Annual Report & Accounts 2023

Contents

Summary of presentation of financial and other information

All financial information presented in this Annual Report is derived from the Consolidated Management Report and Consolidated Financial Statements of Globaltrans Investment PLC (the "Company" and, together with its subsidiaries, "Globaltrans" or the "Group") and has been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union and the requirements of Cyprus Companies Law, Cap. 113 ("EU IFRS"). The Group's Consolidated Management Report and Consolidated Financial Statements and the Parent Company Financial Statements for the year ended 31 December 2023 are included in the Financial Statements section of this Annual Report. Financial statements for prior years can be found on Globaltrans' corporate website (www.globaltrans.com).

The presentational currency of the Group's financial results is the Russian rouble (RUB). Certain financial information derived from management accounts is marked in this Annual Report with an asterisk (*). In this Annual Report, the Group has used certain "non-IFRS financial information" (i.e., measures not recognised by EU IFRS or IFRS) as supplementary explanations of the Group's operating performance. 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. However, these non-IFRS measures are unaudited and have not been prepared in accordance with IFRS or any other generally accepted accounting principles. As such, they have limitations as analytical tools, and you should not consider them in isolation or place undue reliance on them. Similarly titled measures are used by other companies for a variety of purposes and are often calculated in ways that reflect the circumstances of those companies. You should exercise caution in comparing these measures as reported by us to the same or similar measures as reported by other companies.

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 Annual Report. Reconciliations of the non-IFRS measures to the closest EU IFRS measures are included in the body of this Annual Report. Rounding adjustments have been made in calculating some of the financial and operational information included in this Annual Report. As a result, numerical figures shown as totals in some tables may not be exact arithmetical aggregations of the figures that precede them.

This Annual Report, including its appendices, may contain forward-looking statements regarding future events or the future financial performance of the Group. Forward-looking statements can be identified by terms such as expect, believe, estimate, anticipate, intend, will, could, may or might, and the negative of such terms or other similar expressions. 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 Group cautions that forward-looking statements are not guarantees of future performance and that the Group's actual results of operations, financial condition, liquidity, prospects, growth and strategies, and the development of the industry in which the Group operates, may differ materially from those described in or suggested by the forward-looking statements contained in this Annual Report.

→ For a detailed description of the presentation of financial and other information, please see the Presentation of Financial and Other Information section at the end of this Annual Report.

Overview

The summary information on pages 4 to 5 covers the Group's key financial and operating performance indicators. These include non-IFRS measures that the Group believes are helpful to investors in analysing the Group's performance and well understood in the freight rail transportation industry. The key non-IFRS financial metrics are not a substitute for the IFRS financial information included and discussed in the Financial and Operational Review section of this Annual Report. Non-IFRS measures are unaudited and have not been prepared in accordance with IFRS or any other generally accepted accounting principles, and as such have limitations as analytical tools.

→ For further information, please see the Presentation of Financial and Other Information section at the end of this Annual Report.

In this section

Highlights of 2023

Both the economy and our industry faced challenges in 2023. Yet despite this, the overall performance of the freight rail sector was relatively stable. In turn, Globaltrans produced a strong performance over the year, taking advantage of market momentum to significantly improve its fleet efficiency. Our 2023 financial results reflected the underlying strength of our business model and our commitment to providing the service levels our customers expect. We delivered solid growth in Adjusted Revenue, kept our Operational Cash Costs under control, generated strong Free Cash Flow and ended the year with a solid net cash position.

Valery Shpakov
Chief Executive Officer

Further strong financial results with robust Free Cash Flow, stable Adjusted EBITDA Margin and solid net cash position

- Adjusted Revenue rose 7% year on year to RUB 87.4 billion in 2023 largely reflecting robust average pricing.
- Adjusted EBITDA increased 6% year on year to RUB 52.3 billion with Adjusted EBITDA Margin remaining stable year on year at 60% despite ongoing cost pressures.
- Total CAPEX adjusted for M&A was RUB 10.1 billion (2022: RUB 20.2 billion) on the back of a conservative approach to investment given elevated new rolling stock prices.
- Strong Free Cash Flow of RUB 25.8 billion (2022: RUB 14.8 billion).
- Net cash position was RUB 27.4 billion with negative Net Debt to Adjusted EBITDA at (0.5)x.
- Dividend payments are in focus but remain suspended due to certain technical issues, which are being addressed.

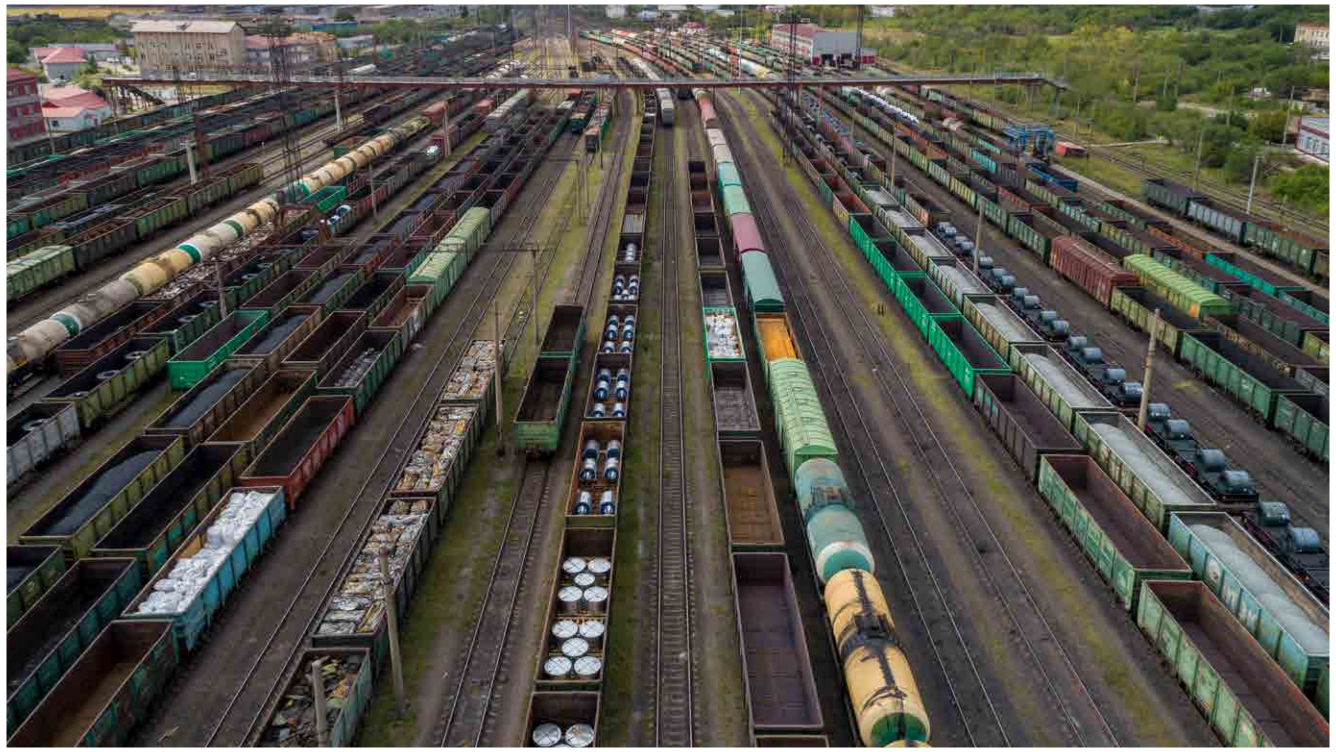
Strong operational efficiency, robust average pricing, all Service Contracts remain intact

- Empty Run Ratio for gondola cars significantly improved to its lowest level in more than ten years at 36% (2022: 41%). Total Empty Run Ratio (for all types of rolling stock) decreased to 45% (2022: 50%).
- Freight Rail Turnover (including Engaged Fleet) declined 2% year on year reflecting volatility in logistics and continued rail network infrastructure constraints[1].
- Average Price per Trip increased 10% year on year on the back of continued favourable market pricing conditions in both bulk and liquids segments, while the Average Number of Loaded Trip per Railcar declined 5% year on year.
- The Group maintained its focus on client retention with all Service Contracts[2] due for renewal extended. Service Contracts contributed about 61% of the Group's Net Revenue from Operation of Rolling Stock in 2023.

87.4 +7% **RUB bln** Adjusted Revenue	**25.8** +74% **RUB bln** Free Cash Flow	**(0.5)x** (31.12.2022: 0.1x) Net Debt to Adjusted EBITDA
52.3 +6% **RUB bln** Adjusted EBITDA	**10.1** -50% **RUB bln** Total CAPEX adjusted for M&A	**36%** (2022: 41%) Empty Run Ratio for gondola cars

[1] The Group's Freight Rail Turnover declined 4% year on year excluding Engaged Fleet.
[2] As of the end of 2023 Globaltrans had six Service Contracts.

At a Glance



WHO WE ARE

Robust business model and efficient operations

- Strong market positions
- Diversified blue-chip customer portfolio underpinned by multi-year Service Contracts
- Industry-leading operational efficiency

Entrepreneurial culture combined with strong governance

- Led by entrepreneurs with a focus on quality and innovation
- Experienced Board and management team
- Aligned with best practice governance standards
- Sustainable business with a strong environmental, social and governance ("ESG") focus
- Dual-listed on the London Stock Exchange[1] and the Moscow Exchange

Financial stability and strength

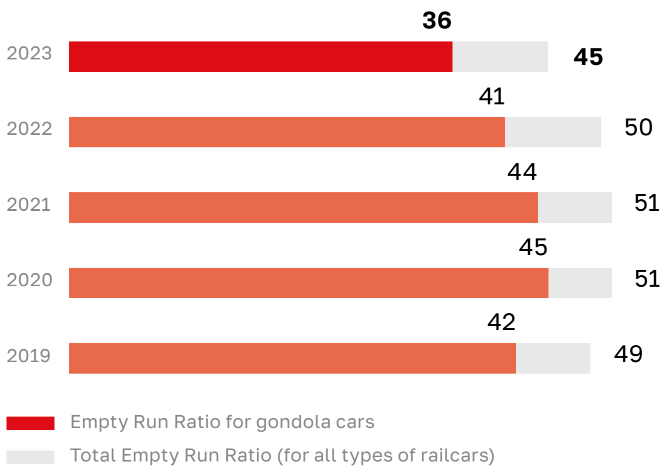
- High proportion of multi-year Service Contracts
- Robust balance sheet
- Strong Free Cash Flow generation
- Significant liquidity available
- Focus on long-term value creation
- Opportunistic investments and prudent capital allocation
- Transparent Dividend Policy

[1] Imposed suspension of Global Depositary Receipts ("GDRs") trading on the LSE since 3 March 2022 continued as of the date of publication.

WHAT WE DO

We are leaders in the provision of complex freight rail logistics and transportation services. We have a high-quality customer base, including large blue-chip companies across our key segments. Customers benefit from our state-of-the-art logistics, large fleet, customer-focused approach and constant drive for innovation.

Historical Empty Run Ratio, 2019–2023, %



Source: Globaltrans.

65,644
units
Total Fleet as of year-end 2023

138.8
bln tonnes-km
Freight Rail Turnover (including Engaged Fleet), 2023

6.4%
Market Share, 2023[2]

36%
Empty Run Ratio for gondola cars, 2023

61%
Share of Net Revenue from Operation of Rolling Stock covered by Service Contracts, 2023

[2] Market Share is calculated using the Group's own information as the numerator and information published by the Federal State Statistics Service (Rosstat) as the denominator. It is defined as a percentage of the overall industry freight rail transportation volume and includes volumes transported by Engaged Fleet, unless otherwise stated.

At a Glance

HOW WE DELIVER VALUE

We consistently deliver value to our clients through our pursuit of operational and service excellence. Our operating platform is fundamental to our success.

Sophisticated logistics

We are experts in managing complex freight logistics that improve our customers' productivity, saving them time and money.

Sector-leading operational efficiency

Our centralised gondola dispatch hub is the nerve centre of our railcar operations. Working around the clock, it keeps our fleet running smoothly, maintains high utilisation levels and low Empty Runs, delivering efficiency which, in turn, drives profitability.

In-house locomotives improve productivity

Our in-house locomotive fleet transports primarily liquid cargoes in block trains where all the cargo is bound for a single destination, obviating the need to stop at multiple sorting stations, improving delivery schedules and fleet utilisation.

High-quality long-term client base

We are trusted partners for our clients, ranging from major industrial groups to smaller, more specialised companies. We focus on long-term outsourcing partnerships, whereby we manage most of a client's freight rail logistics. Our clients benefit from operational scale, 24-hour services, advanced logistics, and access to one of the industry's largest fleets.

OUR APPROACH TO ESG

We know it is important to both measure and mitigate our impact on the environment and our communities, and so sustainability remains an integral part of our business strategy. In 2023, we made further progress by continuing to fine-tune the internal mechanisms that support our ESG strategy. This included building greater employee engagement and enhancing our oversight and accountability processes. Externally, we continued the work of integrating our sustainability priorities into the business and improving disclosure on those areas that are important for both the business and our stakeholders. We are pleased that our efforts continue to be recognised by various ESG ranking groups.

Valery Shpakov
Chief Executive Officer

Delivering sustainable value through

- Oversight from the ESG Board committee
- Clear ESG supervision at the management level
- Transparent ESG reporting in line with GRI standards and TCFD recommendations

Sustainable business practices

- Embedding sustainability in our way of working and business mindset
- Minimising our impact on the environment
- Improving our energy efficiency
- Reducing our carbon emissions

Positive social impact

- Focusing on employee safety, wellbeing and professional development
- Providing long-term support to our communities

→ For further information on the Group's sustainability commitments and actions, please see our Sustainability Report.

Globaltrans

Our Assets

LARGE FLEET

- Operational flexibility maintained by striking appropriate balance between Owned Fleet (94%) and Leased-in Fleet (6%).
- Fleet composition corresponds to the industrial segments served: universal gondola cars for bulk cargoes (70%); and tank cars for liquid cargoes (28%).
- Current average age of the Group's Owned Fleet is 15 years which compares with average useful life for gondola cars of 22 years and for tank cars of 32 years.
- Exceptional fleet maintenance programme maintains the focus on operational and service excellence.

65,644 units
Total Fleet at year-end 2023

15 years
Average age of Owned Fleet

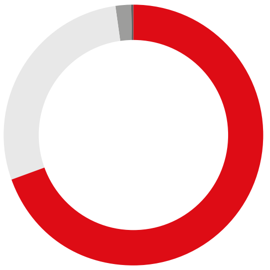
Total Fleet composition at year-end 2023, %

94%
Owned Fleet

6%
Leased-in Fleet

0.1%
Locomotives

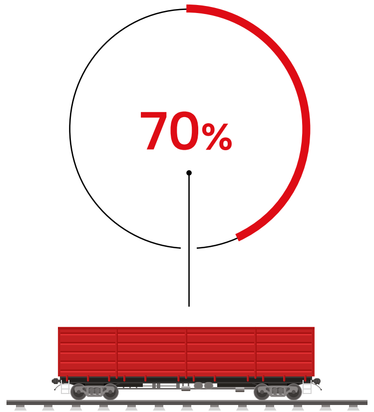
2%
Other Cars



70%
Gondola Cars

28%
Tank Cars

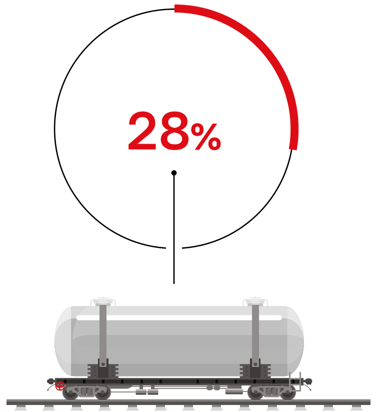
Source: Globaltrans.



