS 16.

<sup>7</sup> As of 30 June 2021.

level of H1 2019 (0.3% lower)<sup>8</sup>.

- Recovery continued in July with overall freight rail turnover up 3.6% year on year and up 1.9% vs. July 2019.

### **Non-oil (bulk) cargo volumes are driving the recovery with gondola rates improving**

- Non-oil (bulk) cargo volumes rose 5.7% year on year, exceeding pre-COVID levels (up 1.4% on H1 2019).
- Market rates in the gondola segment remained weak through much of the first half of 2021 but with substantial improvement in late Q2 as well as in July-August.
- Market-wide net additions of gondolas were low, decreasing about 34% year on year to about 6.5 thousand units in H1 2021 (+1% compared to the end of 2020)<sup>9</sup>.

### **Oil products and oil segment recovery still lags behind due to impact of COVID-19 and OPEC+ limits.**

- Overall Russian freight rail volumes in this segment declined 0.4% year on year in the first six months of 2021 and were 7.4% below H1 2019 levels reflecting the ongoing impact from COVID-19 and continued OPEC+ crude oil production limits.
- Market-wide net additions of oil products and oil tank cars at about 3.1 thousand units (+2% compared to the end of 2020)<sup>10</sup>.
- Solid railcar operator's rates in the tank car segment were sustained.

## **MARKET UPDATE AND OUTLOOK**

### **Improving gondola pricing, certain cost pressures intensifying**

- Demand continued to recover in July 2021 with overall Russian freight rail turnover up 3.6% year on year (+1.9% vs. July 2019).
- Improving overall market pricing in the gondola segment; Globaltrans' pricing is less volatile due to high share of large service contracts.
- Further expansion of Globaltrans' leased-in gondola fleet subject to demand for the Group's services.
- Sustained solid operator's rates in the tank car segment with overall market volume recovery still lagging behind.
- Cost pressures intensifying, specifically for spare parts and repairs reflecting higher steel prices, however Globaltrans' annual Total CAPEX target remains unchanged.

### **Solid industry fundamentals underpin long-term outlook**

- Rail remains one of the greenest forms of freight transport and is the key strategic transport connecting Russia and global markets contributing about 88% of overall Russian freight turnover in H1 2021 excluding pipelines.
- Strong export demand for key bulk commodities along with recovering internal demand is driving rail volumes.
- Addressing the congested Far East rail infrastructure is a key focus of the government and Russian Railways ("RZD") with about 17% more throughput capacity delivered in 2018-2020 and an additional expansion of about 26% targeted by the end of 2024.

## **DOWNLOADS**

The disclosure materials along with the selection of historical operational and financial information are available on Globaltrans' corporate website ([www.globaltrans.com](http://www.globaltrans.com)).

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<sup>8</sup> Overall Russian transportation volumes increased 4.6% year on year (-0.2% vs. H1 2019).

<sup>9</sup> Estimated by the Company. Net change in Russia's overall fleet of gondola cars as of 30 June 2021 compared to the end of 2020.

<sup>10</sup> Estimated by the Company. Net change in Russia's overall fleet of oil products and oil tank cars as of 30 June 2021 compared to the end of 2020.

## **ANALYST AND INVESTOR CONFERENCE CALL / WEBCAST**

The release of the Group's financial and operational results will be accompanied by an analyst and investor conference call hosted by Valery Shpakov, CEO and Alexander Shenets, CFO.

Date: Tuesday, 31 August 2021

Time: 13.00 London / 15.00 Moscow / 08.00 New York (EDT)

To participate in the conference call please dial one of the following numbers:

UK toll free: 0808 109 0701

International: +44 33 0551 0211

Russia: +7 495 249 9842

Please use the following pin numbers to select your preferred language for the call:

English: 0793568#

Russian: 0310184#

There will be a simultaneous translation for the first part of the call (slide presentation), with both English and Russian available using the pin numbers provided. During the Q&A session, all participants will hear both languages.

There will also be a webcast of the call available through the Globaltrans website ([www.globaltrans.com](http://www.globaltrans.com)). Please note that this will be a listen-only facility.

## **VIRTUAL NON-DEAL ROADSHOW**

The results announcement will be followed by a virtual non-deal roadshow. We are offering conference calls in lieu of face-to-face meetings from the 1<sup>st</sup> to the 10<sup>th</sup> of September 2021. If you are interested in talking to the Group's management team, please contact the IR department (details below).

## **ENQUIRIES**

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## **NOTES TO EDITORS**

Globaltrans Investment PLC ("Company" and together with its consolidated subsidiaries "Globaltrans" or the "Group") is a leading freight rail transportation group with subsidiary operations across Russia, the CIS and the

Baltic countries.

The Company was founded in 2004 by a group of entrepreneurs who combined their freight rail businesses under the single brand Globaltrans. These founders remain key shareholders of the Group.

Throughout its years of operation, the Company has pursued a prudent approach to investment, expanding its fleet both by means of organic growth and through the acquisition of other rail operators. Globaltrans' total fleet is currently almost three times larger than it was at the time of the Company's IPO in 2008.

The Group's dividend policy establishes a transparent and straightforward approach to the payment of dividends and is supported by a long history of delivering attractive shareholder remuneration.

Globaltrans global depository receipts (GDRs) have been traded on the Main Market of the London Stock Exchange (ticker symbol: GLTR) since May 2008 and on the Level One quotation list of the Moscow Exchange since October 2020 (ticker symbol: GLTR).

Due to its vast logistics capabilities, the Group is able to efficiently manage industrial cargo flows, transporting metallurgical cargoes, oil products and oil, coal, construction materials and petrochemicals. The Group serves a broad range of clients in Russia and the CIS including some of Russia's leading companies.

Globaltrans has a total fleet (including owned and leased in under finance and operating leases of about 72 thousand units as of the end of the first half of 2021, of which about 95% are owned by the Company. The core of the fleet is universal gondola cars used for a broad range of bulk cargoes (65% of total fleet) and tank cars for transporting oil products and oil (26% of total fleet). In addition, the Group operates specialised containers and the flat cars to transport them. Globaltrans also manages its own fleet of mainline locomotives with 71 units that mostly provide traction for its block trains.

The Group's logistics management principally aims to provide reliable services, responding promptly and flexibly to customer needs, while achieving a good level of profitability for the business. The main component of the Group's centralised logistics system is its single dispatching centre that monitors every aspect of Globaltrans' fleet operation. By effectively managing shipments and routes, Globaltrans ensures high utilisation of its fleet and achieves maximum productivity and quality of service.

Additional information on Globaltrans is available at [www.globaltrans.com](http://www.globaltrans.com).

## RESULTS IN DETAIL

The following tables provide the Group's key financial and operational information for the six months ended 30 June 2021 and 2020.

### EU IFRS financial information

|   | H1 2020<br>RUB mln | H1 2021<br>RUB mln | Change<br>% |
|---|--------------------|--------------------|-------------|
| Revenue   | 35,414             | <b>32,079</b>      | -9%         |
| Total cost of sales, selling and marketing costs and administrative expenses  | (24,955)           | <b>(25,720)</b>    | 3%          |
| Operating profit  | 10,477             | <b>6,603</b>       | -37%        |
| Finance costs - net   | (1,079)            | <b>(1,088)</b>     | 1%          |
| Profit before income tax  | 9,398              | <b>5,515</b>       | -41%        |
| Income tax expense  | (2,348)            | <b>(1,352)</b>     | -42%        |
| Profit for the period   | 7,050              | <b>4,162</b>       | -41%        |
| <i>Profit attributable to:</i>  |                    |                    |             |
| Owners of the Company   | 6,298              | <b>3,281</b>       | -48%        |
| Non-controlling interests   | 752                | <b>881</b>         | 17%         |
| Basic and diluted earnings per share for profit attributable to the equity holders of the Company during the period (RUB per share) | 35.23              | <b>18.36</b>       | -48%        |

|   | H1 2020<br>RUB mln | H1 2021<br>RUB mln | Change<br>% |
|---|--------------------|--------------------|-------------|
| Cash generated from operations (after changes in working capital) | 13,791             | <b>10,463</b>      | -24%        |
| Tax paid  | (1,848)            | <b>(827)</b>       | -55%        |
| Net cash from operating activities                                | 11,943             | <b>9,637</b>       | -19%        |
| Net cash used in investing activities                             | (3,124)            | <b>(3,835)</b>     | 23%         |
| Net cash used in financing activities                             | (11,121)           | <b>(6,398)</b>     | -42%        |