Gondola Cars

45,686 units

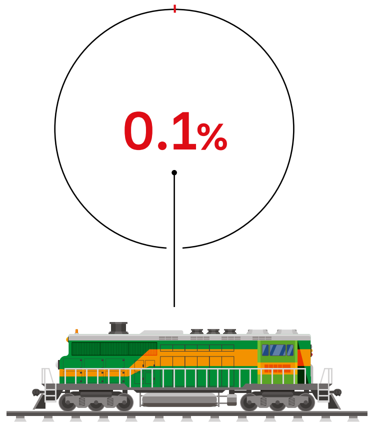
- Open-top, high-sided universal railcar.
- Backbone of Globaltrans' fleet.
- Designed to carry various bulk cargoes.
- Able to be rapidly redeployed between different bulk cargoes in response to changing market demand.



Tank Cars

18,384 units

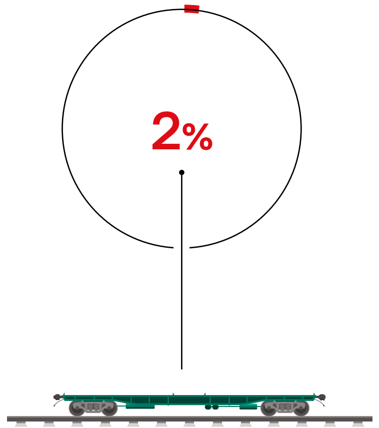
- Designed to carry various liquid cargoes.



Locomotives

66 units

- Globaltrans has its own fleet of mainline locomotives, which haul block trains.



Other Cars

1,508 units

Our History

Globaltrans was formed in 2004 with the merger of two entrepreneur-led companies and from these roots has grown to become one of the leading freight rail transportation groups in the CIS countries[1]. Through organic growth and the acquisition of both railcars and other freight rail businesses, we have created a profitable company with market-leading capabilities.

Our commitment to transparency and good corporate governance helped make us the first CIS-focused freight rail group to be listed on an international stock exchange. Since the Initial Public Offering (“IPO”) on the London Stock Exchange (“LSE”)[2] in 2008, we have had a consistent focus on value creation and growth. Today, we operate a fleet that is almost three times larger than at the time of our IPO. In 2020, we also listed our GDRs on the Moscow Exchange (“MOEX”) in order to diversify our investor base.

19

years of growth and leadership

2004
Established as a merger of two entrepreneur-led companies.

2008
Successful IPO on the LSE.

2009
Secondary Public Offering (“SPO”) to fund further business expansion.

2010
Organic expansion of the business – purchases of new rolling stock and the expansion of the Leased-in Fleet.

2012
Acquired the captive freight rail operator of one of the leading producers of hot briquetted iron, iron ore products and high-quality steel. Signed industry’s first ever long-term Service Contract.

2013
Acquired the captive freight rail operator of one of the world’s largest steel producers. Signed a long-term Service Contract. Created a single 24/7 gondola dispatching centre.

2014

2016
The Group’s corporate structure simplified to drive efficiency and cut costs. Formed a small non-core specialised container operator SyntezRail.

2017
The enhanced Dividend Policy introduced linking dividends to Attributable Free Cash Flow and Leverage Ratio.

2018
The Group celebrated its 10th anniversary of its Main Market listing on the LSE. Two new long-term Service Contracts signed with leading manufacturers of steel pipes and pipe products.

2019
A new service for the steel industry launched, transporting high-quality rolled steel in specialised containers.

BaltTransServis, the Group’s key liquid cargo operating subsidiary, celebrated its 20th anniversary.

2020
Globaltrans’ GDRs began trading on MOEX and were included in Level One, MOEX’s highest quotation list.

2021
Established Board ESG Committee.

Sold the Group’s 60% stake in SyntezRail (a small non-core specialised container operator).

2022
The Group took full control of its key liquid cargo operating subsidiary BaltTransServis, increasing its stake to 100%.

2023
Intra-group consolidation of rail tank fleet in BaltTransServis, followed by the sale of the Group’s 65.25% shareholding in its leasing subsidiary Spacecom.

The Group’s key gondola operational subsidiary New Forwarding Company celebrated its 20th anniversary.

2024
Globaltrans Investment PLC, the holding company, was successfully re-domiciled from Cyprus to the Abu Dhabi Global Market effective 26 February 2024.

[1] Commonwealth of Independent States (“CIS”).
[2] Imposed suspension of GDRs trading on the LSE since 3 March 2022 continued as of the date of publication.

Strategic Report

Each of the Directors confirms that, to the best of his or her knowledge, the Strategic Report presented on pages 14 to 61 of this Annual Report includes a fair review of the development and performance of the business and the position of Globaltrans Investment PLC and its subsidiary undertakings, included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties they face.

By Order of the Board

Alexander Storozhev
Director

In this section

Message from the Board

> The Group had a successful year in 2023 despite ongoing market volatility and macro-economic pressures. Globaltrans delivered further strong financial results, increased operational efficiency and maintained capital discipline. It also began the process of re-domiciling the Company to the Abu Dhabi Global Market (“ADGM”) to address certain limitations of its corporate structure, a process that is now complete.

The Board is very grateful to all our colleagues across the Group for their contribution to the Company’s performance over the past year. The loyalty shown by our customers is a testament to the Company’s success in delivering consistent, high-quality services to the client base.

Performance

The freight rail industry performed solidly in 2023, and overall freight rail turnover and volumes were broadly static year on year, despite infrastructure constraints and demand volatility.

Operationally, the Group focused on improving the efficiency of its fleet operations, a cornerstone of the business model. The result was a major improvement in efficiency levels, with the gondola fleet seeing its Empty Run Ratio fall to its lowest level in more than a decade, further reinforcing Globaltrans’ status as an industry leader.

The Group delivered strong financial results in 2023, with Adjusted Revenue and Adjusted EBITDA both growing year on year. The Free Cash Flow performance was particularly strong and the Group ended the year with a solid net cash position. By maintaining a strong balance sheet, Globaltrans can invest in its business and deliver for customers without compromising its financial health and ability to generate returns for shareholders.

The business model relies on a disciplined approach to capital allocation, which is an important value driver. Consequently, the Group held off investment in new rolling stock in 2023, as prices for new railcars reached historically high levels. Moving forward, the Group expects to have minimal scrappage requirements in 2024 and to continue to have the flexibility and financial strength to invest when conditions are right.

Re-domiciliation

Operational matters aside, a key focus for the Board in 2023 was analysing how best to address the limitations of Globaltrans’ corporate structure and listings constraints. The Board’s view was that re-domiciling the Company from Cyprus to the Abu Dhabi Global Market would address some of these limitations while we would also maintain our stock exchange listings, depositary programme, and international corporate governance and transparency standards.

We unanimously recommended this course of action and shareholders voted and approved the proposal at the Extraordinary General Meeting held in August 2023. The Group successfully completed the re-domiciliation on 26 February 2024 within the six-month timetable originally indicated. As a Board, we congratulate the management team on their tireless effort and exceptional execution in making this a reality. We are also grateful to our shareholders who supported our recommendation at the General Meeting.

Changes to Shareholding Structure and Governance

In early 2024, AQNIET Capital, an investment company with major interests in Kazakhstan, became a key shareholder in Globaltrans. AQNIET Capital is owned by Mr. Kairat Itemgenov, a prominent Kazakh businessman, who has successfully developed sizeable businesses across several sectors over the past 25 years. Mr. Itemgenov shares the Board’s belief in Globaltrans’ long-term future, and we are pleased to welcome him as a shareholder and a member of the new Board of Directors.

On 4 April 2024 at an Extraordinary General Meeting, shareholders approved a new Board of Directors[1], which reflects our status as an ADGM company, along with the recent changes to the shareholder structure. We are grateful to those members who have departed the Board following the recent changes and thank them for their dedication and service over many years.

Sustainability

The Board is committed to enhancing the sustainability of the Group and, guided by the ESG Committee, we continue to work with the management team to integrate sustainable work practices into the Group’s operations. In 2023 the Group made progress across a range of activities that support our efforts to meet our sustainability goals. And for the second consecutive year the Group successfully reduced its overall levels of carbon emissions. Sustainability is key to our long-term success, and the Board is committed to driving its sustainability agenda as we move forward. For further information on our sustainability performance, please see our ESG Report.

Listing and dividends

The Group’s GDRs are listed on both the London and Moscow stock exchanges. Trading in Globaltrans GDRs remains suspended on the London Stock Exchange but trading volumes on the Moscow Exchange remained solid as the Company continued to attract significant interest from domestic investors.

Dividend payments are in focus but remain suspended due to certain technical issues, which are being addressed. The primary focus at this time is on putting in place a fully operational financial framework for the Group in Abu Dhabi.

Summary

Our strategy is well-defined, our management team is excellent and our business model is proven. With a new corporate structure in place, and the backing of a new major shareholder, your Board is confident that Globaltrans is ready for the next stage in its development and well placed to deliver sustainable growth over the long term.

The Board of Directors

[1] At the Extraordinary General Meeting on 26 August 2023 shareholders approved a Board of Directors which was effective from 26 February 2024 (the date of the Company’s re-domiciliation to ADGM) to 4 April 2024. For further information, please see the Governance section.

Message from the CEO

Both the economy and our industry faced challenges in 2023. Yet despite this, the overall performance of the freight rail sector was relatively stable. In turn, Globaltrans produced a strong performance over the year, taking advantage of market momentum to significantly improve its fleet efficiency. Our 2023 financial results reflected the underlying strength of our business model and our commitment to providing the service levels our customers expect. We delivered solid growth in Adjusted Revenue, kept our Operational Cash Costs under control, generated strong Free Cash Flow and ended the year with a solid net cash position.

Relatively stable industry performance

Demand for freight rail transportation was broadly stable year on year in 2023. The industry had a strong first half of the year, but this was followed by a weaker second-half performance. Overall industry freight turnover (measured in tonnes-km) remained consistent with the previous year. Although the overall industry transportation volumes (measured in tonnes) were largely unchanged, almost all key segments experienced a slightly weaker performance than in 2022. The rail industry continued to face challenges due to fluctuating demand, logistics changes and rail network constraints. For both the bulk and liquids segments, the overall market pricing environment remained robust.

Building operational momentum

Operational efficiency has long been a key pillar of the Group's business model, with our Empty Run Ratio for gondola cars consistently among the best in the industry. In 2023, we successfully leveraged our expertise in fleet management to significantly improve this key Empty Run Ratio, reducing it from 41% in the prior year to an impressive 36%, the lowest level for gondola cars in more than ten years. This achievement was particularly notable in light of the multiple and substantial increases in regulated infrastructure and locomotive tariffs over the last two years and was of critical importance for the Group as Empty Run Costs account for more than half of our Total Operating Cash Costs.

Our business model, which focuses on a smooth integration into our clients' logistics chains, has historically proven to be effective and continued to benefit us. The strong customer loyalty we achieve through our operational excellence and high-quality service offering underpins the Group's ongoing

Message from the CEO

success, and I am pleased to highlight that all Service Contracts due for renewal in 2023 have been extended. Service Contracts contributed more than 60% of the Group's Net Revenue from Operation of Rolling Stock in the reporting year.

The Group's Freight Rail Turnover (including Engaged Fleet) decreased by 2% year on year reflecting volatility in logistics and persistent infrastructure related constraints across the rail network. While the Average Number of Loaded Trips per Railcar was 5% lower primarily due to these constraints, favourable market pricing conditions meant we still achieved a 10% year-on-year increase in Average Price per Trip over the same period.

At year end, our Total Fleet consisted of 65,644 units, down 1% year on year largely reflecting the sale of 680 railcars as part of Globaltrans' disposal of its shareholding in Spacecom, its leasing subsidiary. The majority of the Total Fleet was owned by Globaltrans (94%).

Over the last two years, we have simplified our corporate structure through several transactions and today all our subsidiaries are fully owned by Globaltrans. In 2023, we consolidated all liquid cargo operations under one subsidiary, BaltTransServis, and our intention going forwards is to gradually switch some of the currently leased-out rail tanks into operation within the Group.

Delivering strong financial results

For the full year 2023, the Group achieved strong results with Adjusted Revenue rising 7% year on year to reach RUB 87.4 billion, primarily driven by supportive pricing dynamics in our core freight segments. We successfully controlled our cost base, helping contribute to a 6% year-on-year increase in Adjusted EBITDA, which reached RUB 52.3 billion. Underlying profitability remained stable year on year with the Adjusted EBITDA Margin at 60%.

The Group's Free Cash Flow was again strong at RUB 25.8 billion, up 74% year on year, reflecting a combination of continued robust cash generation from operations and lower levels of investment. Our Total CAPEX adjusted for M&A halved to RUB 10.1 billion due to our conservative approach to investment given the quite elevated prices for new rolling stock.

We opportunistically target the acquisition and leasing of railcars given the robust demand for our services and the need to offset the expected retirement levels of our owned fleet over the coming years, which we estimate at an average of about 3,500 units annually over the period 2025–2029. We will still have some level of flexibility over investments in 2024 and are well positioned to make sensible investments again when the time is right.

Our financial profile remained strong. We closed the year with a solid net cash position of RUB 27.4 billion, and a negative Net Debt to Adjusted EBITDA ratio of (0.5) times. This strong capital position was recognised by ExpertRA, the leading domestic rating agency, which upgraded Globaltrans' credit rating, assigning the Group its highest domestic grade of ruAAA with a stable outlook.

Dividends

We continued to work to resolve the limitations of our corporate structure, but for the time being dividends have remained suspended. In the second half of the year, the process to re-domicile the holding company to the ADGM got underway. I am pleased to announce that this complex process was successfully completed, effective 26 February 2024, within a tight schedule of about six months. The next step for us is to put in place a fully operational financial framework for the Group in Abu Dhabi and we are bringing the same focus to bear on this next stage.

Advancing our ESG strategy

We know it is important to both measure and mitigate our impact on the environment and our communities and so sustainability remains an integral part of our business strategy. In 2023, we made further progress by continuing to fine-tune the internal mechanisms that support our ESG strategy. This included building greater employee engagement and enhancing our oversight and accountability processes. Externally, we continued the work of integrating our sustainability priorities into the business, and improving disclosure on those areas that are important for both the business and our stakeholders. We are pleased that our efforts continue to be recognised by various ESG ranking groups.

Summary

Our expertise, flexibility, and experience put us in a strong competitive position to execute our strategy, as we did so successfully in 2023. As a team, we remain focused on delivering the best possible service, providing the right opportunities for our people and producing a result all our stakeholders can be proud of as we move forward into 2024.

Valery Shpakov
CEO

25.8
RUB bln
The Group's Free Cash Flow

Our Strategy

Our vision is to maintain our position as a leading freight rail group and to be the partner of choice for blue-chip industrial customers by continually developing our business to ensure we meet customers' changing needs.

Our shared principles

Value customers

They are at the heart of our business and we work hard to exceed their expectations.

Respect people

We respect the rights of all employees and invest in their training and development.

Deliver excellence

We strive to achieve the highest standards in everything we do.

Uphold good governance

We aim to pursue a course that benefits all stakeholders.

Prioritise safety

Safety is our number one priority and we act safely and responsibly at all times.

Protect our environment

We value our communities and the world around us and treat them with the respect and consideration they deserve.

OUR STRATEGIC PRIORITIES

- **Deliver excellence and efficiency in operations**
- **Deliver value through sustainable business practices**
- **Focus on opportunistic investments and pursue prudent capital allocation**
- **Promote a strong entrepreneurial and governance culture**

Strategy

Our strategy is to offer our industrial customers reliable and innovative transportation solutions aimed at ensuring the cost-effective and timely management of their cargoes. We invest opportunistically to grow our business, subject to strict returns criteria, and maintain a prudent balance sheet. Together these elements underpin our ability to create lasting value for our shareholders, employees and other stakeholders.

Our entrepreneurial spirit, disciplined approach, and focus on efficiency and innovation are at the heart of this strategy. These, alongside our large fleet and advanced logistics platform, form our major competitive advantages.

By focusing on long-term outsourcing partnerships, we can use our deep understanding of our clients' needs to improve our service quality while increasing our logistical efficiency.

We allocate our capital prudently, investing in attractive growth opportunities when they arise and returning capital to shareholders at times when no such opportunities exist. We review organic and nonorganic growth opportunities subject to our strict returns criteria. Maintaining a strong balance sheet is critical as it allows us to seize opportunities and remain flexible in the face of any change to the business environment or market.

Historical key financials

Adjusted Revenue, RUB bln

2023	**87.4**
2022	81.6
2021	58.5
2020	54.9
2019	68.8

Free Cash Flow, RUB bln

2023	**25.8**
2022	14.8
2021	16.1
2020	15.1
2019	13.3

Adjusted EBITDA, RUB bln

2023	**52.3**
2022	49.2
2021	29.0
2020	26.8
2019	39.6

Net Debt to Adjusted EBITDA, at year-end

2023	**(0.5)**
2022	0.1
2021	0.6
2020	1.0
2019	0.6

Adjusted EBITDA Margin, %

2023	**60**
2022	60
2021	50
2020	49
2019	57

Total dividends[1], RUB per share/GDR

2023	-
2022	-
2021	22.50[2]
2020	74.55
2019	93.10

Source: Globaltrans.

[1] Total dividends (including interim, final and special) in respect of declared year.
[2] Dividends were suspended in April 2022 due to the certain technical issues.

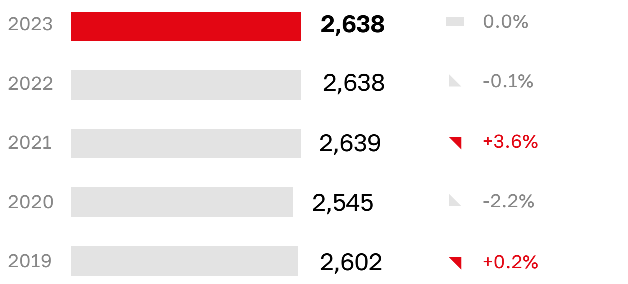
Market Review

The freight rail industry's overall performance was solid despite infrastructure constraints and demand volatility. Overall freight rail turnover and freight volumes remained relatively unchanged year on year, with both the bulk and liquids segments benefitting from favourable pricing dynamics.

Relatively stable industry performance, continued favourable market pricing

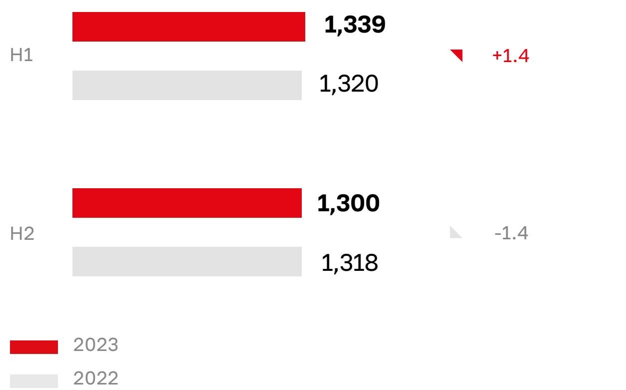
- Overall industry freight rail turnover and transportation volumes were broadly unchanged year on year in 2023 with a stronger first-half performance followed by a weaker second half.
- Demand remained relatively solid with continued infrastructure constraints impacting the rail network efficiency.
- Almost all key market segments experienced moderately weaker volume performance year on year.
- Favourable market pricing sustained in both bulk and liquids segments.
- Producer prices of new railcars reached historically high levels.

Overall industry freight rail turnover, bln tonnes-km



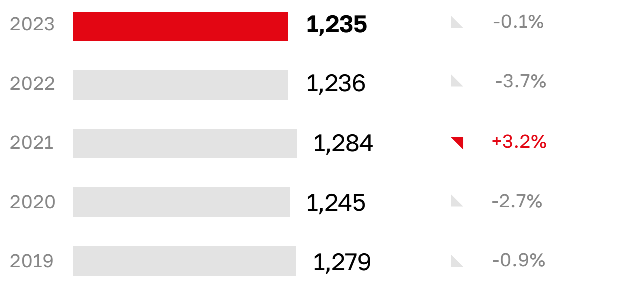
Source: Rosstat, Globaltrans.

Overall industry freight rail turnover, year-on-year change, %



Source: Rosstat, Globaltrans.

Overall industry freight rail volumes, mln tonnes



Source: Rosstat, Globaltrans.

Overall industry freight rail transportation volumes by key freight, 2023, %[1]

Source: Rosstat, Globaltrans.

[1] Coal including coke; metallurgical cargoes including ferrous metals, scrap metal and ores; construction materials including cement. Other including liquid cargoes.

Financial and Operational Review

Financial results

Further strong financial results with robust Free Cash Flow, stable Adjusted EBITDA Margin and solid net cash position

- Revenue rose 11% year on year to RUB 104.7 billion with Adjusted Revenue (a key component) increasing 7% year on year to RUB 87.4 billion in 2023 largely reflecting robust average pricing.
- Adjusted EBITDA increased 6% year on year to RUB 52.3 billion with the Adjusted EBITDA Margin remaining stable year on year at 60% despite ongoing cost pressures.
- Total CAPEX adjusted for M&A was RUB 10.1 billion (2022: RUB 20.2 billion) on the back of a conservative approach to investment given elevated new rolling stock prices.
- Strong Free Cash Flow of RUB 25.8 billion (2022: RUB 14.8 billion).
- Profit for the year rose to RUB 38.6 billion (2022: RUB 24.9 billion) largely reflecting the Group's strong performance, a profit on the sale of the Group's shareholding in its leasing subsidiary Spacecom[1] and a year-on-year rise in net foreign exchange transaction gains on financing activities in 2023 along with the sizable impairment of rolling stock in the year-earlier period.
- Net cash position was RUB 27.4 billion with negative Net Debt to Adjusted EBITDA at (0.5)x.
- Dividend payments are in focus but remain suspended due to certain technical issues, which are being addressed.

Operational performance

Strong operational efficiency, robust average pricing, all Service Contracts remain intact

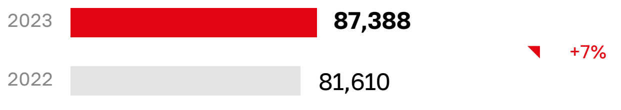
- Empty Run Ratio for gondola cars significantly improved to its lowest level in more than ten years at 36% (2022: 41%). Total Empty Run Ratio (for all types of rolling stock) decreased to 45% (2022: 50%).
- Freight Rail Turnover (including Engaged Fleet) declined 2% year on year reflecting volatility in logistics and continued rail network infrastructure constraints[2].
- Average Price per Trip increased 10% year on year on the back of continued favourable market pricing conditions in both bulk and liquids segments, while the Average Number of Loaded Trip per Railcar declined 5% year on year.
- The Group maintained its focus on client retention with all Service Contracts[3] due for renewal extended. Service Contracts contributed about 61% of the Group's Net Revenue from Operation of Rolling Stock in 2023.
- Specialisation was enhanced across subsidiaries with liquid cargo and locomotive expertise consolidated within BaltTransServis enabling currently leased-out railcars to be gradually switched into operation. New Forwarding Company is fully focused on the bulk segment.

[1] In February 2023, Globaltrans completed the restructuring of its liquids segment with the intra-group acquisition of 5,800 railcars by BaltTransServis from Spacecom (including Spacecom Trans), a 65.25% owned leasing subsidiary of Globaltrans, and the subsequent disposal of Globaltrans' shareholding in Spacecom (including 680 units) to its minority shareholder.

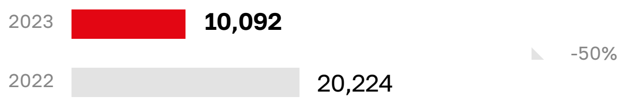
[2] The Group's Freight Rail Turnover declined 4% year on year excluding Engaged Fleet.

[3] As of the end of 2023, Globaltrans had six Service Contracts.

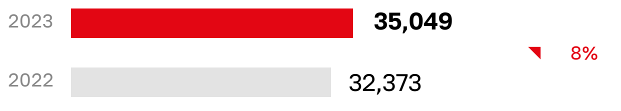
Adjusted Revenue, RUB mln



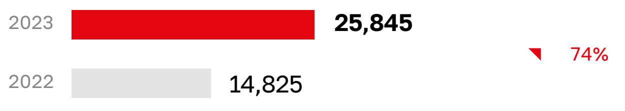
Total CAPEX adjusted for M&A, RUB mln



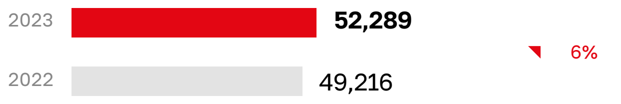
Total Operating Cash Costs, RUB mln



Free Cash Flow, RUB mln



Adjusted EBITDA, RUB mln



Net Debt, RUB mln

Adjusted EBITDA Margin, %

Net Debt to Adjusted EBITDA

Source: Globaltrans.

Financial and Operational Review

Results in detail

The following tables provide the Group's key financial and operational information for the years ended 31 December 2023 and 2022.

EU IFRS financial information

	2022 RUB mln	2023 RUB mln	Change %
Revenue	94,474	104,748	11%
Total cost of sales, selling and marketing costs and administrative expenses	(58,838)	(63,740)	8%
Profit from sale of subsidiary	-	3,400	NM
Other losses – net	(1,335)	(283)	-79%
Operating profit	34,302	44,125	29%
Finance (costs)/income – net	(1,150)	2,962	NM
Profit before income tax	33,152	47,087	42%
Income tax expense	(8,232)	(8,469)	3%
Profit for the year	24,920	38,618	55%
Profit attributable to:			
Owners of the Company	25,193	38,620	53%
Non-controlling interests	(274)	(3)	-99%
Basic and diluted earnings per share for profit attributable to the equity holders of the Company during the year (RUB per share)	141.23	216.58	53%

	2022 RUB mln	2023 RUB mln	Change %
Cash generated from operations (after changes in working capital)	48,631	49,194	1%
Tax paid	(8,455)	(8,267)	-2%
Net cash from operating activities	40,176	40,926	2%
Net cash used in investing activities	(19,652)	(6,851)	-65%
Net cash used in financing activities	(17,520)	(10,462)	-40%

Non-IFRS financial information

	2022 RUB mln	2023 RUB mln	Change %
Adjusted Revenue	81,610	87,388	7%
Including			
Net Revenue from Operation of Rolling Stock	76,798*	81,102*	6%
Operating leasing of rolling stock	3,372	4,538	35%
Total Operating Cash Costs	32,373	35,049	8%
Including			
Empty Run Cost	17,283*	18,297*	6%
Employee benefit expense	6,781	8,174	21%
Repairs and maintenance	3,943	4,274	8%
Fuel and spare parts – locomotives	2,017	1,958	-3%
Adjusted EBITDA	49,216	52,289	6%
Adjusted EBITDA Margin, %	60%	60%	-
Total CAPEX (including maintenance CAPEX)	11,424	8,261	-28%
Total CAPEX adjusted for M&A	20,224	10,092	-50%
Free Cash Flow	14,825	25,845	74%
Attributable Free Cash Flow	15,098	25,848	71%

Debt profile

	As of 31 Dec 2022 RUB mln	As of 31 Dec 2023 RUB mln	Change %
Total debt	20,649	15,377	-26%
Cash and cash equivalents	16,052	42,777	166%
Net Debt	4,596	(27,400)	NM
Net Debt to Adjusted EBITDA (x)	0.1	(0.5)	-

Financial and Operational Review

Operational information

	2022	2023	Change %
Freight Rail Turnover, billion tonnes-km (including Engaged Fleet)	141.4	138.8	-2%
Transportation Volume, million tonnes (including Engaged Fleet)	80.4	78.6	-2%
Freight Rail Turnover, billion tonnes-km (excluding Engaged Fleet)	134.9	129.0	-4%
Transportation Volume, million tonnes (excluding Engaged Fleet)	77.0	73.5	-5%
Average Price per Trip, RUB	64,553	71,125	10%
Average Rolling Stock Operated, units	56,637	57,153	1%
Average Distance of Loaded Trip, km	1,733	1,741	0%
Average Number of Loaded Trips per Railcar	21.0	20.0	-5%
Total Empty Run Ratio (for all types of rolling stock), %	50%	45%	-
Empty Run Ratio for gondola cars, %	41%	36%	-
Share of Empty Run Kilometres paid by Globaltrans, %	99%	99%	-
Total Fleet, units (at period end), including:	66,115	65,644	-1%
Owned Fleet, units (at period end)	62,354	61,813	-1%
Leased-in Fleet, units (at period end)	3,761	3,831	2%
Leased-out Fleet, units (at period end)	7,474	6,164	-18%
Average age of Owned Fleet, years (at period end)	14.5	15.2	-
Total number of employees (at period end)	1,768	1,802	2%

Revenue

In 2023, the Group's Total revenue increased 11% year on year to RUB 104,748 million reflecting the combination of a 7% year-on-year rise in Adjusted Revenue (a key component) and a 35% year-on-year increase in "pass through" items (a combination of "Infrastructure and locomotive tariffs: loaded trips" and "Services provided by other transportation organisations").

The following table provides details of Total revenue, broken down by revenue-generating activity, for the years ended 31 December 2023 and 2022.

	2022 RUB mln	2023 RUB mln	Change %
Railway transportation – operators services (tariff borne by the Group)[1]	30,341	36,656	21%
Railway transportation – operators services (tariff borne by the client)	60,197	62,930	5%
Operating leasing of rolling stock	3,372	4,538	35%
Other	564	624	11%
Total revenue	**94,474**	**104,748**	**11%**

[1] Includes "Infrastructure and locomotive tariffs: loaded trips" for 2023 of RUB 13,015 million (2022: RUB 10,465 million) and "Services provided by other transportation organisations" of RUB 4,345 million (2022: RUB 2,399 million).

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 the rail infrastructure provider, 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.

In 2023, the Group's Adjusted Revenue was RUB 87,388 million, up 7% year on year, largely driven by the increase in Net Revenue from Operation of Rolling Stock.

The following table provides details of Adjusted Revenue for the year ended 31 December 2023 and 2022 and its reconciliation to Total revenue.