## Non-IFRS financial information

|   | H1 2020<br>RUB mln | H1 2021<br>RUB mln | Change<br>% |
|---|--------------------|--------------------|-------------|
| Adjusted Revenue                                      | 28,896             | <b>24,785</b>      | -14%        |
| <i>Including</i>                                      |                    |                    |             |
| Net Revenue from Operation of Rolling Stock           | 26,735*            | <b>22,635*</b>     | -15%        |
| Net Revenue from Specialised Container Transportation | 994                | <b>938</b>         | -6%         |
| Operating lease of rolling stock                      | 905                | <b>875</b>         | -3%         |
| Total Operating Cash Costs                            | 14,389             | <b>14,553</b>      | 1%          |
| <i>Including</i>                                      |                    |                    |             |
| Empty Run Cost  | 8,012*             | <b>7,759*</b>      | -3%         |
| Employee benefit expense                              | 1,751              | <b>2,281</b>       | 30%         |
| Repairs and maintenance                               | 2,127              | <b>2,163</b>       | 2%          |
| Fuel and spare parts - locomotives                    | 875                | <b>911</b>         | 4%          |
| Adjusted EBITDA                                       | 14,656             | <b>10,392</b>      | -29%        |
| Adjusted EBITDA Margin, %                             | 51%                | <b>42%</b>         | -           |
| Total CAPEX (including maintenance CAPEX)             | 3,338              | <b>3,966</b>       | 19%         |
| Free Cash Flow  | 6,927              | <b>4,159</b>       | -40%        |
| Attributable Free Cash Flow                           | 6,174              | <b>3,278</b>       | -47%        |

## Debt profile

|   | As of<br>31 December<br>2020<br>RUB mln | As of<br>30 June<br>2021<br>RUB mln | Change<br>% |
|---|---|-------------------------------------|-------------|
| Total debt  | 32,015                                  | <b>32,311</b>                       | 1%          |
| Cash and cash equivalents                         | 4,978                                   | <b>4,373</b>                        | -12%        |
| Net Debt  | 27,037                                  | <b>27,939</b>                       | 3%          |
| Net Debt to LTM Adjusted EBITDA (x) <sup>11</sup> | 1.0                                     | 1.2                                 | -           |

## Operational information

|  | H1 2020 | H1 2021       | Change,<br>% |
|--|---------|---------------|--------------|
| Freight Rail Turnover, billion tonnes-km (excluding Engaged Fleet) | 74.0    | <b>70.7</b>   | -4%          |
| Transportation Volume, million tonnes (excluding Engaged Fleet)    | 44.2    | <b>42.3</b>   | -4%          |
| Average Price per Trip, RUB  | 39,340  | <b>34,506</b> | -12%         |
| Average Rolling Stock Operated, units                              | 57,750  | <b>57,001</b> | -1%          |
| Average Distance of Loaded Trip, km                                | 1,666   | <b>1,659</b>  | 0%           |
| Average Number of Loaded Trips per Railcar                         | 11.8    | <b>11.5</b>   | -2%          |
| Total Empty Run Ratio (for all types of rolling stock), %          | 52%     | <b>52%</b>    | -            |
| Empty Run Ratio for gondola cars, %                                | 46%     | <b>46%</b>    | -            |
| Share of Empty Run Kilometres paid by Globaltrans, %               | 99%     | <b>100%</b>   | -            |
| Total Fleet, units (at period end), including:                     | 72,361  | <b>72,045</b> | 0%           |
| Owned Fleet, units (at period end)                                 | 67,844  | <b>68,123</b> | 0%           |
| Leased-in Fleet, units (at period end)                             | 4,517   | <b>3,922</b>  | -13%         |
| Leased-out Fleet, units (at period end)                            | 6,890   | <b>7,260</b>  | 5%           |
| Average age of Owned Fleet, years (at period end)                  | 11.9    | <b>12.8</b>   | -            |
| Total number of employees (at period end)                          | 1,704   | <b>1,777</b>  | 4%           |

## Revenue

The Group's Total revenue was down 9% year on year to RUB 32,079 million in the first six months of 2021 following a 14% year-on-year decrease in Adjusted Revenue which was partially offset by a 22% year-on-year rise in "pass through item "Infrastructure and locomotive tariffs: loaded trips". Net Revenue from Operation of Rolling Stock (a key component of Adjusted Revenue) continued to be impacted by weak pricing conditions in the gondola segment during the reporting period declining 15% year on year.

The following table provides details of Total revenue, broken down by revenue-generating activity, for the six months ended 30 June 2021 and 2020.

<sup>11</sup> Adjusted EBITDA for the last twelve months.

|   | H1 2020<br>RUB mln | H1 2021<br>RUB mln | Change<br>% |
|---|--------------------|--------------------|-------------|
| Railway transportation – operators services (tariff borne by the Group) <sup>12</sup> | 13,627             | 15,242             | 12%         |
| Railway transportation – operators services (tariff borne by the client)              | 19,574             | 14,642             | -25%        |
| Revenue from specialised container transportation                                     | 1,127              | 1,042              | -8%         |
| Operating lease of rolling stock  | 905                | 875                | -3%         |
| Other   | 181                | 277                | 53%         |
| <b>Total revenue</b>  | <b>35,414</b>      | <b>32,079</b>      | <b>-9%</b>  |

### Adjusted Revenue

Adjusted Revenue is a non-IFRS financial measure defined as “Total revenue” adjusted for “pass through” items: “Infrastructure and locomotive tariffs: loaded trips” and “Services provided by other transportation organisations”. “Infrastructure and locomotive tariffs: loaded trips” comprises revenue resulting from tariffs that customers pay to the Group and the Group pays on to RZD, which are reflected in equal amounts in both the Group’s Total revenue and Cost of sales. “Services provided by other transportation organisations” is revenue resulting from the tariffs that customers pay to the Group and the Group pays on to third-party rail operators for subcontracting their rolling stock, which are reflected in equal amounts in both the Group’s Total revenue and Cost of sales. The net result of Engaged Fleet operations is reflected as Net Revenue from Engaged Fleet and is included in Adjusted Revenue.

The 14% year-on-year decline in the Group’s Adjusted Revenue to RUB 24,785 million in the first six months of 2021 was primarily due to the decrease in Net Revenue from Operation of Rolling Stock which was 15% lower, year on year for the same period.

The following table provides details of Adjusted Revenue for the six months ended 30 June 2021 and 2020 and its reconciliation to Total revenue.

|   | H1 2020<br>RUB mln | H1 2021<br>RUB mln | Change<br>% |
|---|--------------------|--------------------|-------------|
| Total revenue   | 35,414             | 32,079             | -9%         |
| <i>Minus “pass through” items</i>                       |                    |                    |             |
| Infrastructure and locomotive tariffs: loaded trips     | 5,280              | 6,442              | 22%         |
| Services provided by other transportation organisations | 1,238              | 851                | -31%        |
| <b>Adjusted Revenue</b>                                 | <b>28,896</b>      | <b>24,785</b>      | <b>-14%</b> |

The principal components of Adjusted Revenue include: (i) Net Revenue from Operation of Rolling Stock, (ii) Net Revenue from Specialised Container Transportation, (iii) Revenue from operating leasing of rolling stock, (iv) Net Revenue from Engaged Fleet, and (v) other revenues generated by the Group’s auxiliary business activities, including freight forwarding, repair and maintenance services provided to third parties, and other.

The following table provides a breakdown of the components of Adjusted Revenue for the six months ended 30 June 2021 and 2020.

|   | H1 2020<br>RUB mln | H1 2021<br>RUB mln | Change<br>% |
|---|--------------------|--------------------|-------------|
| Net Revenue from Operation of Rolling Stock           | 26,735*            | 22,635*            | -15%        |
| Net Revenue from Specialised Container Transportation | 994                | 938                | -6%         |
| Operating leasing of rolling stock                    | 905                | 875                | -3%         |
| Net Revenue from Engaged Fleet                        | 82*                | 60*                | -27%        |
| Other   | 181                | 277                | 53%         |
| <b>Adjusted Revenue</b>                               | <b>28,896</b>      | <b>24,785</b>      | <b>-14%</b> |

### Net Revenue from Operation of Rolling Stock

Net Revenue from Operation of Rolling Stock is a non-IFRS financial measure, derived from management accounts, describing the net revenue generated from freight rail transportation services which is adjusted for respective “pass through” loaded railway tariffs charged by RZD (included in the EU IFRS line item “Infrastructure and locomotive tariffs: loaded trips”).

The Group’s Net Revenue from Operation of Rolling Stock accounted for 91% of the Group’s Adjusted Revenue in the first six months of 2021, 15% lower year on year at RUB 22,635 million\* principally due to continued weak gondola pricing conditions.