	2022 RUB mln	2023 RUB mln	Change %
Total revenue	94,474	104,748	11%
Minus "pass through" items	12,864	17,360	35%
Infrastructure and locomotive tariffs: loaded trips	10,465	13,015	24%
Services provided by other transportation organisations	2,399	4,345	81%
Adjusted Revenue	**81,610**	**87,388**	**7%**

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

Financial and Operational Review

The following table provides a breakdown of the components of Adjusted Revenue for the years ended 31 December 2023 and 2022.

	2022 RUB mln	2023 RUB mln	Change %
Net Revenue from Operation of Rolling Stock	76,798*	81,102*	6%
Operating leasing of rolling stock	3,372	4,538	35%
Net Revenue from Engaged Fleet	876*	1,124*	28%
Other	564	624	11%
Adjusted Revenue	**81,610**	**87,388**	**7%**

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 (included in the EU IFRS line item “Infrastructure and locomotive tariffs: loaded trips”).

The Group’s Net Revenue from Operation of Rolling Stock, which accounted for 93% of the Group’s Adjusted Revenue in 2023, increased 6% year on year to RUB 81,102 million* largely reflecting robust average pricing.

Revenue from operating leasing of rolling stock

Revenue from operating leasing of rolling stock contributed 5% of the Group’s Adjusted Revenue in 2023 and increased 35% year on year to RUB 4,538 million. This reflected a rise in the average leasing rates which was partially offset by a decline in the average number of leased-out fleet during the reporting year due to the sale of some railcars as part of the disposal of Globaltrans’ shareholding in Spacecom[1].

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 (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 about 1% of the Group’s Adjusted Revenue in 2023, increased 28% year on year to RUB 1,124 million*, largely reflecting a rise in the number of Engaged Fleet operations.

Other revenue

Other revenue, comprising less than 1% of the Group’s Adjusted Revenue in 2023, includes revenues generated by the Group’s auxiliary business activities such as freight forwarding, repair and maintenance services provided to third parties, and other. It increased 11% year on year to RUB 624 million in 2023.

[1] In February 2023, Globaltrans completed the restructuring of its liquids segment with the intra-group acquisition of 5,800 railcars by BaltTransServis from Spacecom (including Spacecom Trans), a 65.25% owned leasing subsidiary of Globaltrans, and the subsequent disposal of Globaltrans’ shareholding in Spacecom (including 680 units) to its minority shareholder.

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 years ended 31 December 2023 and 2022.

	2022 RUB mln	2023 RUB mln	Change %
Cost of sales	53,929	57,899	7%
Selling and marketing costs	282	347	23%
Administrative expenses	4,626	5,494	19%
Total cost of sales, selling and marketing costs and administrative expenses	**58,838**	**63,740**	**8%**

The Group’s Total cost of sales, selling and marketing costs and administrative expenses rose 8% year on year to RUB 63,740 million in 2023 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”) increased 35% year on year to RUB 17,360 million primarily due to an increase in the proportion of clients that pay Infrastructure and locomotive tariffs: loaded trips through the Group along with the rise in regulated infrastructure and locomotive tariffs and a higher number of Engaged Fleet operations.
- The Group’s Total cost of sales, selling and marketing costs and administrative expenses adjusted for “pass-through” cost items rose 1% year on year to RUB 46,380 million in 2023, due to:
  - An 8% year-on-year increase in Total Operating Cash Costs to RUB 35,049 million which largely reflected accelerated cost inflation, primarily in the regulated tariffs for the traction of empty railcars, along with an increase in employee benefit expense and repairs and maintenance costs.
  - Total Operating Non-Cash Costs decreased 17% year on year to RUB 11,331 million largely due to the fact that there was no significant impairment of rolling stock in 2023 compared to the RUB 3,933 million impairment in 2022 related to rolling stock blocked in Ukraine. This was partially offset by a 31% increase in Depreciation of property, plant and equipment largely due to both the addition as well as the higher depreciation of acquired rolling stock[2] along with a decrease in the scrap value of rolling stock.

[2] Including wheel pairs.

Financial and Operational Review

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:

	2022 RUB mln	2023 RUB mln	Change %
"Pass through" cost items	**12,864**	**17,360**	**35%**
Infrastructure and locomotive tariffs: loaded trips	10,465	13,015	24%
Services provided by other transportation organisations	2,399	4,345	81%
Total cost of sales, selling and marketing costs and administrative expenses (adjusted for "pass through" cost items)	**45,973**	**46,380**	**1%**
Total Operating Cash Costs	**32,373**	**35,049**	**8%**
Empty Run Costs	17,283*	18,297*	6%
Employee benefit expense	6,781	8,174	21%
Repairs and maintenance	3,943	4,274	8%
Fuel and spare parts – locomotives	2,017	1,958	-3%
Infrastructure and Locomotive Tariffs – Other Tariffs	1,258*	1,193*	-5%
Engagement of locomotive crews	116	94	-19%
Expense relating to short-term leases (rolling stock)	35	59	69%
Other Operating Cash Costs	941	1,001	6%
Total Operating Non-Cash Costs	**13,600**	**11,331**	**-17%**
Depreciation of property, plant and equipment	6,753	8,853	31%
Impairment/(reversal of impairment) of property, plant and equipment	3,933	(22)	NM
Depreciation of right-of-use assets	2,597	2,446	-6%
Loss on derecognition arising on capital repairs	310	284	-8%
Gain on sale of property, plant and equipment	(13)	(280)	2120%
Net impairment losses on trade and other receivables	21	50	145%
Amortisation of intangible assets	0.3	0.4	32%
Total cost of sales, selling and marketing costs and administrative expenses	**58,838**	**63,740**	**8%**

"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[1] and is reflected in equal amounts in both the Group's Total revenue and Cost of sales.

The 24% year-on-year increase in this item in 2023 to RUB 13,015 million primarily reflected the higher proportion of clients that pay infrastructure and locomotive tariffs: loaded trips through the Group along with higher regulated infrastructure and locomotive tariffs.

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 rose 81% year on year to RUB 4,345 million in 2023 primarily due to a higher number of Engaged Fleet operations along with the increased cost of fleet engagement.

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.

Total Operating Cash Costs for 2023 of RUB 35,049 million were 8% higher compared to the previous year due to a combination of the factors described below.

The following table provides a breakdown of the Total Operating Cash Costs for the years ended 31 December 2023 and 2022.

	2023 % of total	2022 RUB mln	2023 RUB mln	Change %
Empty Run Costs	52%	17,283*	18,297*	6%
Employee benefit expense	23%	6,781	8,174	21%
Repairs and maintenance	12%	3,943	4,274	8%
Fuel and spare parts – locomotives	6%	2,017	1,958	-3%
Infrastructure and Locomotive Tariffs – Other Tariffs	3%	1,258*	1,193*	-5%
Engagement of locomotive crews	0.3%	116	94	-19%
Expense relating to short-term leases (rolling stock)	0.2%	35	59	69%
Other Operating Cash Costs	3%	941	1,001	6%
Total Operating Cash Costs	**100%**	**32,373**	**35,049**	**8%**

[1] Under contracts where the infrastructure 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.

Financial and Operational Review

Empty Run Costs

Empty Run Costs (a non-IFRS financial measure meaning costs payable to the rail infrastructure provider 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, which accounted for 52% of the Group's Total Operating Cash Costs in 2023, increased 6% year on year to RUB 18,297 million* due to:

- A rise in regulated tariffs for the traction of empty railcars of 10% from January 2023 and by an additional 10.75% from December 2023, which was partially offset by:
- A significant improvement in the Empty Run Ratio for gondola cars to 36% (2022: 41%) along with a small year-on-year decline in the Group's Freight Rail Turnover.

Employee benefit expense

Employee benefit expense, which represented 23% of the Group's Total Operating Cash Costs in 2023, increased 21% year on year to RUB 8,174 million. This resulted from inflation-driven growth in wages and salaries along with performance-driven increases in bonuses. The average headcount was little changed (down 1% year on year).

Repairs and maintenance

Repairs and maintenance costs, which comprised 12% of the Group's Total Operating Cash Costs in 2023, increased 8% year on year to RUB 4,274 million, largely resulting from:

- An inflation-driven rise in the cost of certain repairs, services and spare parts;
- An increase in the cost of locomotive repairs;
- A decline in the number of scheduled depot repairs.

Fuel and spare parts – locomotives

Fuel and spare parts – locomotives expenses, which accounted for 6% of the Group's Total Operating Cash Costs in 2023, declined 3% year on year to RUB 1,958 million largely reflecting lower fuel expenses.

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 represented 3% of the Group's Total Operating Cash Costs in 2023 and decreased 5% year on year to RUB 1,193 million* with the rise in the regulated infrastructure and locomotive tariffs more than offset by the continued cost optimisation measures.

Engagement of locomotive crews

Costs related to the engagement of locomotive crews from the rail infrastructure provider in 2023 (less than 1% of the Group's Total Operating Cash Costs) declined 19% year on year to RUB 94 million due to the reduction in the amount of outsourcing of locomotive crews as the Group largely used its in-house crews.

Expense relating to short-term leases (rolling stock)

In 2023, Expense relating to short-term leases (rolling stock), representing less than 1% of the Group's Total Operating Cash Costs, rose 69% year on year to RUB 59 million primarily due to an increase in the average number of fleet leased-in under short-term operating leases along with the rise in average leasing rates.

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 (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 years ended 31 December 2023 and 2022.

	2022 RUB mln	2023 RUB mln	Change %
Legal, consulting and other professional fees	94	114	21%
Expense relating to short-term leases (office)	93	94	1%
Advertising and promotion	41	57	39%
Auditors' remuneration	46	50	8%
Communication costs	25	25	3%
Information services	15	19	22%
Taxes (other than on income and value added taxes)	24	14	-43%
Other expenses	603	628	4%
Other Operating Cash Costs	**941**	**1,001**	**6%**

Other Operating Cash Costs, which comprised 3% of the Group's Total Operating Cash Costs, increased 6% year on year to RUB 1,001 million in 2023.

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 (gains)/losses on trade and other receivables", "Impairment/(reversal of impairment) of property, plant and equipment" and "(Gain)/loss on sale of property, plant and equipment".

Financial and Operational Review

The following table provides a breakdown of the Total Operating Non-Cash Costs for the years ended 31 December 2023 and 2022.

	2022 RUB mln	2023 RUB mln	Change %
Depreciation of property, plant and equipment	6,753	8,853	31%
Depreciation of right-of-use assets	2,597	2,446	-6%
Loss on derecognition arising on capital repairs[1]	310	284	-8%
Net impairment losses on trade and other receivables	21	50	145%
Amortisation of intangible assets	0.3	0.4	32%
Gain on sale of property, plant and equipment	(13)	(280)	2120%
Impairment/(reversal of impairment) of property, plant and equipment	3,933	(22)	NM
Total Operating Non-Cash Costs	**13,600**	**11,331**	**-17%**

A 17% year-on-year decrease in Total Operating Non-Cash Costs to RUB 11,331 million in 2023 stemmed primarily from:

- No large impairment of property, plant and equipment in 2023 compared to RUB 3,933 million in 2022 related to the impairment of rolling stock blocked in Ukraine.
- A 31% year-on-year rise in Depreciation of property, plant and equipment largely due to both the addition as well as the higher depreciation of acquired rolling stock[2] along with a decrease in the scrap value of rolling stock.

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", "Other gains/(losses) – 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", "Reversal of impairment of intangible assets" and "Profit from sale of subsidiary".

The Group's Adjusted EBITDA increased 6% year on year to RUB 52,289 million in 2023. The Adjusted EBITDA Margin remained stable year on year at 60% on the back of the 7% year-on-year increase in Adjusted Revenue and an 8% year-on-year rise in Total Operating Cash Costs.

The following table provides details on Adjusted EBITDA for the years ended 31 December 2023 and 2022, and its reconciliation to EBITDA and Profit for the year.

	2022 RUB mln	2023 RUB mln	Change %
Profit for the year	**24,920**	**38,618**	**55%**
Plus (Minus)			
Income tax expense	8,232	8,469	3%
Finance costs/(income) – net	1,150	(2,962)	NM
Net foreign exchange transaction gains on financing activities	641	3,194	398%
Amortisation of intangible assets	0.3	0.4	32%
Depreciation of right-of-use assets	2,597	2,446	-6%
Depreciation of property, plant and equipment	6,753	8,853	31%
EBITDA	**44,293**	**58,618**	**32%**
Minus (Plus)			
Loss on derecognition arising on capital repairs	(310)	(284)	-8%
Net foreign exchange transaction gains on financing activities	641	3,194	398%
Other losses – net	(1,335)	(283)	-79%
Profit from sale of subsidiary	-	3,400	NM
Gain on sale of property, plant and equipment	13	280	2120%
(Impairment)/reversal of impairment of property, plant and equipment	(3,933)	22	NM
Adjusted EBITDA	**49,216**	**52,289**	**6%**

[1] 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.

[2] Including wheel pairs.

Financial and Operational Review

Finance income and costs

The following table provides a breakdown of Finance income and costs for the years ended 31 December 2023 and 2022.

	2022 RUB mln	2023 RUB mln	Change %
Interest expense:			
Bank borrowings	(1,258)	(1,734)	38%
Non-convertible bonds	(561)	(205)	-64%
Total interest expense calculated using the effective interest rate method	(1,820)	(1,939)	7%
Other lease liabilities	(781)	(465)	-40%
Total interest expense	(2,600)	(2,403)	-8%
Other finance costs	(2)	(2)	2%
Total finance costs	**(2,602)**	**(2,405)**	**-8%**
Interest income:			
Bank balances	521	1,654	218%
Short term deposits	222	493	122%
Loans to related parties	18	10	-46%
Loans to third parties	-	3	NM
Total interest income calculated using the effective interest rate method	761	2,159	184%
Finance leases – related parties	2	1	-62%
Finance leases – third parties	17	13	-18%
Total interest income	**779**	**2,173**	**179%**
Other finance income	32	-	-100%
Total finance income	812	2,173	168%
Net foreign exchange transaction losses on borrowings and other liabilities	-	(71)	NM
Net foreign exchange transaction gains on cash and cash equivalents and other monetary assets	641	3,265	409%
Net foreign exchange transaction gains on financing activities	641	3,194	398%
Net finance (costs)/income	**(1,150)**	**2,962**	**NM**

Finance costs

Total finance costs for 2023 decreased 8% year on year to RUB 2,405 million. A 7% year-on-year rise in Total interest expense calculated using the effective interest rate method (related to bank borrowings and non-convertible bonds) to RUB 1,939 million was more than offset by the 40% year-on-year decline in Other lease liabilities to RUB 465 million as the Group decreased the number of fleet leased-in under long-term operating leases.

Finance income

In 2023, the Group's Total finance income increased 168% year on year to RUB 2,173 million primarily due to increased bank balances along with a rise in the interest rates on deposits compared to the previous year.

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

The Group had Net foreign exchange transaction gains on financing activities of RUB 3,194 million in 2023 compared to RUB 641 million in the previous year. This resulted from foreign exchange volatility on the available cash and cash equivalents denominated in foreign currency.

Profit from sale of subsidiary

The Group had a Profit from sale of subsidiary in the amount of RUB 3,400 million in 2023 (2022: nil) which reflected the disposal of the Company's shareholding in Spacecom[1].

Profit before income tax

The Group reported a year-on-year increase of 42% in Profit before income tax to RUB 47,087 million in 2023, reflecting a 29% year-on-year increase in the Group's Operating profit to RUB 44,125 million, which was largely linked to the factors described above, including:

- No large impairment of property, plant and equipment in 2023 compared to RUB 3,933 million the previous year related to the impairment of rolling stock blocked in Ukraine.
- RUB 3,400 million of Profit from sale of subsidiary related to the disposal of the Company's shareholding in Spacecom.
- RUB 3,194 million of Net foreign exchange transaction gains on financing activities in 2023 compared to RUB 641 million in the previous year.

Income tax expense

Income tax expense was up 3% year on year to RUB 8,469 million in 2023.

Profit for the year

The Group's Profit for the year increased 55% year on year to RUB 38,618 million reflecting the factors described above.

Profit for the year attributable to the owners of the Company increased 53% year on year to RUB 38,620 million reflecting the factors described above.

[1] In February 2023, Globaltrans completed the restructuring of its liquids segment with the intra-group acquisition of 5,800 railcars by BaltTransServis from Spacecom (including Spacecom Trans), a 65.25% owned leasing subsidiary of Globaltrans, and the subsequent disposal of Globaltrans' shareholding in Spacecom (including 680 units) to its minority shareholder.

Financial and Operational Review

Liquidity and capital resources

In 2023, the Group's capital expenditure consisted principally of maintenance CAPEX (including capital repairs) and the selective acquisition of rolling stock.

The Group was able to meet its liquidity and capital expenditure needs through operating cash flow and available cash and cash equivalents.

The Group manages its liquidity based on expected cash flows. As at 31 December 2023, the Group had Net Working Capital of RUB 6,048 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 years ended 31 December 2023 and 2022.

	2022 RUB mln	2023 RUB mln
Cash flows from operating activities	**47,963**	**52,042**
Changes in working capital:	668	(2,848)
Inventories	548	442
Trade receivables	(86)	(2,424)
Other assets	(1,285)	1,892
Other receivables	389	(260)
Trade and other payables	1,660	(2,489)
Contract liabilities	(557)	(10)
Cash generated from operations	48,631	49,194
Tax paid	(8,455)	(8,267)
Net cash from operating activities	**40,176**	**40,926**
Cash flows from investing activities		
Payment for acquisition of non-controlling interest	(8,800)	-
Proceeds from sale of subsidiaries – net of cash disposed of	-	4,772
Payment for rolling stock to disposed subsidiary	-	(6,603)
Purchases of property, plant and equipment	(11,422)	(8,260)
Purchases of intangible assets	(2)	(1)
Proceeds from sale of property, plant and equipment	238	627
Loans granted to third parties	-	(885)
Loans granted to related parties	(800)	-
Loan repayments received from third parties	-	885
Loan repayments received from related parties	400	400
Interest received	761	2,161
Receipts from finance lease receivable – third parties	28	43
Receipts from finance lease receivable – related parties	9	11
Other	(65)	-
Net cash used in investing activities	**(19,652)**	**(6,851)**

	2022 RUB mln	2023 RUB mln
Cash flows from financing activities		
Net cash outflows from borrowings and financial leases[1]:	(10,549)	(5,138)
Proceeds from bank borrowings	2,750	8,800
Repayments of borrowings	(9,549)	(10,188)
Repayments of non-convertible unsecured bonds	(3,750)	(3,750)
Purchase of treasury shares	(114)	-
Principal elements of lease payments for other lease liabilities	(2,403)	(2,478)
Interest paid on bank borrowings and non-convertible unsecured bonds	(1,939)	(2,051)
Interest paid on other lease liabilities	(786)	(460)
Dividends paid to non-controlling interests in subsidiaries	(1,728)	(334)
Net cash used in financing activities	**(17,520)**	**(10,462)**
Net increase in cash and cash equivalents	3,005	23,614
Exchange gains on cash and cash equivalents	193	3,111
Cash and cash equivalents at beginning of the year	12,855	16,052
Cash and cash equivalents at the end of the year	**16,052**	**42,777**

Net cash from operating activities

In 2023, Net cash from operating activities increased 2% year on year to RUB 40,926 million primarily due to the following factors:

- Cash generated from operations (after "Changes in working capital") rose 1% year on year to RUB 49,194 million.
- Tax paid was 2% lower year on year at RUB 8,267 million.

Net cash used in investing activities

Net cash used in investing activities decreased 65% (or RUB 12,801 million) year on year to RUB 6,851 million largely reflecting:

- A 28% or RUB 3,162 million year-on-year decrease in Purchases of property, plant and equipment (on a cash basis; including maintenance CAPEX) to RUB 8,260 million on the back of significantly lower investments given elevated new rolling stock prices.
- A RUB 6,603 million Payment for rolling stock to a disposed subsidiary in 2023 related to the completion of the intra-group acquisition of railcars by BaltTransServis from Spacecom (a leasing subsidiary disposed of in February 2023)[2].
- A RUB 4,772 million Proceeds from sale of subsidiaries – net of cash disposed of in 2023 related to the disposal of the Group's shareholding in Spacecom after acquiring the majority of its railcars compared to a RUB 8,800 million Payment for acquisition of non-controlling interest (the remaining 40% shareholding in BaltTransServis) that was carried out in the first half of 2022.

[1] 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".

[2] In February 2023, Globaltrans completed the restructuring of its liquids segment with the intra-group acquisition of 5,800 railcars by BaltTransServis from Spacecom (including Spacecom Trans), a 65.25% owned leasing subsidiary of Globaltrans, and the subsequent disposal of Globaltrans' shareholding in Spacecom (including 680 units) to its minority shareholder. Deferred payments for the purchased railcars were executed after the disposal of Spacecom, thus as per IFRS requirements these payments have been reflected in the cash flow statement for 2023.

Financial and Operational Review

Net cash used in financing activities

Net cash used in financing activities decreased 40% year on year to RUB 10,462 million in 2023, due to the factors described below:

- The Group continued to repay its debt in 2023 with Net cash outflow from borrowings and financial leases amounting to RUB 5,138 million compared to RUB 10,549 million in the previous year.
- Interest paid on bank borrowings and non-convertible unsecured bonds increased 6% year on year to RUB 2,051 million in 2023.
- Interest paid on other lease liabilities declined 41% year on year to RUB 460 million on the back of a decrease in the number of rolling stock leased-in under long-term operating leases.
- Dividends paid to non-controlling interests in subsidiaries decreased 81% year on year to RUB 334 million in 2023[1].

Capital expenditure (including M&A)

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" and "Principal elements of lease payments for leases with financial institutions".

Total CAPEX adjusted for M&A (a non-IFRS financial measure) calculated as a combination of Total CAPEX (which includes maintenance CAPEX) and cash inflows and outflows from acquisitions and disposals.

The Group's Total CAPEX adjusted for M&A (on a cash basis, including maintenance CAPEX) was RUB 10,092 million, a decrease of 50% compared to 2022 reflecting the following factors:

- Total CAPEX (including maintenance CAPEX) down 28% year on year to RUB 8,261 million in 2023:
  - Maintenance CAPEX increased 4% year on year to RUB 6,637 million*.
  - Expansion CAPEX decreased 68% to RUB 1,623 million[2] reflecting the Group's conservative approach to investment given elevated new rolling stock prices.
- A RUB 6,603 million Payment for rolling stock to a disposed subsidiary in 2023 related to the completion of the intra-group acquisition of tank cars by BaltTransServis from Spacecom (a leasing subsidiary disposed of in February 2023).
- A RUB 4,772 million Proceeds from sale of subsidiaries – net of cash disposed of in 2023 related to the disposal of the Group's shareholding in Spacecom after acquiring the majority of its railcars compared to a RUB 8,800 million Payment for acquisition of non-controlling interest (the remaining 40% shareholding in BaltTransServis) that was carried out in the first half of 2022.

The following table sets out the principal components of the Group's Total CAPEX and Total CAPEX adjusted for M&A for the years ended 31 December 2023 and 2022.

	2022 RUB mln	2023 RUB mln	Change %
Purchase of property, plant and equipment	11,422	8,260	-28%
Purchase of intangible assets	2	1	-63%
Total CAPEX (including maintenance CAPEX)	**11,424**	**8,261**	**-28%**
Proceeds from sale of subsidiaries – net of cash disposed of	-	(4,772)	NM
Payment for rolling stock to disposed subsidiary	-	6,603	NM
Payment for acquisition of non-controlling interest	8,800	-	-100%
Total CAPEX adjusted for M&A	**20,224**	**10,092**	**-50%**

[1] Effective from February 2023, Globaltrans owns 100% shareholdings in all its subsidiaries.
[2] Including Purchases of intangible assets.

The Group's capital expenditure (including maintenance CAPEX) on an accrual basis was RUB 9,070 million in 2023 (2022: RUB 11,186 million). The difference between capital expenditure given on a cash basis and on an accrual basis is principally because of a time lag between the prepayments for and the delivery of rolling stock.

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", "Interest paid on leases with financial institutions", "Payment for acquisition of non-controlling interest", "Payment for rolling stock to disposed subsidiary" plus "Proceeds from sale of subsidiaries – net of cash disposed of".

Free Cash Flow increased 74% or RUB 11,021 million year on year to RUB 25,845 million in 2023, primarily due to:

- A 1% year-on-year increase in Cash generated from operations (after "Changes in working capital") to RUB 49,194 million.
- Tax paid which decreased 2% year on year to RUB 8,267 million.
- An 8% year-on-year decrease in the combined "Principal elements of lease payments for other lease liabilities" and "Interest paid on other lease liabilities" which was down to RUB 2,938 million as the Group decreased the number of rolling stock leased-in under long-term operating leases.
- The Group's Total CAPEX adjusted for M&A decreased 50% year on year to RUB 10,092 million reflecting the factors described above.

The following table sets out details on Free Cash Flow and Attributable Free Cash Flow for the years ended 31 December 2023 and 2022, and its reconciliation to Cash generated from operations.

	2022 RUB mln	2023 RUB mln	Change %
Cash generated from operations (after "Changes in working capital")	48,631	49,194	1%
Total CAPEX adjusted for M&A	(20,224)	(10,092)	-50%
Purchases of property, plant and equipment	(11,422)	(8,260)	-28%
Purchases of intangible assets	(2)	(1)	-63%
Proceeds from sale of subsidiaries – net of cash disposed of	-	4,772	NM
Payment for rolling stock to disposed subsidiary	-	(6,603)	NM
Payment for acquisition of non-controlling interest	(8,800)	-	-100%
Tax paid	(8,455)	(8,267)	-2%
Interest paid on bank borrowings and non-convertible unsecured bonds	(1,939)	(2,051)	6%
Principal elements of lease payments for other lease liabilities	(2,403)	(2,478)	3%
Interest paid on other lease liabilities	(786)	(460)	-41%
Free Cash Flow	**14,825**	**25,845**	**74%**
Minus			
Adjusted Profit Attributable to Non-controlling Interests	(274)	(3)	-99%
Attributable Free Cash Flow	**15,098**	**25,848**	**71%**

Financial and Operational Review

Capital resources

The Group had a Net cash position of RUB 27,400 million as of the end of 2023 compared to Net Debt of RUB 4,596 million as of the end of 2022.

- Total debt (consisting of borrowings and non-convertible unsecured bonds) amounted to RUB 15,377 million as of the end of 2023 (including accrued interest of RUB 121 million*), a decrease of 26% compared to the end of 2022.
- Cash and cash equivalents amounted to RUB 42,777 million, an increase of 166% compared to the end of 2022 with about 98%* denominated in Russian roubles.

The Net Debt to Adjusted EBITDA ratio was (0.5)x as of 31 December 2023 (31 December 2022: 0.1x).

Under IFRS 16, Other lease liabilities (not included in Total debt) of RUB 3,096 million were recognised on the balance sheet as of 31 December 2023 (31 December 2022: RUB 4,195 million) which was primarily related to the long-term leasing of certain fleet and offices.

The following table sets out details on the Group's Total debt, Net Debt and Net Debt to Adjusted EBITDA at 31 December 2023 and 31 December 2022, and the reconciliation of Net Debt to Total debt.

	As of 31 Dec 2022 RUB mln	As of 31 Dec 2023 RUB mln	Change %
Total debt	20,649	15,377	-26%
Minus			
Cash and cash equivalents	16,052	42,777	166%
Net Debt	**4,596**	**(27,400)**	**NM**
Net Debt to Adjusted EBITDA	**0.1x**	**(0.5)x**	**-**

Rouble-denominated borrowings accounted for 100% of the Group's debt portfolio as of 31 December 2023. The Russian rouble is the functional currency of the Company.

The weighted average effective interest rate stood at 10.0% as of 31 December 2023 (31 December 2022: 8.1%) reflecting the rise in interest rates on new borrowings. All of the Group's debt had fixed interest rates as of 31 December 2023.

The Group has a balanced debt maturity profile supported by the Group's solid cash flow generation, available cash and cash equivalents, as well as undrawn borrowing facilities of RUB 29,000 million as of 31 December 2023.

The following table gives the maturity profile of the Group's borrowings (including accrued interest of RUB 121 million*) as of 31 December 2023.

	As of 31 Dec 2023 RUB mln
Q1 2024	3,419*
Q2 2024	1,785*
Q3 2024	1,363*
Q4 2024	1,147*
2025	3,560*
2026	2,114*
2027	1,918*
2028	72*
Total	**15,377**

Related party transactions

For the purposes of this Annual Report and the Group's Consolidated Management Report and Consolidated Financial Statements, parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operational decisions as defined by IAS 24 "Related Party Disclosures". In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form. Related parties may enter into transactions, which unrelated parties might not, and transactions between related parties may not be effected on the same terms, conditions and amounts as transactions between unrelated parties.

Litten Investments Ltd, controlled by a Director of the Company, has a shareholding in the Company of 5.1% as at 31 December 2023 (31 December 2022: 5.1%)[1]. Goldriver Resources Ltd, controlled by a Director of the Company, has a shareholding in the Company of 3.1% as at 31 December 2023 (31 December 2022: 3.1%)[2]. As at 31 December 2023, another 0.1% (2022: 0.1%) of the shares of the Company is controlled by Directors and key management of the Company. For further information on the shareholder structure, please see the Share Capital section of this Annual Report.

→ For further information on the transactions carried out with the above related parties, please see Note 35 of the Group's Consolidated Management Report and Consolidated Financial Statements which is included in the Financial Statements section of this Annual Report.

Except as set out in this section and Note 35 of the Group's Consolidated Management Report and Consolidated Financial Statements, during the period 1 January to 31 December 2023, there were no transactions or proposed transactions that were material to either the Company or any related party nor were there any transactions with any related party that were unusual in their nature or conditions.

[1] Litten Investments Ltd is beneficially owned by Alexander Eliseev, Non-executive Director (effective to 26 February 2024). This shareholding is subject to the signed binding agreement to sell to AQNIET Capital. The completion of the transaction is expected not later than second half of 2024.

[2] Goldriver Resources Ltd was beneficially owned by Sergey V. Maltsev, Chairman of the Board (effective to 26 February 2024), and was sold to AQNIET Capital in January 2024.

Risk Management

Globaltrans faces a wide range of potential and current risks to its business. To identify, evaluate and mitigate these risks, the Group has established a system for monitoring and controlling uncertainties and risks that it faces. This system is overseen by a dedicated risk management function.

The Board of Directors has overall responsibility for the Group's risk management. The Board, as part of its role in providing strategic oversight and stewardship of the Company, is responsible for maintaining a sound risk management and internal control system. As part of that system, the Board determines principal risks and sets respective risk tolerance levels. Globaltrans has adopted a risk management policy that provides a consistent framework for the identification, assessment, management and, where possible, mitigation of risks.

The oversight of risk management is delegated to the Audit Committee.