- Average Price per Trip declined 12% year on year to RUB 34,506 with solid pricing in tank cars partially

<sup>12</sup> Includes “Infrastructure and locomotive tariffs: loaded trips” for H1 2021 of RUB 6,442 million (H1 2020: RUB 5,280 million) and “Services provided by other transportation organisations” of RUB 851 million (H1 2020: RUB 1,238 million).



compensating for continued weak pricing in the gondola segment.

- Average Rolling Stock Operated declined 1% year on year to 57,001 units.
- Average Number of Loaded Trips per Railcar decreased 2% year on year mainly reflecting weather related delays at the main export ports as well as congestion at key gondola client facilities that impacted the gondola segment performance.

### Net Revenue from Specialised Container Transportation

*Net Revenue from Specialised Container Transportation is a non-IFRS financial measure, derived from management accounts, that represents the revenue generated from the specialised container operations (included in the EU IFRS line item: "Revenue from specialised container transportation") less the respective "pass through" loaded railway tariffs charged by RZD (included in the EU IFRS line item "Infrastructure and locomotive tariffs: loaded trips").*

Net Revenue from Specialised Container Transportation, which accounts for 4% of Adjusted Revenue, decreased 6% year on year to RUB 938 million in the first six months of 2021 largely due to fluctuations in market rates and volumes for some cargo segments.

### Revenue from operating leasing of rolling stock

Revenue from operating leasing of rolling stock, which contributed 4% of the Group's Adjusted Revenue in the first six months of 2021, decreased 3% year on year to RUB 875 million due to the decrease in the average leasing rates in the tank car segment.

### Net Revenue from Engaged Fleet

*Net Revenue from Engaged Fleet is a non-IFRS financial measure, derived from management accounts, that represents the net sum of the price charged to clients for transportation by the Group utilising Engaged Fleet less the respective "pass-through" loaded railway tariffs charged by RZD (included in the EU IFRS line item "Infrastructure and locomotive tariffs: loaded trips") and less the "pass-through" cost of engaging fleet from third-party rail operators (included in the EU IFRS line item "Services provided by other transportation organisations").*

Net Revenue from Engaged Fleet, which contributed less than 1% of the Group's Adjusted Revenue, was down 27% year on year in the first six months of 2021 to RUB 60 million\*, largely reflecting a decline in the number of Engaged Fleet operations.

### Other revenue

Other revenue (1% of the Group's Adjusted Revenue), which includes the revenues generated by the Group's auxiliary business activities such as freight forwarding, repair and maintenance services provided to third parties, and other, increased 53% year on year to RUB 277 million in the first six months of 2021 primarily due to higher revenues from repair and maintenance services.

### Cost of sales, selling and marketing costs and administrative expenses

The following table provides a breakdown of Cost of sales, selling and marketing costs and administrative expenses for the six months ended 30 June 2021 and 2020.

|   | H1 2020<br>RUB mln | H1 2021<br>RUB mln | Change<br>% |
|---|--------------------|--------------------|-------------|
| Cost of sales   | 23,454             | <b>23,886</b>      | 2%          |
| Selling and marketing costs   | 85                 | <b>114</b>         | 34%         |
| Administrative expenses   | 1,416              | <b>1,720</b>       | 22%         |
| <b>Total cost of sales, selling and marketing costs and administrative expenses</b> | <b>24,955</b>      | <b>25,720</b>      | <b>3%</b>   |

The Group's Total cost of sales, selling and marketing costs and administrative expenses for the first half of 2021 increased 3% year on year to RUB 25,720 million, principally due to the following factors:

- "Pass through" cost items (a combination of "Infrastructure and locomotive tariffs: loaded trips" and "Services provided by other transportation organisations") rose 12% year on year to RUB 7,293 million resulting primarily

from an increase in the proportion of clients that pay Infrastructure and locomotive tariffs: loaded trips through the Group.

- The Group's Total cost of sales, selling and marketing costs and administrative expenses adjusted for "pass-through" cost items remained at practically the same level year on year at RUB 18,427 million in the first six months of 2021, which reflected:
  - Optimisation measures that helped the Company to curb the rise in the Total Operating Cash Costs to 1% year on year to RUB 14,553 million in the first six months of 2021. Declines in Empty Run Costs, Engagement of locomotive crews and Expense relating to short-term leases - rolling stock were largely offset by year-on-year increases in Employee benefit expense, Repair and maintenance and Fuel and spare parts - locomotives expenses.
  - Total Operating Non-Cash Costs were down 4% year on year to RUB 3,874 million, due to a 2% year-on-year decrease the Depreciation of property, plant and equipment and a 99% year-on-year decline in the Amortisation of intangible assets.

In order to show the dynamics and nature of the Group's cost base, individual items of Total cost of sales, selling and marketing costs and administrative expenses have been regrouped as shown below:

|  | H1 2020<br>RUB mln | H1 2021<br>RUB mln | Change<br>% |
|--|--------------------|--------------------|-------------|
| <b>"Pass through" cost items</b>   | <b>6,518</b>       | <b>7,293</b>       | <b>12%</b>  |
| Infrastructure and locomotive tariffs: loaded trips  | 5,280              | 6,442              | 22%         |
| Services provided by other transportation organisations  | 1,238              | 851                | -31%        |
| <b>Total cost of sales, selling and marketing costs and administrative expenses (adjusted for "pass through" cost items)</b> | <b>18,436</b>      | <b>18,427</b>      | <b>0%</b>   |
| <b>Total Operating Cash Costs</b>  | <b>14,389</b>      | <b>14,553</b>      | <b>1%</b>   |
| Empty Run Costs  | 8,012*             | 7,759*             | -3%         |
| Employee benefit expense   | 1,751              | 2,281              | 30%         |
| Repairs and maintenance  | 2,127              | 2,163              | 2%          |
| Fuel and spare parts – locomotives   | 875                | 911                | 4%          |
| Infrastructure and Locomotive Tariffs - Other Tariffs  | 516*               | 548*               | 6%          |
| Expense relating to short-term leases - rolling stock  | 379                | 209                | -45%        |
| Engagement of locomotive crews   | 241                | 163                | -32%        |
| Other Operating Cash Costs   | 488                | 518                | 6%          |
| <b>Total Operating Non-Cash Costs</b>  | <b>4,048</b>       | <b>3,874</b>       | <b>-4%</b>  |
| Depreciation of property, plant and equipment  | 3,325              | 3,269              | -2%         |
| Depreciation of right-of-use assets  | 368                | 376                | 2%          |
| Loss on derecognition arising on capital repairs   | 290                | 283                | -2%         |
| Amortisation of intangible assets  | 59                 | 1                  | -99%        |
| Net impairment losses/(gains) on trade and other receivables   | 1                  | (2)                | NM          |
| Net loss/(gain) on sale of property, plant and equipment   | 5                  | (52)               | NM          |
| <b>Total cost of sales, selling and marketing costs and administrative expenses</b>  | <b>24,955</b>      | <b>25,720</b>      | <b>3%</b>   |

### **"Pass through" cost items**

#### **Infrastructure and locomotive tariffs: loaded trips**

*Infrastructure and locomotive tariffs: loaded trips is in principle a "pass through" cost item for the Group<sup>13</sup> and is reflected in equal amounts in both the Group's Total revenue and Cost of sales.*

In the first six months of 2021, this cost item rose 22% year on year to RUB 6,442 million primarily reflecting the increase in the proportion of clients that pay infrastructure and locomotive tariffs: loaded trips through the Group.

#### **Services provided by other transportation organisations**

*Services provided by other transportation organisations is in principle a "pass through" cost item for the Group and is reflected in equal amounts in both the Group's Total revenue and Cost of sales and includes tariffs that the Group pays to third-party rail operators for subcontracting their rolling stock (Engaged Fleet).*

Services provided by other transportation organisations fell 31% year on year to RUB 851 million in the first six

<sup>13</sup> Under contracts where the RZD tariff is borne by the Group, the Group has a contractual relationship with the client. The Group sets the terms of the transactions, such as selling and payment terms and, in some cases, bears credit risk and controls the flow of receipts and payments.

months of 2021 principally reflecting a decline in the number of Engaged Fleet operations.

### Total Operating Cash Costs

*Total Operating Cash Costs (a non-IFRS financial measure) represents operating cost items payable in cash and calculated as "Total cost of sales, selling and marketing costs and administrative expenses" less the "pass through" cost items and non-cash cost items.*

The increase in the Group's Total Operating Cash Costs was held at 1% year on year to RUB 14,553 million in the six months of 2021 due to a combination of the factors described below.

The following table provides a breakdown of the Total Operating Cash Costs for the six months ended 30 June 2021 and 2020.

|   | H1 2021<br>% of total | H1 2020<br>RUB mln | H1 2021<br>RUB mln | Change<br>% |
|---|-----------------------|--------------------|--------------------|-------------|
| Empty Run Costs                                       | 53%                   | 8,012*             | 7,759*             | -3%         |
| Employee benefit expense                              | 16%                   | 1,751              | 2,281              | 30%         |
| Repairs and maintenance                               | 15%                   | 2,127              | 2,163              | 2%          |
| Fuel and spare parts - locomotives                    | 6%                    | 875                | 911                | 4%          |
| Infrastructure and Locomotive Tariffs - Other Tariffs | 4%                    | 516*               | 548*               | 6%          |
| Expense relating to short-term leases - rolling stock | 1%                    | 379                | 209                | -45%        |
| Engagement of locomotive crews                        | 1%                    | 241                | 163                | -32%        |
| Other Operating Cash Costs                            | 4%                    | 488                | 518                | 6%          |
| <b>Total Operating Cash Costs</b>                     | <b>100%</b>           | <b>14,389</b>      | <b>14,553</b>      | <b>1%</b>   |

### Empty Run Costs

*Empty Run Costs (a non-IFRS financial measure meaning costs payable to RZD for forwarding empty railcars) is derived from management accounts and presented as part of the "Infrastructure and locomotive tariffs: empty run trips and other tariffs" component of "Cost of sales" reported under EU IFRS.*

Empty Run Costs accounted for 53% of the Group's Total Operating Cash Costs in the first six months of 2021. This cost item declined 3% year on year to RUB 7,759 million\* in the first half of 2021 due to a combination of the following factors:

- A 3.7% year-on-year increase in regulated RZD tariffs for the traction of empty railcars which was more than offset by the decline in the Group's Freight Rail Turnover in the reporting period.
- An unchanged Total Empty Run Ratio (for all types of rolling stock) year on year of 52% with the Share of Empty Run Kilometers paid by Globaltrans at 100% (H1 2020: 99%).

### Employee benefit expense

Employee benefit expense, comprising 16% of the Group's Total Operating Cash Costs, rose 30% year on year to RUB 2,281 million in the first six months of 2021 (up 13% year on year compared to the H1 2019). This resulted from the combination of the following factors:

- Inflation driven growth in wages and salaries.
- A 4% year-on-year increase in average headcount due to the shift to in-house locomotive crews.
- An increase in bonuses largely due to the low base effect of H1 2020 (reflecting the pandemic related freeze in bonuses) and an increase in reserves for the share price linked key management remuneration programme.

### Repairs and maintenance

Repairs and maintenance costs, which made up 15% of the Group's Total Operating Cash Costs in the first six months of 2021, rose 2% year on year to RUB 2,163 million largely reflecting the greater number of depot repairs that was partially offset by a decline in prices for depot repairs and expenses for other spare parts and repair works.

### Fuel and spare parts - locomotives

Fuel and spare parts - locomotives expenses, which accounted for 6% of the Group's Total Operating Cash Costs, rose 4% year on year at RUB 911 million in the first six months of 2021 reflecting an inflation driven rise in the

cost of fuel and certain spare parts.

### Infrastructure and Locomotive Tariffs - Other Tariffs

*Infrastructure and Locomotive Tariffs - Other Tariffs (a non-IFRS financial measure, derived from management accounts), which is presented as part of the "Infrastructure and locomotive tariffs: empty run trips and other tariffs" component of cost of sales reported under EU IFRS. This cost item includes the costs of the relocation of rolling stock to and from maintenance, the transition of purchased rolling stock to its first place of commercial utilisation, and the relocation of rolling stock in and from lease operations, as well as other expenses.*

Infrastructure and Locomotive Tariffs - Other Tariffs, representing 4% of the Group's Total Operating Cash Costs, were RUB 548 million\* in the first six months of 2021, up 6% year on year, impacted by the increase in regulated RZD tariffs and the higher costs of relocating rolling stock to and from maintenance.

### Expense relating to short-term leases - rolling stock

In the first half of 2021, Expense relating to short-term leases - rolling stock, representing 1% of the Group's Total Operating Cash Costs, declined 45% year on year to RUB 209 million. This largely reflected the intentional decrease in the number of leased-in tank cars in response to the continued sluggish market recovery in the rail transportation of oil products and oil.

### Engagement of locomotive crews

Costs related to the engagement of locomotive crews from RZD in the first six months of 2021 (1% of the Group's Total Operating Cash Costs) were 32% lower year on year at RUB 163 million following the decline in outsourcing hours for locomotive crews as the Group increased its use of in-house crews.

### Other Operating Cash Costs

*Other Operating Cash Costs (a non-IFRS financial measure) include the following cost items: "Advertising and promotion", "Auditors' remuneration", "Communication costs", "Information services", "Legal, consulting and other professional fees", "Expense relating to short-term leases – tank containers", "Expense relating to short-term leases - office", "Taxes (other than income tax and value added taxes)" and "Other expenses".*

The following table provides a breakdown of the Other Operating Cash Costs for the six months ended 30 June 2021 and 2020.

|   | H1 2020<br>RUB mln | H1 2021<br>RUB mln | Change<br>% |
|---|--------------------|--------------------|-------------|
| Expense relating to short-term leases - office          | 57                 | 50                 | -13%        |
| Legal, consulting and other professional fees           | 22                 | 37                 | 64%         |
| Advertising and promotion                               | 12                 | 21                 | 72%         |
| Auditors' remuneration                                  | 22                 | 15                 | -31%        |
| Expense relating to short-term leases – tank containers | 9                  | 14                 | 48%         |
| Taxes (other than on income and value added taxes)      | 9                  | 14                 | 56%         |
| Communication costs                                     | 13                 | 12                 | -6%         |
| Information services                                    | 8                  | 8                  | -7%         |
| Other expenses  | 335                | 347                | 4%          |
| <b>Other Operating Cash Costs</b>                       | <b>488</b>         | <b>518</b>         | <b>6%</b>   |

Other Operating Cash Costs, which comprised 4% of the Group's Total Operating Cash Costs, climbed 6% to RUB 518 million in the first six months of 2021 compared to the same period the previous year.

### Total Operating Non-Cash Costs

*Total Operating Non-Cash Costs (a non-IFRS financial measure) include the following cost items: "Depreciation of property, plant and equipment", "Amortisation of intangible assets", "Loss on derecognition arising on capital repairs", "Depreciation of right-of-use assets", "Net impairment losses on trade and other receivables", "Impairment/(reversal of impairment) of property, plant and equipment" and "Net (gain)/loss on sale of property, plant and equipment".*

The following table provides a breakdown of the Total Operating Non-Cash Costs for the six months ended 30 June 2021 and 2020.

|  | H1 2020<br>RUB mln | H1 2021<br>RUB mln | Change<br>% |
|--|--------------------|--------------------|-------------|
| Depreciation of property, plant and equipment                  | 3,325              | 3,269              | -2%         |
| Depreciation of right-of-use assets                            | 368                | 376                | 2%          |
| Loss on derecognition arising on capital repairs <sup>14</sup> | 290                | 283                | -2%         |
| Amortisation of intangible assets                              | 59                 | 1                  | -99%        |
| Net loss/(gain) on sale of property, plant and equipment       | 5                  | (52)               | NM          |
| Net impairment losses/(gains) on trade and other receivables   | 1                  | (2)                | NM          |
| <b>Total Operating Non-Cash Costs</b>                          | <b>4,048</b>       | <b>3,874</b>       | <b>-4%</b>  |

Total Operating Non-Cash Costs declined 4% year on year to RUB 3,874 million in the first six months of 2021, largely due to a 2% year-on-year decrease in Depreciation of property, plant and equipment along with a 99% year-on-year decline in Amortisation of intangible assets reflecting the full amortisation of intangible assets linked to the service contract with MMK.

### Adjusted EBITDA (non-IFRS financial measure)

*EBITDA (a non-IFRS financial measure) represents "Profit for the period" before "Income tax expense", "Finance costs - net" (excluding "Net foreign exchange transaction (gains)/losses on financing activities"), "Depreciation of property, plant and equipment", "Amortisation of intangible assets" and "Depreciation of right-of-use assets".*

*Adjusted EBITDA (a non-IFRS financial measure) represents EBITDA excluding "Net foreign exchange transaction (gains)/losses on financing activities", "Share of profit/(loss) of associate", "Other gains/(losses) - net", "Net gain/(loss) on sale of property, plant and equipment", "Impairment/(reversal of impairment) of property, plant and equipment", "Impairment of intangible assets", "Loss on derecognition arising on capital repairs" and "Reversal of impairment of intangible assets".*

The Group's Adjusted EBITDA for the first six months of 2021 fell 29% to RUB 10,392 million compared to the same period the previous year. The Adjusted EBITDA Margin narrowed to 42% in the first six months of 2021 from 51% in the same period in 2020 following a 14% year-on-year decline in Adjusted Revenue and a 1% year-on-year rise in Total Operating Cash Costs.