The Board has delegated to the CEO the responsibility for the effective and efficient implementation and maintenance of the risk management system. The Directors, through the Audit Committee, review the systems that have been established for this purpose and regularly evaluate their effectiveness. Appropriate actions are then taken to manage the risk to an acceptable level as defined by the Board.

Ultimately, risk management aims to establish and maintain a holistic view of risks across the enterprise, so capabilities and performance objectives are achieved via risk-informed resources and investment decisions.

Globaltrans bases its risk management activity on a series of well-defined risk management principles, derived from experience, best practice and in accordance with corporate governance principles. The Group's risk management principles consist of nine interdependent and interconnected components that aim to provide a holistic view of risk across the whole organisation.

In addition, the oversight and analysis of risks related to environmental, social and governance issues is delegated to the ESG Committee.

Risk management principles

Enterprise-wide

Risks that the Group faces should be managed on an enterprise-wide basis as a continuous and developing process that runs throughout the Group's strategy and the implementation of that strategy.

Aligned with the Group's objectives

Risk management should be aligned with the Group's objectives and provide reasonable assurance regarding the achievement of those objectives.

Integrated into corporate culture

Risk management should be a part of the Group's corporate culture. All employees should be aware of the relevance of risk to the achievement of their objectives.

Forward-thinking approach

Risk management should be forward-thinking. It should involve identifying and preparing for what might happen rather than always managing retrospectively. Risk management should encourage the Group to manage proactively rather than reactively.

Integrated into the Group's business

Risk management should be embedded in all of the Group's practices and business processes (including business and strategic planning, budgeting and decision-making) so that it is relevant, effective, efficient and sustained. All Group staff should be responsible and accountable for managing the risks in their activities.

Based on top-down and bottom-up approach

Risk management should evaluate the potential upside and downside of all risks that could affect the Group. It should increase the probability of success and reduce both the probability of failure and the uncertainty of achieving the Group's overall objectives. Risk management activity should include the development and implementation of risk response actions to remove or mitigate all risks the Group faces, transfer them to a third party or accept them.

Systematic and structured

Risk management should involve recognised processes and activities in a systematic, methodical way that ensures the results of risk management activities are reliable, robust and comparable.

Evolving

The Group's risk management system should be continually evolving. The management of risks is an ongoing process and it is recognised that the level and extent of the risk management system will evolve as the Group evolves.

Clear and understandable

Risk management principles, methods and tools should be clear and easily understood by the Group's employees.

Risk Management

Principal Risks and Uncertainties

Globaltrans has grouped risks that it considers significant into key categories – strategic, operational, compliance and financial. This list is not exhaustive, and the order of information does not reflect the probability of occurrence or the magnitude of any potential effect. The current geopolitical situation and conflict surrounding Russia and Ukraine creates additional risks, which may have significant impacts on the business of the Group and its business environment. Additional risks not currently known or that are currently considered immaterial could also have an impact on the Group's business, financial condition, operational results and prospects, decisions of regulatory authorities in the United Arab Emirates ("UAE"), the European Union ("EU"), the United Kingdom ("UK"), Russian and other jurisdictions, including the suspension of trading of its GDRs on the LSE may affect the price of GDRs. We monitor and assess risks on an ongoing basis and we make efforts to control and mitigate such risks to the extent possible.

Strategic: risks that influence our ability to achieve our strategy

General Economic Situation and Operating Environment

Description

The Group and its subsidiaries operate mainly in Russia and other emerging markets. Emerging markets, such as Russia and Kazakhstan, are subject to greater risks than more developed markets, including significant economic, political, social, legal and legislative uncertainties. Moreover, the Group's business depends on demand in the Russian freight rail transportation market, which in turn depends on certain key commodity sectors and, accordingly, on economic conditions in Russia, Europe and elsewhere.

A decrease in production and demand for key commodities in Russia, or in adjacent countries where the commodities of the Group's key customers are shipped by rail, as a result of a technological shift, economic downturn, political crisis or another event in Russia or another relevant country (such as the recent conflict between Russia and Ukraine), may negatively impact the Group's business and growth prospects.

Although the coronavirus ("COVID-19") has become seasonal and does not currently demonstrate a significant risk to human life and health, there is still a risk of new strains emerging that could impact the Group's business and lead to lockdowns, trade wars and currency volatility. The freight rail market may experience reduced demand stemming from the effects of COVID-19 and/or a new coronavirus outbreak/mutation. The Company cannot predict the full impact of COVID-19 on its markets, business or prospects although they may be materially adversely impacted by the rapidly evolving situation. Also, the emergence of new pandemics or other dangerous illnesses could seriously affect the global and local business environment and lead to negative consequences for the Group's business. Significant levels of COVID-19 illness in the Group or its key clients could interfere with the stability of the Group's operations.

The sanctions imposed on the Bank of Russia and a number of commercial banks, the restrictions for payments with Russian-sources funds as well as restrictions for capital movements outside the Russian Federation, sanctions imposed by the United States ("US"), the European Union, the United Kingdom and a number of other countries on the biggest Russian industrial groups and other institutions, companies and individuals may adversely affect the business environment in which the Group operates and the prospects of the Group and may result in long-term disruption and economic downturn in Russia and/or the other countries to which the Group is directly or indirectly exposed. The restrictions on the export of certain Russian commodities or change in directions of supply for Russian commodities may have a negative impact on the freight rail transportation market and the Group's business.

The threat of sanctions against the Group, the Group's existing customers and the existing sanctions imposed, any deterioration in or threat to their financial condition and/or the temporary closure of certain markets (whether as a result of the current situation in Ukraine or otherwise) may decrease demand for the Group's services and/or negatively impact the Group's logistics. Moreover, many businesses are taking a cautious approach to sanctions and export compliance matters and have adopted internal policies more restrictive than are strictly required by the applicable rules which may adversely affect the willingness of counterparties to deal with the Group.

The restrictions on Russian-based companies' ability to transfer capital outside the Russian Federation currently impacts and may further impact the ability of the Company's subsidiaries to make payments to the Company or to make payments between the Company's bank accounts in Russia and abroad. Further, the weakening of the Russian rouble against the US dollar and Euro and the accelerated inflation in Russia may have a negative impact on the Group's operating costs and costs of repairs. In addition, the Group may experience difficulties in making the payments due to potential refusal of certain banks to maintain the Group's bank accounts or to make payments from these accounts.

The situation in Russia and Ukraine and the resulting sanctions imposed on Russia and other persons connected to Russia by various countries around the world as well as sanctions and restrictive measures imposed by Russia may have unforeseen, long-term and far-reaching consequences for the global economy, the Russian economy and the freight rail transportation industry in Russia.

These consequences, including restrictions and limitations on the business activity of Russian companies (including access to funds located outside of Russia) and widespread and/or localised economic downturn and/or volatility, could have an adverse and unforeseen impact on the Group's business, operational results and financial effect on the Group's performance.

Controls and mitigating factors

Mitigation methodology involves understanding the political and economic uncertainties of the operating environment and the risks faced in our business operations. The Group's compliance and legal teams constantly monitor changes in legislation and report them to the Group's management and Board of Directors while the finance and business teams monitor economic developments and do the same. The counterparties, banks and transactions of the Group are constantly

Risk Management

reviewed by the Group's compliance and legal teams to ensure full compliance with all applicable legislation. Risk managers have direct access to the Group's key management.

The Group maintains a balanced fleet between universal gondola cars and rail tank cars as one of the cornerstones of its business model. A balanced fleet enables the Group to adapt to market conditions and reduces its dependence on any one cargo flow. In addition, the Group has entered into long-term Service Contracts with several large clients.

Management assesses the possible impairment of the Group's tangible assets by considering the current economic environment and outlook.

Management believes that it is taking all necessary measures to support the sustainability and development of the Group's business in the current business and economic environment. Management is closely monitoring the impact of sanctions imposed on Russian commercial banks, various Russian businesses and individuals, as well as the global outbreak of the COVID-19 and acts as the situation evolves.

Regulatory Risk and Relations with Government Authorities and State-owned Enterprises

Description

The Group is subject to regulatory risks relating to the operation of the local railway transportation market and railway industry reform. Any changes to the regulatory environment of the local railway transportation market or in other markets where the Group operates, including, but not limited to, railway tariff regulations and technical requirements for fleet operation and maintenance, could negatively impact the Group's business, its profitability and prospects for further business growth. Government authorities have significant influence over the functioning of the local railway transportation market.

Any deterioration in the Group's direct or indirect relationship with government authorities at either the local or federal level could result in greater government scrutiny of the Group's business and how it conducts its operations or less effective access to services dependent upon government authorities.

In addition, the Group relies on its relationship with and the services (including maintenance and repairs), infrastructure and information provided by an entity controlled by the state. Railway transportation regulations in other bordering countries may change, limiting the access of the Group's rolling stock to certain territories.

Controls and mitigating factors

Management of the Group regularly monitors changes to the regulatory regime of the railway transportation market in the countries in which it operates. The state-owned entity remains the only provider of infrastructure and locomotive traction services ("the rail infrastructure provider"), although the Group does operate its own locomotives in the form of block trains (cargo or client specific Group-operated block trains all going in the same direction) on some routes. The Group has a diversified portfolio of service providers (e.g., for rolling stock repair services), which allows it to use private repair depots (including three in-house repair facilities) to ensure less dependence on the rail infrastructure provider owned depots, obtain higher-quality service and minimise the costs of that service. The Group also continues to monitor market liberalisation reforms to ensure that it can take advantage of any opportunities when they arise. The Group monitors Federal Antimonopoly Service ("FAS") initiatives regarding railway tariff regulation and also seeks to minimise its exposure to adverse changes in regulated tariffs for the usage of infrastructure and locomotive traction by providing that these changes are adequately passed on to the Group's customers where possible.

Regulatory Risk, Risks of Banking System and Risks of Listing of the Company's GDRs and Admission to Trading on the London Stock Exchange ("LSE") and Moscow Exchange ("MOEX"), Sanctions

Description

Since late February 2022, the Russian economy and the Group's operating environment have been negatively impacted by the escalated military and political conflict between Russia and Ukraine and the associated international sanctions against a number of Russian institutions, companies, banks and individuals. These events have drastically changed the business environment of the Group and changed the regulation of business processes in a number of European countries, the US, Russian Federation and Ukraine. On 3 March 2022, the LSE suspended the trading of the Company's GDRs and as at the date of publication of this Annual Report this suspension is still in place. There is a risk that the admission of Company's GDRs to trading on the LSE will be cancelled due to a potential change in the listing rules of the LSE. In this case, the Company's GDRs may be converted into ordinary shares of the Company. The major clearing systems, Euroclear and Clearstream, have, as at the date of publication of this Annual Report, suspended the instructions for transfers and settlements of accounts connected to the Russian Federation. In addition, an increasing number of Russian banks have been banned from SWIFT, the global messaging system for financial transactions. The conversion between the Russian rouble and other currencies is, as at the date of publication of this Annual Report, not possible in most cases.

The Company's GDRs are also admitted to public trading on MOEX in the Russian Federation on the basis of approvals of both MOEX and the Bank of Russia which allow foreign listed securities to be admitted for public trading without requiring a securities registration prospectus in Russia.

The listing level of the Company's GDRs on MOEX may be downgraded as a result of a potential change in the listing rules of MOEX which may result in smaller trading volumes and greater fluctuation in the Company's GDRs.

On 11 September 2023, the Bank of Russia registered the Company's prospectus for its GDRs which, if approved by MOEX, will enable the Company's GDRs to be admitted to public trading on MOEX without reference to its international listing. Following the sanctions, imposed by the EU on National Settlement Depositary ("NSD"), the major clearing systems Euroclear and Clearstream block the amounts payable through NSD, thus holders of GDRs traded on the Moscow Exchange may have difficulties with receiving dividends, if such dividends are paid through Euroclear and Clearstream clearing systems, and with the execution of other corporate actions, including but not limited to voting at the general meetings of shareholders.

Controls and mitigating factors

Management is closely monitoring the situation with the assistance of legal and tax consultants and is ready to act depending on the developments. In addition, management will seek to maintain an open and constructive dialogue with any regulators to discuss any developments as they arise.

Constraints and Risks to Growth Strategies

Description

Business growth can be constrained by an increase in prices for new rolling stock and spare parts, underproduction of rolling stock, partial scrappage of the Group's rolling stock due to expiration of its useful life, sanctions imposed on Russian Federation and some Russian industrial groups, a limited supply of long-term funding, an increase in the cost of borrowing and/or adverse market conditions that can have a negative impact on the return on any investments.

Risk Management

Although the Group takes a conservative approach to investments, any deterioration in the market environment may negatively impact the profitability and payback period of investments in rolling stock, thus limiting the Group's return on its investments and ability to expand its business. Alongside pursuing organic growth strategies, the Group has expanded its operations through acquisitions in the past and may pursue more in the future if appropriate opportunities arise. The pursuit of an acquisition strategy entails certain risks, including problems with integrating and managing such new acquisitions.

The expiry of long-term Service Contracts with its key customers may also limit the Group's growth opportunities as these may result in volatility in logistics, a reduction in the Group's business volumes and/or profitability of its operations.

Controls and mitigating factors

Any acquisition of rolling stock is matched against projected demand for railway transportation and the economically viable expected payback period for such investments. The Group cooperates with numerous rolling stock producers in Russia and other CIS countries without placing too much reliance on any particular supplier. The Group is also focused on the diversification of its business. Any valuation of an acquisition target is subject to review by external advisers, and fairness opinions are normally provided by reputable appraisal companies to the Group's Board of Directors when a transaction is considered.

Competition and Customer Concentration

Description

The Russian freight rail transportation market is highly competitive in terms of unregulated operators' services tariffs. The ongoing market consolidation may lead to greater price competition. The risk of an irrational supply of railcars on the market by railcar producers and/or irrational behaviour of competitors (including new market entrants) may place additional pressure on the profitability of railcar operations and thus negatively impact the Group.

Competition between railway transportation and other means of transportation may negatively impact the Group's business volumes and profitability. The Group's customer base is characterised by significant concentration: the business is heavily dependent on a few large industrial groups and their suppliers, with its top 10 customers and their suppliers accounting for about 68% of the Group's Net Revenue from Operation of Rolling Stock in 2023. While the Group has long-term Service Contracts with several key customers, failure to extend and/or maintain the current Service Contracts or for such customers to no longer have the volume requirements they have had in the past may have a negative impact on the Group's operational results and financial performance.

Controls and mitigating factors

Globaltrans has significant competitive advantages that mitigate some of the risks of competition. These advantages include its strong reputation for high-quality service and reliability; its independent status; its long-term partnership with customers; its sophisticated operating capabilities; and its modern fleet. The Group has long-term, established relationships with its key customers and their affiliates and suppliers. In most cases, Globaltrans has become an integrated part of their operations. About 61% of the Group's Net Revenue from Operation of Rolling Stock in 2023 was covered by long-term Service Contracts with several large clients. Such contracts provide additional stability and greater certainty regarding transport volumes for the Group. Globaltrans continues its focus on expanding business with small and medium companies to further diversify its customer base. In 2023, the share of small and medium companies amounted to about 32% of Net Revenue from Operation of Rolling Stock (2022: 33%). Furthermore, the Group's marketing function regularly monitors competitors' business strategies, their use of technology, their price strategies and industry trends.

Locomotive Traction and Authorisations

Description

The Group is dependent on the state-owned entity to issue permits allowing it to operate locomotives and to approve its use of locomotives for particular routes. If those routes are not in demand by the Group's clients, their utilisation could be lower. Furthermore, there is uncertainty about the prospects for, and the timing of, further deregulation of locomotive traction.