The following table provides details on Adjusted EBITDA for the six months ended 30 June 2021 and 2020, and its reconciliation to EBITDA and Profit for the period.

|   | H1 2020<br>RUB mln | H1 2021<br>RUB mln | Change<br>% |
|---|--------------------|--------------------|-------------|
| <b>Profit for the period</b>  | <b>7,050</b>       | <b>4,162</b>       | <b>-41%</b> |
| <i>Plus (Minus)</i>   |                    |                    |             |
| Income tax expense  | 2,348              | 1,352              | -42%        |
| Finance costs - net   | 1,079              | 1,088              | 1%          |
| Net foreign exchange transaction gains/(losses) on financing activities | 54                 | (12)               | NM          |
| Amortisation of intangible assets                                       | 59                 | 1                  | -99%        |
| Depreciation of right-of-use assets                                     | 368                | 376                | 2%          |
| Depreciation of property, plant and equipment                           | 3,325              | 3,269              | -2%         |
| <b>EBITDA</b>   | <b>14,282</b>      | <b>10,236</b>      | <b>-28%</b> |
| <i>Minus (Plus)</i>   |                    |                    |             |
| Loss on derecognition arising on capital repairs                        | (290)              | (283)              | -2%         |
| Net foreign exchange transaction gains/(losses) on financing activities | 54                 | (12)               | NM          |
| Other (losses)/gains - net  | (133)              | 87                 | NM          |
| Net (loss)/gain on sale of property, plant and equipment                | (5)                | 52                 | NM          |
| <b>Adjusted EBITDA</b>  | <b>14,656</b>      | <b>10,392</b>      | <b>-29%</b> |

### Finance income and costs

The following table provides a breakdown of Finance income and costs for the six months ended 30 June 2021 and 2020.

<sup>14</sup> The cost of each major periodic capital repair (including the replacement of significant components) is recognised in the carrying amount of the relevant item of rolling stock repaired and separately depreciated. Simultaneously, the carrying amount of the repaired rolling stock that is attributable to the previous periodic capital repair and/or significant component replacement, if any, is derecognised and debited in "Cost of sales" in the income statement as "Loss on derecognition arising on capital repairs" for the period during which the repair was carried out.

|  | H1 2020<br>RUB mln | H1 2021<br>RUB mln | Change<br>% |
|--|--------------------|--------------------|-------------|
| <i>Interest expense:</i>   |                    |                    |             |
| Bank borrowings  | (737)              | (700)              | -5%         |
| Non-convertible bonds  | (402)              | (400)              | -1%         |
| Loans to third parties   | (5)                | -                  | -100%       |
| Other interest expense   | (2)                | -                  | -100%       |
| Total interest expense calculated using the effective interest rate method                             | (1,146)            | (1,099)            | -4%         |
| Leases with financial institutions   | (74)               | -                  | -100%       |
| Other lease liabilities  | (67)               | (53)               | -21%        |
| Total interest expense   | (1,287)            | (1,152)            | -10%        |
| Other finance costs  | (21)               | (16)               | -23%        |
| <b>Total finance costs</b>   | <b>(1,308)</b>     | <b>(1,168)</b>     | <b>-11%</b> |
| <i>Interest income:</i>  |                    |                    |             |
| Bank balances  | 134                | 62                 | -54%        |
| Short term deposits  | 22                 | 5                  | -76%        |
| Loans to third parties   | 0.1                | 1                  | 689%        |
| Total interest income calculated using the effective interest rate method                              | 156                | 68                 | -57%        |
| Finance leases - third parties   | 19                 | 24                 | 28%         |
| <b>Total finance income</b>  | <b>175</b>         | <b>92</b>          | <b>-47%</b> |
| Net foreign exchange transaction (losses)/gains on borrowings and other liabilities                    | (4)                | 1                  | NM          |
| Net foreign exchange transaction gains/(losses) on cash and cash equivalents and other monetary assets | 58                 | (13)               | NM          |
| <b>Net foreign exchange transaction gains/(losses) on financing activities</b>                         | <b>54</b>          | <b>(12)</b>        | <b>NM</b>   |
| <b>Net finance costs</b>   | <b>(1,079)</b>     | <b>(1,088)</b>     | <b>1%</b>   |

### Finance costs

Total finance costs declined 11% year on year to RUB 1,168 million in the first six months of 2021 on the back of the improvement in the average weighted interest rate over the last twelve months.

### Finance income

In the first six months of 2021, the Group's Total finance income fell 47% year on year to RUB 92 million, primarily due to declines in short term deposits and bank balances along with the decrease in deposit rates over the last twelve months which were partially offset by the increase in Finance leases.

### Net foreign exchange transaction gains/(losses) on financing activities

In the first six months of 2021, the Group had Net foreign exchange transaction losses on financing activities of RUB 12 million compared to Net foreign exchange transaction gains on financing activities of RUB 54 million in the same period the previous year. This resulted from foreign exchange volatility on the available cash and cash equivalents denominated in foreign currency.

### Profit before income tax

The Group reported Profit before income tax of RUB 5,515 million in the first six months of 2021, down 41% compared to the same period the previous year, primarily reflecting a 37% year-on-year decrease in the Group's Operating profit to RUB 6,603 million, largely linked to the factors described above.

### Income tax expense

Income tax expense declined 42% year on year to RUB 1,352 million in the first six months of 2021 following a 41% year-on-year decrease in Profit before income tax.

The estimated average interim tax rate for the first six months of 2021 remained relatively unchanged at 24.5% compared to 25.0% for the same period in 2020.

### Profit for the period

The Group's Profit for the period was 41% lower year on year at RUB 4,162 million reflecting the factors described

above.

Profit for the period attributable to the owners of the Company was down 48% year on year to RUB 3,281 million reflecting the factors described above.

## LIQUIDITY AND CAPITAL RESOURCES

In the first six months of 2021, the Group's capital expenditure consisted primarily of maintenance CAPEX (including capital repairs) and the selective acquisition of fleet.

The Group was able to meet its liquidity and capital expenditure needs comfortably through operating cash flow, available cash and cash equivalents and proceeds from borrowings.

The Group manages its liquidity based on expected cash flows. As at 30 June 2021, the Group had Net Working Capital of RUB 4,067 million\*. Given its anticipated operating cash flow and borrowings, the Group believes that it has sufficient working capital to operate successfully.

### Cash flows

The following table sets out the principal components of the Group's consolidated cash flow statement for the six months ended 30 June 2021 and 2020.

|  | H1 2020<br>RUB mln | H1 2021<br>RUB mln |
|--|--------------------|--------------------|
| <i>Cash flows from operating activities</i>  | 14,533             | 10,482             |
| <i>Changes in working capital:</i>   | (741)              | (19)               |
| <i>Inventories</i>   | (53)               | 317                |
| <i>Trade receivables</i>   | (370)              | (537)              |
| <i>Other assets</i>  | 1,047              | 374                |
| <i>Other receivables</i>   | (185)              | (172)              |
| <i>Trade and other payables</i>  | (623)              | (231)              |
| <i>Contract liabilities</i>  | (557)              | 231                |
| Cash generated from operations   | 13,791             | 10,463             |
| Tax paid   | (1,848)            | (827)              |
| <b>Net cash from operating activities</b>  | <b>11,943</b>      | <b>9,637</b>       |
| <i>Cash flows from investing activities</i>  |                    |                    |
| Purchases of property, plant and equipment   | (3,338)            | (3,966)            |
| Proceeds from disposal of property plant and equipment                             | 14                 | 70                 |
| Loans granted to third parties   | -                  | (75)               |
| Loan repayments received from third parties  | -                  | 4                  |
| Interest received  | 173                | 92                 |
| Receipts from finance lease receivable   | 27                 | 60                 |
| Other  | -                  | (20)               |
| <b>Net cash used in investing activities</b>                                       | <b>(3,124)</b>     | <b>(3,835)</b>     |
| <i>Cash flows from financing activities</i>  |                    |                    |
| Net cash (outflows)/inflows from borrowings and financial leases <sup>15</sup> :   | (182)              | 256                |
| <i>Proceeds from bank borrowings</i>   | 12,775             | 9,990              |
| <i>Repayments of borrowings</i>  | (11,242)           | (9,734)            |
| <i>Principal elements of lease payments for leases with financial institutions</i> | (1,716)            | -                  |
| Principal elements of lease payments for other lease liabilities                   | (349)              | (403)              |
| Interest paid on bank borrowings and non-convertible unsecured bonds               | (1,181)            | (1,059)            |
| Interest paid on leases with financial institutions                                | (81)               | -                  |
| Interest paid on other lease liabilities   | (68)               | (49)               |
| Dividends paid to non-controlling interests in subsidiaries                        | (773)              | (140)              |
| Dividends paid to owners of the Company  | (8,320)            | (5,003)            |
| Payments to non-controlling interest   | (166)              | -                  |
| <b>Net cash used in financing activities</b>                                       | <b>(11,121)</b>    | <b>(6,398)</b>     |
| <b>Net decrease in cash and cash equivalents</b>                                   | <b>(2,301)</b>     | <b>(596)</b>       |
| Effect of exchange rate changes on cash and cash equivalents                       | 36                 | (9)                |
| Cash and cash equivalents at beginning of the period                               | 6,522              | 4,978              |
| <b>Cash and cash equivalents at the end of the period</b>                          | <b>4,257</b>       | <b>4,373</b>       |

### Net cash from operating activities

Net cash from operating activities fell 19% year on year to RUB 9,637 million due to the following factors:

<sup>15</sup> Net cash inflows (outflows) from borrowings and financial leases (a non-IFRS financial measure) is defined as the balance between the following line items: "Proceeds from bank borrowings", "Proceeds from issue of non-convertible unsecured bonds", "Repayments of borrowings" and "Principal elements of lease payments for leases with financial institutions".