Controls and mitigating factors

The Group has a competitive advantage in providing freight rail transportation services to some clients, as it operates its own locomotives for the traction of block trains dedicated to particular routes. By assembling full trains composed only of its own railcars, the Group increases the speed and reliability of transportation for its clients. The Group has established controls to obtain the timely renewal of locomotive operation licences and the respective permits. The Group regularly monitors the progress of the reform relating to continued deregulation of locomotive traction. In addition, the Group's management actively participates in the development of the required regulation through various dedicated industrial organisations and partnerships.

Heightened Risk of Shareholder Activism

Description

GDRs of Globaltrans have been listed on the Main Market of the LSE since May 2008 (although trading has been suspended by the LSE since 3 March 2022) and on the Moscow Exchange since October 2020 with a free float of over 50%. Publicly traded companies are often subject to shareholder activism, and the Company's shareholders may seek to advocate for changes to corporate governance practices, social issues, or for certain corporate actions or reorganisations via media campaigns or other activities. Responding to these campaigns can be costly and time consuming and may have an adverse effect on the Group's reputation or ability to execute its business plan. In addition, the current geopolitical environment surrounding Ukraine and Russia may heighten the likelihood of these risks.

Controls and mitigating factors

The Group has an active shareholder engagement programme and seeks to maintain a constructive dialogue with the Company's major shareholders. Feedback from shareholders is provided to the Company's Board of Directors.

Risk Management

Operational: risks that influence the Group's operational efficiency

Current State and Quality of Infrastructure

Description

The rail network and physical infrastructure in Russia, owned and operated by the state-owned entity, as well as the networks and infrastructure of other countries on which the Group depends to operate its rolling stock, like Kazakhstan and other neighbouring countries, largely date back to the Soviet era. In some cases, these rail networks have not been adequately maintained, which could negatively affect the condition of the Group's rolling stock, performance and business. In addition, the oversupply of rolling stock, inefficient logistics at local destinations as well as maintenance and modernisation of rail infrastructure could negatively impact the average speed of transportation and therefore affect the operational performance of railcars. Tariffs for the use of the railway network and the provision of locomotive services are regulated by the FAS and are in principle "pass-through" items for the Group and other private freight rail operators. Meanwhile, tariffs for the traction of empty railcars are in most cases a direct cost to the Group and other private freight rail operators. Significant upward changes in the regulated tariffs, whether as a result of annual indexation or changes in the tariff-setting methodology, could have an adverse effect on the Group's business.

Controls and mitigating factors

With immaterial exceptions, all of the Group's rolling stock is insured against damage. Moreover, a state-owned freight carrier on the railway network bears full responsibility for third party losses caused by accidents on the network. The Group monitors its rolling stock through its dispatch centre on a 24/7 basis and plans its routes accordingly to optimise logistics and minimise the risks of disruption. The Group monitors FAS initiatives to detect possible changes in tariff-setting methodology and tries to reflect relevant changes in contracts with customers.

Risks to Operational Performance, Including Inflationary Pressures

Description

Rising inflation in Russia and an increase in prices for spare parts and railcar repair works may increase the Group's costs and maintenance CAPEX, while the Group may have limited opportunities to increase tariffs to customers.

Controls and mitigating factors

Among the Group's key objectives are to increase operational efficiency and to focus on controlling and reducing costs. The Group seeks to diversify and control its supply chain to maintain cost efficiency.

Employees

Description

The Group's future success will partly depend on its ability to continue to attract, retain and motivate key employees and qualified personnel, in particular an experienced management team and logistics and railway experts. Competition in Russia for such personnel with relevant expertise is intense due to the small number of qualified individuals with suitable practical experience in the rail industry.

Controls and mitigating factors

Adequate remuneration packages, which are in line with or above market levels, are offered to all employees and key managers and the remuneration of key managers is linked to the Group's financial results. The human resources function regularly monitors salary levels and other benefits offered by competitors to ensure that the Group's remuneration packages are appropriate.

Customer Satisfaction

Description

Customers rely on the Group for the provision of high-quality freight rail transportation and other related services and expect the Group to be commercially responsive to their needs. These include the timely collection and delivery of cargo and availability of rolling stock, which is not always within the direct control of the Group because it is dependent upon the rail infrastructure provider for locomotive traction and maintenance of infrastructure. Accordingly, timely delivery of cargo is highly dependent on a third party whose performance could be unsatisfactory to the Group's customers.

Controls and mitigating factors

The Group has a strong reputation for delivering good quality, reliable and flexible freight rail transportation services to its customers. Customer satisfaction is one of the key metrics that the Group's management monitors. Each customer is assigned an account manager responsible for the day-to-day relationship with that customer. Customer feedback is analysed and appropriate follow-up actions are taken. The Group has a track record of high customer retention and the majority of key customers stay with the Group for many years. In addition, the Group serves several key clients on a long-term basis. The Group will also continue to monitor its third-party service providers to ensure satisfactory performance standards are being met.

IT Availability/Continuity

Description

The Group uses specialised rail transport and logistics software to ensure the efficiency and effectiveness of its logistics, dispatching and rolling stock tracking services. These systems are either licensed to the Group and then customised to the Group's needs or delivered to the Group and maintained for its needs by third parties under service agreements.

Due to sanctions imposed by the US, the EU, the UK and a number of other countries, a number of IT solutions used by the Group will no longer be maintained by American, British and EU suppliers.

The Group may potentially face risks related to access privileges, audit trails, authentication, authorisation, backup procedures, business continuation, change management (software and hardware), data integrity, disaster recovery, infrastructure, information/data security and cyber-attacks. The Group may lose access to IT products if third party providers do not renew commitments under existing or expiring service agreements. Further systems and products that the Group uses could cease to be maintained by third party service providers, requiring the Group to adopt new systems or products.

Risk Management

Controls and mitigating factors

Local IT specialists have introduced solutions to maintain the availability and proper licensing of IT services and ensure their recovery in case of disruption. Where applicable, the Group is working to identify and engage alternative suppliers of IT solutions. The IT function and internal audit function monitor all IT-related activities and performance for compliance with IT policies and procedures as well as regularly reviewing and maintaining business continuity plans and procedures.

Risks of Terrorist Attacks, Natural Disasters or Other Catastrophic Events Beyond the Group's Control

Description

The Group's business operations could be adversely affected or disrupted by terrorist attacks, natural disasters (such as earthquakes, floods, tsunamis, hurricanes, fires or typhoons) or other catastrophic or otherwise disruptive events — including changes to predominant natural weather, sea and climatic patterns, piracy, sabotage, insurrection, military conflict or war, riots or civil disturbance, radioactive or other material environmental contamination, an outbreak of a contagious disease or changes to sea levels — which may adversely affect global or regional trade volumes or customer demand for cargo transported to or from affected areas, or lead to denial of the use of any railway, port, airport, shipping service or other means of transport and disrupt customers' logistics chains. In addition, the Group may be exposed to extreme weather conditions such as severe cold periods and icy conditions that disrupt activities in ports that are destination points for customer cargoes. Furthermore, many of these events may not be covered by the Group's insurance or any applicable insurance may not adequately cover any resulting losses.

The Group's rolling stock could be adversely affected by unlawful acts in Russia or neighbouring countries. The occurrence of any such events may reduce the Group's business volumes, cause idle time for its rolling stock or disruptions to its operations in part or whole, subject the Group to liability, impact its brand and reputation and otherwise hinder normal operations. This could have a material adverse effect on the Group's business, results of operations or financial condition.

Controls and mitigating factors

The Group's rolling stock is insured against damage, and the responsibility for third-party losses caused by accidents on the network lies with the a state-owned freight carrier. The Group consistently monitors any disruptive events and applies a business continuity policy to:

- ensure the safety of employees and human life;
- maintain continuity of time-critical services;
- minimise disruptions to clients and partners;
- minimise the operational, financial and reputational impact.

Compliance: risks that influence the Group's adherence to relevant laws and regulations

Pending and Potential Legal Actions

Description

The Group is involved in legal actions from time to time. Such actions may have an adverse effect on the Group. The ambiguity of the law in Russia and CIS countries creates regulatory uncertainty and could result in claims from government authorities not expected by the Group.

Controls and mitigating factors

The Group runs its operations in compliance with tax, currency, sanctions, labour, customs, antimonopoly and other applicable legislation and constantly monitors any changes in the regulatory environment. The Group monitors its compliance with the terms of its agreements. Standard forms of agreements are used for transportation services, and various controls are in place to ensure that the terms of agreements are adhered to. All contracts are subject to rigorous review by all of the Group functions concerned and to a formal approval process prior to execution.

ESG Risks

Description

ESG risks include those related to climate change impacts mitigation and adaptation, environmental management practices, environmental protection and duty of care, working and safety conditions, respect for human rights, gender equality, supporting a culture in which all relevant stakeholders are valued and respected, compliance with relevant laws and regulations and ensuring compliance with regulations governing the protection of human rights, operational and occupational health and safety, and ESG practices in the jurisdictions in which we operate.

Controls and mitigating factors

Although rail is one of the greenest modes of transport, the Group is committed to the protection of the environment by seeking to reduce the environmental footprint of its business and develop a sustainable supply chain. The Group aims to ensure compliance with regulations governing the protection of human rights, operational and occupational health and safety, and ESG practices in the jurisdictions in which the Group operates. The Group promotes high ethical standards and respect for human rights. The Group formally adopted an ESG policy and also established the ESG Committee of the Board of Directors. The main purpose of ESG Committee is to oversee the development and implementation of the corporate environmental and social responsibility initiatives of the Group, monitor and review activities, and make recommendations to the Board of Directors of the Company on actions needed to address any issues identified or to make improvements where desirable.

→ For further information on climate-related risks, please see the Sustainability Report.

Compliance with Regulations and Sanctions

Description

The Group functions in several jurisdictions, including UAE and Russia. In addition, the Group has its GDRs listed on the LSE (although on 3 March 2022, the LSE suspended the trading of the Company's GDRs and as at the date of publication of this Annual Report this suspension is still in place) and the Moscow Exchange. Thus, the Group is subject to the laws and regulations of those countries in which it is active, the regulations of stock

Risk Management

exchanges on which its securities are traded and any applicable sanctions legislation, all of which may change from time to time. As a result of the situation in Ukraine, the US, the EU, Ukraine, the UK and a number of other countries have imposed heightened sanctions and restrictions on numerous Russian businesses, banks and individuals.

Controls and mitigating factors

The legal and compliance teams of the Group together with the external lawyers engaged by the Group monitor the applicable requirements in each of jurisdiction in which it is active and stock exchanges on which its securities are trading, including monitoring US personal and sectoral sanctions (SDN OFAC, SSI OFAC and CAATSA), EU and UK sanctions lists, special regulations imposed by the Russian authorities and the appropriate controls are in place to ensure that all subsidiaries of the Group comply with applicable regulations.

Fiscal Risk from Evolving Legal and Tax Regimes

Description

Local tax, currency and customs legislation, especially in Russia, other emerging markets and the UAE, may be subject to varying interpretations, inconsistencies between federal laws, regional and local laws, rules and regulations, frequent changes and a lack of judicial and administrative guidance on interpreting legislation. Any increase in applicable tax rates, as well as introduction of new taxes in the countries where the Group is active, may reduce the profitability of the Group.

Controls and mitigating factors

The Group has controls in place, including highly qualified and experienced personnel, to monitor changes in legislation and determine the appropriate action needed to minimise the risk of a challenge to such treatments by the authorities. For complex matters, the Group engages and cooperates with external consultants and law firms.

Financial: risks that influence our financial performance

Currency Risks

Description

Currently, the Group has neither borrowings nor lease liabilities denominated in US dollars and therefore does not have formal arrangements for hedging foreign exchange risk with the exception of hedging foreign currency risk associated with dividend payments and the associated dividends payable that are declared in Russian roubles and paid in US dollars until their settlement. The Group may however keep bank balances in US dollars and other currencies. The Group therefore has limited exposure to the effects of currency fluctuations on bank balances between the US dollar and the Russian rouble.

Controls and mitigating factors

A large proportion of the Group's revenues and expenses are denominated and settled in Russian roubles. At present, the risks related to liabilities denominated in foreign currency are not material and are partly compensated for by assets and income denominated in foreign currency. The Group has refinanced all of its liabilities denominated in US dollars with long-term debt denominated in Russian roubles. Since 2008, the Group has taken action to mitigate currency risks and adjusted the profile of the borrowings in its credit portfolio. As of 31 December 2023, all of the Group's debt was denominated in Russian roubles.

Interest-rate Risks

Description

The Group's income and operating cash flows are exposed to changes in market interest rates. These arise mainly from floating rate lease liabilities and borrowings. An increase in market interest rates in Russia may negatively influence the Group's profits.

Controls and mitigating factors

The Group enters into long-term borrowing and leases with financial institutions to finance purchases of rolling stock and acquisitions of subsidiaries. The Group borrows at current market interest rates and does not use any hedging instruments to manage the interest-rate risk. Management monitors changes in interest rates and takes steps to mitigate these risks as far as practicable by ensuring that the Group has financial liabilities with both floating and fixed interest rates as appropriate. As of 31 December 2023, all of the Group's debt was at fixed interest rates. Management also considers alternative means of financing.

Credit Risk

Description

Financial assets that potentially subject the Group to credit risk consist principally of trade receivables, cash and cash equivalents. Furthermore, the Group's business is substantially dependent on a few large key customers, including their affiliates and suppliers. Its top 10 clients accounted for about 79% of the Group's trade and other receivables as of 31 December 2023 and about 68% of the Group's Net Revenue from Operation of Rolling Stock in 2023.

Controls and mitigating factors

The Group has policies in place to ensure that sales of goods and services are made to customers with an appropriate credit history. Substantially all of the Group's bank balances are held with reputable banks. The Group also continues to explore opportunities to diversify its customer and supplier base.

Liquidity Risk

Description

The Group's business is capital-intensive. The current situation in Ukraine and the resulting increased and intensified sanctions imposed by the US, the EU, the UK and numerous other countries on Russia have had a negative impact on the Russian financial markets and have limited the Group's access to international sources of funding. Any lack of available funding and potential increases in market interest rates could have a negative impact on the Group's ability to obtain financing for the settlement of its liabilities or cash to meet its financial obligations.

Controls and mitigating factors

The Group has a budgeting policy in place that allows management to control current liquidity based on expected cash flows. These include, among other things, operating cash flows, capital expenditure needs, funds borrowed from financial institutions and funds raised from listed debt instruments. Management continues to monitor the current environment and its potential impact on liquidity.

Sustainability Report

We are delighted to share our 6th annual Sustainability Report, which showcases our ongoing commitment to ESG initiatives throughout the Group. The Report covers the progress we have made in those focus areas that are not only critical to our business but also of interest to our stakeholders. The reporting format aligns with GRI standards and TCFD recommendations, underlining our commitment to transparency and accountability.

In this section

Sustainability

Our approach

The Sustainability Report, which is integrated into the 2023 Annual Report, has been prepared in accordance with the sustainability reporting guidelines of the Global Reporting Initiative ("GRI") and Task Force on Climate-Related Financial Disclosures ("TCFD") recommendations.