- Cash generated from operations (after “Changes in working capital”) decreased 24% year on year to RUB 10,463 million with the 28% year-on-year decline in Cash flows from operating activities partially offset by lower cash outflows to working capital compared to the first six months of 2020.
- Tax paid was 55% lower year on year at RUB 827 million mainly as a result of the year-on-year decline in taxable profits.

### **Net cash used in investing activities**

Net cash used in investing activities increased 23% year on year to RUB 3,835 million reflecting a 19% year-on-year increase in Purchases of property, plant and equipment (on a cash basis; including maintenance CAPEX) due to the increased maintenance CAPEX resulting from a higher level of repairs being conducted in the first six months of 2021 compared to a year earlier.

### **Net cash used in financing activities**

Net cash used in financing activities declined 42% year on year to RUB 6,398 million in the first six months of 2021. This was due to a combination of the factors described below:

- The Group continued refinancing its debt portfolio in the reporting period with repayments of borrowings largely matched by the proceeds from borrowings.
- Interest paid (including “Interest paid on bank borrowings and non-convertible unsecured bonds” and “Interest paid on leases with financial institutions”) was 16% lower year on year at RUB 1,059 million in first six months of 2021 largely reflecting the improvement in the weighted average effective interest rate.
- As anticipated, the amount of dividends paid to owners of the Company in the first six months of 2021 (which were final dividends paid in respect of the second half of 2020) decreased 40% year on year to RUB 5,003 million reflecting the deterioration in the pricing environment for the gondola segment in the second half of 2020.
- Dividends paid to non-controlling interests in subsidiaries decreased 82% year on year to RUB 140 million in the first six months of 2021 as part of the dividend payment was transferred to the second half of 2021.

### **Capital expenditure**

*Total CAPEX (a non-IFRS financial measure) calculated on a cash basis as the sum of “Purchases of property, plant and equipment” (which includes maintenance CAPEX), “Purchases of intangible assets”, “Acquisition of subsidiary undertakings - net of cash acquired” and “Principal elements of lease payments for leases with financial institutions” (as part of the capital expenditures was financed with a finance lease).*

- In the first six months of 2021 the Group’s Total CAPEX (on a cash basis, including maintenance CAPEX) was 19% higher year on year at RUB 3,966 million, reflecting increased maintenance CAPEX. The full-year 2021 Total CAPEX target remains unchanged at about RUB 7 billion, broadly in line with the full-year 2020 Total CAPEX.
- Maintenance CAPEX was 44% higher year on year at RUB 3,447 million\* reflecting the greater weighting of maintenance CAPEX toward the first half of 2021.
- Expansion CAPEX was cut 45% year on year to RUB 519 million\*<sup>16</sup> and mainly consisted of the purchase of 328 specialised containers (compared to the purchase of 300 flat cars in the same period of the previous year).

The Group’s capital expenditure (including maintenance CAPEX) on an accrual basis was RUB 4,035 million in the first six months of 2021 (H1 2020: RUB 5,183 million). The difference between capital expenditure given on a cash basis and on an accrual basis is principally because of a time lag between prepayments for and delivery of rolling stock.

The following table sets out the principal components of the Group’s Total CAPEX for the six months ended 30 June 2021 and 2020.

<sup>16</sup> Including “Purchases of intangible assets”.



|   | H1 2020<br>RUB mln | H1 2021<br>RUB mln | Change<br>% |
|---|--------------------|--------------------|-------------|
| Purchase of property, plant and equipment   | 3,338              | 3,966              | 19%         |
| Purchase of intangible assets   | -                  | -                  | -           |
| <b>Total CAPEX</b>  | <b>3,338</b>       | <b>3,966</b>       | <b>19%</b>  |
| <i>Not included</i>   |                    |                    |             |
| Principal elements of lease payments for leases with financial institutions <sup>17</sup> | 1,716              | -                  | -           |

## Free Cash Flow

*Free Cash Flow (a non-IFRS financial measure) is calculated as "Cash generated from operations" (after "Changes in working capital") less "Tax paid", "Purchases of property, plant and equipment" (including maintenance CAPEX), "Purchases of intangible assets", "Acquisition of subsidiary undertakings - net of cash acquired", "Principal elements of lease payments for leases with financial institutions", "Principal elements of lease payments for other lease liabilities", "Interest paid on other lease liabilities", "Interest paid on bank borrowings and non-convertible unsecured bonds" and "Interest paid on leases with financial institutions".*

The Group's Free Cash Flow remained solid at RUB 4,159 million in the first six months of 2021, a decline of 40% year on year, primarily as a result of the following factors:

- Cash generated from operations (after "Changes in working capital") declined 24% or RUB 3,328 million year on year to RUB 10,463 million.
- Total CAPEX (including maintenance CAPEX) increased 19% or RUB 628 million year on year to RUB 3,966 million.
- Tax paid was down 55% year on year or RUB 1,021 million to RUB 827 million.

The following table sets out details on Free Cash Flow and Attributable Free Cash Flow for the six months ended 30 June 2021 and 2020, and its reconciliation to Cash generated from operations.

|  | H1 2020<br>RUB mln | H1 2021<br>RUB mln | Change<br>% |
|--|--------------------|--------------------|-------------|
| Cash generated from operations (after "Changes in working capital")  | 13,791             | 10,463             | -24%        |
| Total CAPEX (including maintenance CAPEX) <sup>17</sup>              | (3,338)            | (3,966)            | 19%         |
| Tax paid   | (1,848)            | (827)              | -55%        |
| Interest paid on bank borrowings and non-convertible unsecured bonds | (1,181)            | (1,059)            | -10%        |
| Principal elements of lease payments for other lease liabilities     | (349)              | (403)              | 15%         |
| Interest paid on leases with financial institutions                  | (81)               | -                  | -100%       |
| Interest paid on other lease liabilities                             | (68)               | (49)               | -28%        |
| <b>Free Cash Flow<sup>17</sup></b>                                   | <b>6,927</b>       | <b>4,159</b>       | <b>-40%</b> |
| <i>Minus</i>   |                    |                    |             |
| Adjusted Profit Attributable to Non-controlling Interests            | 752                | 881                | 17%         |
| <b>Attributable Free Cash Flow<sup>17</sup></b>                      | <b>6,174</b>       | <b>3,278</b>       | <b>-47%</b> |

## Capital resources

As of 30 June 2021, the Group's financial indebtedness consisted of borrowings and non-convertible unsecured bonds for an aggregate principal amount of RUB 32,311 million (including accrued interest of RUB 424 million\*).

Under IFRS 16, Other lease liabilities of RUB 2,522 million was recognised on the balance sheet as of 30 June 2021 (not included in Total debt) which primarily related to the long-term leasing of offices and certain fleet.

The Group's Net Debt remained relatively stable at RUB 27,939 million as of 30 June 2021, a 3% increase as compared to 31 December 2020.

The following table sets out details on the Group's total debt, Net Debt and Net Debt to LTM Adjusted EBITDA<sup>18</sup> at 30 June 2021 and 31 December 2020, and the reconciliation of Net Debt to Total debt.

<sup>17</sup> Free Cash Flow, Attributable Free Cash Flow and Total CAPEX are presented net of principal elements of lease payments for leases with financial institutions for H1 2020. During the first six months of 2020 the entire financial lease portfolio was refinanced to bilateral loans, therefore principal elements of lease payments were eliminated.

<sup>18</sup> Adjusted EBITDA for the last twelve months.

|   | As of<br>31 December<br>2020<br>RUB mln | As of<br>30 June<br>2021<br>RUB mln | Change<br>% |
|---|---|-------------------------------------|-------------|
| Total debt  | 32,015                                  | 32,311                              | 1%          |
| <i>Minus</i>  |   |                                     |             |
| Cash and cash equivalents                           | 4,978                                   | 4,373                               | -12%        |
| <b>Net Debt</b>                                     | <b>27,037</b>                           | <b>27,939</b>                       | <b>3%</b>   |
| <b>Net Debt to LTM Adjusted EBITDA<sup>18</sup></b> | <b>1.0</b>                              | <b>1.2</b>                          | <b>-</b>    |

Rouble-denominated borrowings accounted for 100% of the Group's debt portfolio as of 30 June 2021. The Russian rouble is the functional currency of the Company.

The weighted average effective interest rate remained stable at 7.0% as of 30 June 2021 (31 December 2020: 6.9%). The vast majority of the Group's debt had fixed interest rates as of the end of the reporting period.

The Group has a balanced maturity profile supported by the Group's robust cash flow generation, available cash and cash equivalents, as well as undrawn borrowing facilities of RUB 29,732 million as of 30 June 2021.

The following table gives the maturity profile of the Group's borrowings (including accrued interest of RUB 424 million\*) as of 30 June 2021.

|              | As of<br>30 June<br>2021<br>RUB mln |
|--------------|-------------------------------------|
| Q3 2021      | 4,276*                              |
| Q4 2021      | 1,548*                              |
| Q1 2022      | 2,682*                              |
| Q2 2022      | 2,475*                              |
| H2 2022      | 6,203*                              |
| 2023         | 9,996*                              |
| 2024         | 4,096*                              |
| 2025         | 1,034*                              |
| <b>Total</b> | <b>32,311</b>                       |

## PRESENTATION OF INFORMATION

The information in this announcement is subject to verification, completion and change. Accordingly, no representation or warranty, express or implied, is made or given by or on behalf of the Company or any of its shareholders, directors, officers or employees or any other person as to the accuracy, completeness or fairness of the information or opinions contained in this announcement. None of the Company nor any of its shareholders, directors, officers or any other person accepts any liability whatsoever for any loss howsoever arising from any use of the contents of this announcement or otherwise arising in connection therewith. This announcement does not constitute an offer or an advertisement of any securities in any jurisdiction.

The financial information contained in this announcement is derived from the condensed consolidated interim financial information (unaudited) of Globaltrans Investment PLC ("the Company" and together with its consolidated subsidiaries "Globaltrans" or "the Group") as at and for the six months ended 30 June 2021 and 2020 and prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" as adopted by the European Union. The condensed consolidated interim financial information should be read in conjunction with the consolidated Management report and consolidated financial statements for the year ended 31 December 2020, which have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union and the Cyprus Companies Law, Cap. 113.

The Group's condensed consolidated interim financial information (unaudited), selected operational information as at and for the six months ended 30 June 2021 and 2020 along with historical financial and operational information are available at Globaltrans' corporate website ([www.globaltrans.com](http://www.globaltrans.com)).

The presentation currency of the Group's consolidated financial statements is the Russian rouble ("RUB"). In this announcement, the Group has used certain measures not recognised by EU IFRS or IFRS (referred to as "non-IFRS measures") as supplemental measures of the Group's operating performance. The management believes that these non-IFRS measures provide valuable information to readers, because they enable them to focus more directly on the underlying day-to-day performance of the Group's business.

The Company also reports certain operational information to illustrate the changes in the Group's operational and

financial performance during the reporting periods.

Certain financial information which is derived from management accounts is marked in this announcement with an asterisk {\*}.

Information (non-IFRS financial and operating measures) requiring additional explanation or defining is marked with initial capital letters and the explanations or definitions are provided at the end of this announcement. Reconciliations of the non-IFRS measures to the closest EU IFRS measures are included in the body of this announcement.

Rounding adjustments have been made in calculating some of the financial and operational information included in this announcement. As a result, numerical figures shown as totals in some tables may not be exact arithmetic aggregations of the figures that precede them.

The Group has obtained certain statistical, market and pricing information that is presented in this announcement on such topics as the Russian freight rail transportation market and related subjects from the following third-party sources: Federal State Statistics Service of Russian Federation ("Rosstat"), JSC Russian Railways ("RZD") and the Federal Antimonopoly Service ("FAS"). The Group has accurately reproduced such information and, as far as it is aware and is able to ascertain from information published by such third-party sources, no facts have been omitted that would render the reproduced information inaccurate or misleading. The Group has not independently verified this third-party information. In addition, the official data published by Russian governmental agencies may be substantially less complete or researched than that of more developed countries.

All non-IFRS financial and operational information presented in this announcement should be used only as an analytical tool, and investors should not consider such information in isolation or in any combination as a substitute for analysis of the Group's consolidated financial statements and condensed consolidated interim financial information reported under EU IFRS, which are available on the Globaltrans' corporate website [www.globaltrans.com](http://www.globaltrans.com).

## DEFINITIONS

Terms that require definitions are marked with capital letters in this announcement and their definitions are provided below in alphabetical order:

**Adjusted EBITDA** (a non-IFRS financial measure) represents EBITDA excluding "Net foreign exchange transaction (gains)/losses on financing activities", "Share of profit/(loss) of associate", "Other gains/(losses) - net", "Net gain/(loss) on sale of property, plant and equipment", "Impairment/(reversal of impairment) of property, plant and equipment", "Impairment of intangible assets", "Loss on derecognition arising on capital repairs" and "Reversal of impairment of intangible assets".

**Adjusted EBITDA Margin** (a non-IFRS financial measure) is calculated as Adjusted EBITDA divided by Adjusted Revenue.

**Adjusted Profit Attributable to Non-controlling Interests** (a non-IFRS financial measure) is calculated as "Profit attributable to non-controlling interests" less share of "Impairment of property, plant and equipment" and "Impairment of intangible assets" attributable to non-controlling interests.

**Adjusted Revenue** (a non-IFRS financial measure) is calculated as "Total revenue" less the following "pass through" items "Infrastructure and locomotive tariffs: loaded trips" and "Services provided by other transportation organisations".

**Attributable Free Cash Flow** (a non-IFRS financial measure) means Free Cash Flow less Adjusted Profit Attributable to Non-controlling Interests.

**Average Distance of Loaded Trip** is calculated as the sum of the distances of all loaded trips for a period divided by the number of loaded trips for the same period.

**Average Number of Loaded Trips per Railcar** is calculated as total number of loaded trips in the relevant period divided by Average Rolling Stock Operated.

**Average Price per Trip** is calculated as Net Revenue from Operation of Rolling Stock divided by the total number of loaded trips during the relevant period in the respective currency.

**Average Rolling Stock Operated** is calculated as the average weighted (by days) number of rolling stock available for operator services (not including rolling stock in maintenance, purchased rolling stock in transition to its first place of commercial utilisation, rolling stock leased out, Engaged Fleet, flat cars and containers used in specialised container transportation).

**EBITDA** (a non-IFRS financial measure) represents "Profit for the period" before "Income tax expense", "Finance costs - net" (excluding "Net foreign exchange transaction (gains)/losses on financing activities"), "Depreciation of property, plant and equipment", "Amortisation of intangible assets" and "Depreciation of right-of-use assets".

**Empty Run or Empty Runs** means the movement of railcars without cargo for the whole or a substantial part of the journey.

**Empty Run Costs** (a non-IFRS financial measure meaning costs payable to RZD for forwarding empty railcars) is derived from management accounts and presented as part of the "Infrastructure and locomotive tariffs: empty run trips and other tariffs" component of "Cost of sales" reported under EU IFRS. Empty Run Costs do not include costs of relocation of rolling stock to and from maintenance, purchased rolling stock in transition to its first place of commercial utilisation, rolling stock leased in or leased out, Engaged Fleet, flat cars and containers used in specialised container transportation.

**Empty Run Ratio** is calculated as the total of empty trips in kilometres by respective rolling stock type divided by total loaded trips in kilometres of such rolling stock type. Empty trips are only applicable to rolling stock operated (not including rolling stock in maintenance, purchased rolling stock in transition to its first place of commercial utilisation, rolling stock leased out, Engaged Fleet, flat cars and containers used in specialised container transportation).

**Engaged Fleet** is defined as rolling stock subcontracted or otherwise engaged from a third-party rail operator for a loaded trip from the point of origination to the cargo's destination, at which point the railcar is then released to such third-party.

**Free Cash Flow** (a non-IFRS financial measure) is calculated as "Cash generated from operations" (after "Changes in working capital") less "Tax paid", "Purchases of property, plant and equipment" (which includes maintenance CAPEX), "Purchases of intangible assets", "Acquisition of subsidiary undertakings - net of cash acquired", "Principal elements of lease payments for leases with financial institutions", "Principal elements of lease payments for other lease liabilities", "Interest paid on other lease liabilities", "Interest paid on bank borrowings and non-convertible unsecured bonds" and "Interest paid on leases with financial institutions".

**Freight Rail Turnover** is a measure of freight carriage activity over a particular period calculated as the sum of tonnage of each loaded trip multiplied by the distance of each loaded trip, expressed in tonnes-km. It excludes volumes transported by Engaged Fleet (unless otherwise stated) and the performance of the specialised container transportation business.

**Infrastructure and Locomotive Tariffs - Other Tariffs** (a non-IFRS financial measure, derived from management accounts) is presented as part of the "Infrastructure and locomotive tariffs: empty run trips and other tariffs" component of "Cost of sales" reported under EU IFRS. This cost item includes the costs of relocation of rolling stock to and from maintenance, transition of purchased rolling stock to its first place of commercial utilisation, and relocation of rolling stock in and from lease operations, as well as other expenses.

**Leased-in Fleet** is defined as fleet leased in under operating leases, including railcars, locomotives and specialised containers.

**Leased-out Fleet** is defined as fleet leased out to third parties under operating leases (excluding flat cars and containers used in specialised container transportation).

**Leverage Ratio or Net Debt to Adjusted EBITDA** (a non-IFRS financial measure) is the ratio of Net Debt on the last day of a particular financial period to Adjusted EBITDA in respect of the twelve months to the end of that same period.

**Net Debt** (a non-IFRS financial measure) is defined as the sum of total borrowings (including interest accrued) less "Cash and cash equivalents".

**Net Revenue from Engaged Fleet** (a non-IFRS financial measure, derived from management accounts) represents the net sum of the price charged for transportation to clients by the Group utilising Engaged Fleet less the loaded railway tariffs charged by RZD (included in the EU IFRS line item "Infrastructure and locomotive tariffs: loaded trips") less the cost of attracting fleet from third-party operators (included in the EU IFRS line item "Services provided by other transportation organisations").

**Net Revenue from Operation of Rolling Stock** is a non-IFRS financial measure, derived from management accounts, describing the net revenue generated from freight rail transportation services which is adjusted for respective "pass through" loaded railway tariffs charged by RZD (included in the EU IFRS line item "Infrastructure and locomotive tariffs: loaded trips").

**Net Revenue from Specialised Container Transportation** is a non-IFRS financial measure, derived from management accounts, that represents the revenue generated from the specialised container operations (included in the EU IFRS line item: "Revenue from specialised container transportation") less the respective "pass through" loaded railway tariffs charged by RZD (included in the EU IFRS line item "Infrastructure and locomotive tariffs: loaded trips").

**Net Working Capital** (a non-IFRS financial measure) is calculated as the sum of the current portions of "Inventories", "Current income tax assets", "Trade receivables - net", "Other receivables - net" ("Other receivables - third parties" and "Other receivables - related parties" net of "Provision for impairment of other receivables"),

“Prepayments - third parties”, “Prepayments - related parties” and “VAT recoverable”, less the sum of the current portions of “Trade payables to third parties”, “Trade payables to related parties”, “Other payables to third parties”, “Other payables to related parties”, “Accrued expenses”, “Accrued key management compensation, including share based payment”, “VAT payable and other taxes”, “Contract liabilities” and “Current tax liabilities”.

**Other Operating Cash Costs** (a non-IFRS financial measure) include the following cost items: “Advertising and promotion”, “Auditors’ remuneration”, “Communication costs”, “Information services”, “Legal, consulting and other professional fees”, “Expense relating to short-term leases - tank containers”, “Expense relating to short-term leases - office”, “Taxes (other than income tax and value added taxes)” and “Other expenses”.

**Owned Fleet** is defined as the fleet owned and leased in under finance lease as at the end of the reporting period. It includes railcars, locomotives and specialised containers, unless otherwise stated, and excludes Engaged Fleet.

**Share of Empty Run Kilometres paid by Globaltrans** is defined as the percentage of empty run kilometres paid by Globaltrans divided by the total amount of empty run kilometres incurred by the fleet operated by Globaltrans (not including relocation of rolling stock to and from maintenance, purchased rolling stock in transition to its first place of commercial utilisation, and rolling stock leased-out, Engaged Fleet, flat cars and containers used in specialised container transportation) in the relevant period.

**Total CAPEX** (a non-IFRS financial measure) calculated on a cash basis as the sum of “Purchases of property, plant and equipment” (which includes maintenance CAPEX), “Purchases of intangible assets”, “Acquisition of subsidiary undertakings - net of cash acquired” and “Principal elements of lease payments for leases with financial institutions” (as part of the capital expenditures was financed with a finance lease).

**Total Empty Run Ratio** is calculated as total kilometres travelled empty divided by the total kilometres travelled loaded by the rolling stock fleet operated by Globaltrans (not including the relocation of rolling stock to and from maintenance, purchased rolling stock in transition to its first place of commercial utilisation, or rolling stock leased out, Engaged Fleet, flat cars and containers used in specialised container transportation) in the relevant period.

**Total Fleet** is defined as the fleet owned and leased in under finance and operating leases as at the end of reporting period. It includes railcars, locomotives and specialised containers, unless otherwise stated, and excludes Engaged Fleet.

**Total Operating Cash Costs** (a non-IFRS financial measure) represent operating cost items payable in cash and calculated as “Total cost of sales, selling and marketing costs and administrative expenses” less the “pass through” items: “Infrastructure and locomotive tariffs: loaded trips” and “Services provided by other transportation organisations” and non-cash items: “Depreciation of property, plant and equipment”, “Amortisation of intangible assets”, “Depreciation of right-of-use assets”, “Loss on derecognition arising on capital repairs”, “Net impairment losses on trade and other receivables”, “Impairment/(reversal of impairment) of property, plant and equipment” and “Net (gain)/loss on sale of property, plant and equipment”.

**Total Operating Non-Cash Costs** (a non-IFRS financial measure) include the following cost items: “Depreciation of property, plant and equipment”, “Amortisation of intangible assets”, “Depreciation of right-of-use assets”, “Loss on derecognition arising on capital repairs”, “Net impairment losses on trade and other receivables”, “Impairment/(reversal of impairment) of property, plant and equipment” and “Net (gain)/loss on sale of property, plant and equipment”.

**Transportation Volume** is a measure of freight carriage activity over a particular period, measuring weight of cargo carried in tonnes. It excludes volumes transported by Engaged Fleet (unless otherwise stated) and volumes related to the specialised container transportation business.

## LEGAL DISCLAIMER

Information contained in this announcement concerning Globaltrans Investment PLC, a company organised and existing under the laws of Cyprus (the “Company” and together with its consolidated subsidiaries “Globaltrans” or the “Group”) is for general information purposes only. The opinions presented herein are based on general information gathered at the time of writing and are subject to change without notice. The Company relies on information obtained from sources believed to be reliable but does not guarantee the accuracy or completeness of such information.

This announcement may contain forward-looking statements regarding future events or the future financial performance of Globaltrans. You can identify forward looking statements by terms such as “expect”, “believe”, “estimate”, “anticipate”, “intend”, “will”, “could”, “may”, or “might”, the negative of such terms or other similar expressions. These forward-looking statements include matters that are not historical facts and statements regarding the Company’s intentions, beliefs or current expectations concerning, among other things, Globaltrans’ results of operations, financial condition, liquidity, prospects, growth, strategies, and the industry in which the Company operates. By their nature, forward looking statements involve risks and uncertainties, because they relate to events and depend on circumstances that may or may not occur in the future. The Company cautions

you that forward-looking statements are not guarantees of future performance and that Globaltrans' actual results of operations, financial condition, liquidity, prospects, growth, strategies and the development of the industry in which Globaltrans operates may differ materially from those described in or suggested by the forward-looking statements contained in this announcement. In addition, even if Globaltrans' results of operations, financial condition, liquidity, prospects, growth strategies and the development of the industry in which the Company operates are consistent with the forward-looking statements contained in this announcement, those results or developments may not be indicative of results or developments in future periods. The Company does not intend to update this announcement or reflect events and circumstances occurring after the date hereof or to reflect the occurrence of unanticipated events. Many factors could cause actual results to differ materially from those contained in forward-looking statements of Globaltrans, including, among others, general economic conditions, the competitive environment, risks associated with operating in Russia, market changes in the Russian freight rail market, as well as many of the risks specifically related to Globaltrans and its operations. No reliance may be placed for any purposes whatsoever on the information contained in this announcement or on its completeness, accuracy or fairness.