The overall aim is to achieve high standards in the areas of balance, comparability, accuracy, timeliness, clarity and reliability, as defined by the GRI Standards. The structure and content of this Sustainability Report reflects the relevant GRI Standards Principles. The details within this Sustainability Report cover the key results and activities of Globaltrans Investment PLC and its subsidiaries in the field of sustainable development for the year ended 31 December 2023.

ESG Strategy

Globaltrans' sustainability strategy is based on a set of key environmental, social and governance ("ESG") priorities that serve as the guiding principles for all its operations and decisions. They are deeply embedded in the Group's culture and values, shaping its actions and driving its impact on society and the environment. These ESG priorities include:

- delivering business efficiency and best-in-class services;
- creating long-term value and serving the needs of a vast group of stakeholders;
- keeping our employees safe, engaged, motivated and empowered;
- minimising our environmental footprint and promoting sustainability;
- making positive contributions to the communities where we operate.

ESG Oversight

Sustainable development has always been one of our top priorities, and we take it very seriously. Since 2018, the Group has made significant strides in integrating ESG factors into our daily business operations and developed a comprehensive ESG monitoring, management, and reporting programme. Leadership on ESG issues has always started with the Group's CEO.

Over the past few years, we have enhanced our ESG governance structure – from proactively implementing sustainability commitments, policies and practices to hiring additional expertise and creating a new Board Committee.

The ESG Committee has overall responsibility for the Group's sustainability strategy and is the Company's top unit in charge of sustainable development issues. The Committee was established in January 2021 to support and direct the Group towards improving its sustainability-related practices and policies, and its reporting and transparency. Its creation reflects the Group's conviction that behaving responsibly underpins our ability to deliver sustainable value for all our stakeholders. By assisting the Board with the oversight of ESG-related issues, the Committee supports the development of a practical Group-wide approach to sustainability and disclosure. The Committee's efforts were bolstered by the adoption of a formal **ESG policy** in January 2021 that sets out formal ESG commitments and established lines of responsibility and accountability.

Materiality

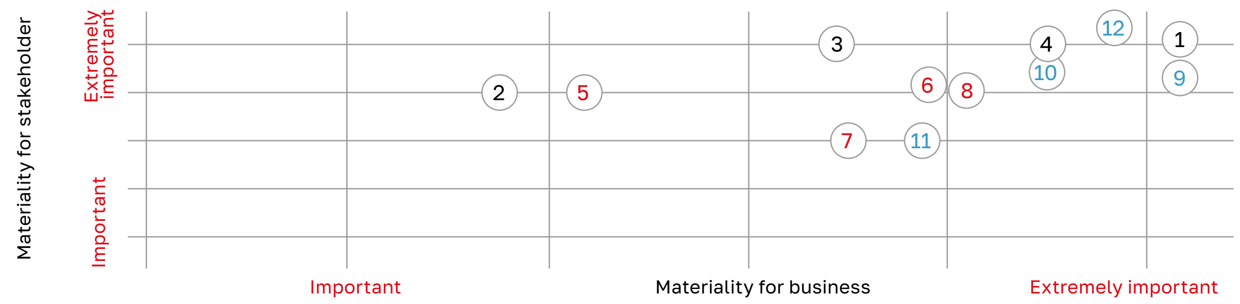
Globaltrans identifies its material sustainability issues through a materiality analysis. Materiality plays a significant role in the management of our sustainable development, making it possible to identify the Group's key ESG issues.

In 2023, we conducted a double materiality assessment to identify and prioritise our sustainability topics, and applied the principles of double materiality from a business and social impact perspective. The most important sustainability topics were employee safety, economic performance, business ethics and compliance as well as the minimisation of environmental footprint. While these topics have helped us to determine our strategic priorities, they do not limit the scope of our ESG efforts. We intend to repeat this assessment periodically and collect feedback from our stakeholders on a regular basis.

How it works:

Step 1	**Identification of material topics**	We identify material topics relevant to the Group's business operation by carefully reviewing and analysing global sustainability trends, our sustainability performance, internal regulations and non-financial reports issued by peers.
Step 2	**Prioritisation of material topics**	To develop a broader, deeper understanding of the materiality of the sustainability issues the Group faces, we seek input from a range of stakeholders (employees, shareholders, investors, clients, regulators and other authorities) on what matters to them.
Step 3	**Preparation of materiality matrix**	We develop a materiality matrix to identify those topics that are deemed most important to the Group's system of sustainability reporting.

Materiality matrix



Economic impact

1. Economic performance
2. Socioeconomic development of regions
3. Business ethics, risk management and anti-corruption
4. Customer satisfaction

Environmental impact

5. Risks and opportunities posed by climate change
6. Management of carbon footprint
7. Reduction of energy consumption
8. Compliance with environmental laws and regulations

Social impact

9. Employee education and development
10. Employee motivation
11. Diversity and equal opportunity
12. Occupational health and safety

Sustainability

Highlights of 2023

Overall staff turnover improved to

16%

(2022: 19%)

52,184

total training hours
recorded across the Group companies

2%

year-on-year
decrease in the Group's total emissions (Scope 1 and Scope 2)

Despite stringent safety regime Loss Time Injury Frequency Rate[1] (LTIFR) increased to

0.90

First-time disclosure of waste management data

Gender pay gap at the non-managerial level stood at 1%, reflecting higher proportion of male employees

Ongoing analysis of climate-related risks and opportunities

Continued external recognition through various ESG rankings

[1] LTIFR is the number of lost time injuries multiplied by 1,000,000, divided by the employee total hours worked in the reporting period.

ESG Executive Summary

In 2023, despite the challenging global context, we remained committed to our purpose and values. We maintained our focus on operational efficiency while staying true to our principles of reliability, safety, ethics, and transparency. At Globaltrans, we recognise that sustainability is a journey that requires continual improvement. There is always more to do, and we constantly strive to improve our performance in order to drive positive change and foster long-term value creation.

We are delighted to share our 6th annual Sustainability Report, which showcases our ongoing commitment to ESG initiatives throughout the Group. The Report covers the progress we have made in those focus areas that are not only critical to our business but also of interest to our stakeholders. The reporting format aligns with GRI standards and TCFD recommendations, underlining our commitment to transparency and accountability.

We have observed a growing shift towards more stringent ESG disclosure expectations in recent times. In response, we are concentrating on strengthening our governance practices, improving our risk management framework and providing effective oversight of sustainability matters. And we are pleased with the way we have managed to instill a culture of accountability and responsibility across all levels of the Group, from the Board to the executive management and down to our operations.

As a responsible business, we remain committed to our environmental initiatives and have continued our efforts to limit our impact on the environment. As you may know, the Group has always emphasised the importance of efficient resource use. In 2022, we introduced the Green Office Initiative enabling us to collect, analyse and report data on our waste management practices annually. It is important to highlight that Globaltrans operates in a relatively "green" industry, and therefore, we do not generate significant amounts of waste. In fact, 99% of our waste is categorised as low-hazardous, and in circumstances where waste is unavoidable, we strive to reduce, recover, or reuse it.

We understand the importance of monitoring our carbon footprint, which is why we keep a close eye on our emissions. In 2023, we are pleased to report that the Group's total emissions (Scope 1 and Scope 2) decreased for the second consecutive year, with a 2% reduction year on year.

The people who work at the Group play a crucial role in our success and sustainable growth, and that is why taking care of them is our top priority. The Group is committed to providing equal opportunities to its employees, supporting their professional development and ensuring a safe and positive working environment. We continue to invest in developing an active learning culture across the Group, which resulted in over 50,000 training hours being logged across the Group's companies in 2023. We are also proud to report that our HR strategy has proved to be highly effective in reducing staff turnover at the Group, which stood at 16% in 2023 (2022: 19%).

On a separate note, we should point out that even though our Group companies adhere to a stringent health and safety regime, we did see a rise in our LTIFR in 2023, which increased from 0 (zero) to 0.90. The increase in our LTIFR was due to work-related injuries sustained by three of the Group's depot workers, but none of these involved fatalities or serious injury. It is worth noting that while disappointing, such occurrences are infrequent at Globaltrans, a business with a strong track record in Health and Safety. However, they do serve as a reminder that we must be even more proactive in anticipating future risks.

As part of its commitment to making a positive impact on society, the Group continued to support vulnerable groups in 2023 through its long-standing partnerships with various charitable organisations.

In 2023, Globaltrans was again recognised by various external ESG agencies for its sustainability practices, as reflected in various rankings. This recognition indicates that we are heading in the right direction and motivates us to keep pushing ahead. Moving forward, we will keep striving to bring about positive change and contribute to a better future.

Sustainability

Our ESG journey

The timeline shows some key highlights and the progress we have made to date.

2018

- Publication of our first Sustainability Report in accordance with GRI standards
- First time reporting Scope 1 emissions
- **Privacy Policy** introduced

2020

- Introduction of various social policies such as **Human Rights, Diversity and Inclusion, and Freedom of Association Policies**
- **Environmental & Energy Policy** adopted
- **Suppliers' Code of Conduct** introduced
- Introduction of Group-wide LTIFR measure of employee health & safety
- Website relaunched with a separate sustainability section

2021

- ESG Committee formed
- **ESG Policy** adopted
- First time reporting Scope 2 emissions
- Publication of first climate-related report in accordance with TCFD recommendations
- Improvement in ESG ratings and ranking positions (Sustainalytics, Expert RA)

2022

- **Health and Safety Policy** adopted with LTIFR maintained at 0.
- Strengthening of HR practices. Employee engagement survey held
- **Green Office Initiative** introduced
- Further enhancement of climate-related disclosure: analysis of climate-related risks and opportunities

2023

- First time reporting waste management data with 99% of waste categorised as low-hazardous
- Further external recognition through various ESG rankings

Key ESG activities

Corporate governance

The objective of corporate governance is to support the Board in its efforts to provide effective, transparent and ethical oversight of the Group. Our governance framework is in line with the highest international standards supporting the Board to make decisions that are in the best long-term interests of the Group and its communities that will create value for all its stakeholders.

Employees

Creating and sustaining a safe workplace is the key role of a responsible employer. Our goal is to enable people to work with dignity and respect, to provide opportunities for growth and development and to create a just and rewarding work culture. We also ensure that we operate in full compliance with all applicable employment legislation.

KEY ESG ACTIVITIES

Environment

Employing more energy-efficient practices, reducing carbon emissions and promoting recycling are the means by which we work to minimise the adverse impact of Globaltrans' activities on the environment.

Communities

We are very conscious of the role we play in supporting our communities. We do this through our employees' interactions, the opportunities our businesses create, and the economic value that our Company generates. We also actively contribute to community initiatives and provide direct support to important community causes through charitable giving.

→ Globaltrans continuously strives to improve the way it controls, manages and mitigates the impact of non-financial risks, which include strategic, operational and compliance risks. This is not simply to satisfy regulatory obligations but also to meet the expectations of our stakeholders. For further information, please see the Risk Management section of this Annual Report.

Sustainability

Contributing to the Sustainable Development Goals

This year's Sustainability Report also referenced the United Nations Sustainability Development Goals ("SDGs") framework, as Globaltrans directly or indirectly contributes to some of the UN's 17 SDGs. These goals provide a roadmap for societies and businesses around the world to end poverty, protect the planet and achieve a better future for everyone by 2030.

3 GOOD HEALTH AND WELL-BEING

We focus on prioritising the wellbeing of our people and cultivating a zero-harm culture

5 GENDER EQUALITY

We aspire to increase female representation at all levels within the Group

We focus on providing our employees with equal employment opportunities

8 DECENT WORK AND ECONOMIC GROWTH

We invest in learning and skill development of our staff to provide a safe and inclusive work environment

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

We constantly search for opportunities to optimise the use of resources and minimise waste

13 CLIMATE ACTION

We are committed to minimising our carbon footprint

Stakeholder engagement

Effective stakeholder engagement is crucial for sustainable success and long-term value creation. Globaltrans recognises the significance of collaboration and actively promotes regular and transparent stakeholder engagement. Open and effective dialogue with our stakeholders allows us to be kept informed of their needs, expectations and concerns and enables us to receive valuable insights and create better outcomes for the business. It also helps us to identify and manage material issues as well as potential risks and opportunities.

We actively engage with our stakeholders throughout the year using various channels and processes to ensure accountability for our activities and deepen their understanding of our strategy, performance and initiatives.

In terms of our day-to-day operations, Globaltrans' stakeholders include employees, customers, investors, government and regulators, and local communities. At the Group level, we regularly engage with investors, shareholders, credit rating agencies, financial institutions and the media. The type of engagement varies depending on the stakeholder group.

In 2023, despite the challenging macro environment, the Group's stakeholder interactions have been maintained at the same level as previous years. We devoted considerable time and effort to address the concerns of our stakeholders and respond quickly to information requests. During the year, we maintained our use of digital communication for a large number of client engagements, investor meetings and events.

The corporate website is the main source of information on the Company: news releases, results presentations, webcasts, current and historical financial information, market statistics, and other important data can be found there. We have a separate section on sustainability, in light of our increased commitment and reporting on this important issue.

Stakeholder engagement mechanisms

Stakeholder group	Mechanisms of stakeholder engagement	Outcomes in 2023
Employees	• Intranet • Labour-management consultations • Staff surveys • Corporate booklets, information boards • Regular, direct communication between managers, teams and individuals • Career development, training and performance reviews	• Improvement in overall staff turnover • Over 50,000 training hours provided to support the employee development • Provision of social benefits and guarantees, including medical insurance • Improvement in employee benefit packages • Improved colleague awareness of health and safety along with other ESG issues • Diversity and equality issues in focus – number of employees with disabilities increased to 30 • Enhancement of corporate culture by hosting various events
Shareholders and investors	• Open, effective and transparent communication • Investor Relations website • Dedicated Investor Relations team • Annual/Extraordinary General Meetings • Corporate reporting, webcasts • Conference calls, investor events and roadshows • Social media channels	• Information disclosure on a semi-annual basis • Analyst and investor events and webcasts • Non-deal roadshows with institutional investors • Series of investor meetings with retail investors • Publication of Annual Report and Sustainability Report along with the climate-related disclosure • Completion of numerous ESG questionnaires received from investors, financial institutions and rating agencies • Interaction with credit rating agencies
Customers and business partners	• Regular meetings, presentations, and formal consultations • Customer analytics, customer evaluation system • Industry conferences and forums • Customer satisfaction surveys • Transparent supply chain	• Maintenance of robust portfolio of Service Contracts contributing 61% of Net Revenue from Operation of Rolling Stock in 2023
Government, regulators and professional authorities	• Regular communication with regulators/policy makers on industry issues • Industry and regulatory forums	• Participation in industry associations including the Council of Railway Operators and the Union of Transport Workers
Local communities	• Corporate philanthropy and charitable contributions • Community investment	• Assistance to socioeconomic development of our communities • Regular contributions to aid charitable projects (In 2023 the Group supported the Life Line Charity Fund, Road of Mercy Charity foundation and other organisations)
Media	• Communication with media representatives • Transparent disclosure through various channels • Dedicated media section on corporate website • Dedicated media relations contacts • Press conferences and exhibitions	• Distribution of news and information announcements • Access to results webcasts with the management • Responding to media queries • Interviews with senior management, ad hoc commentary on industry issues, and responding to journalists' questions

Sustainability

Ethics and behaviour

Compliance and integrity are critical assets for any business, as they shape how a company is perceived by stakeholders and can have a significant impact on its long-term success. Globaltrans recognises the importance of upholding our values and ethics and is committed to doing the right thing and operating our business responsibly and with the highest levels of integrity. By acting with integrity, we gain the confidence and trust of our clients, investors and other stakeholders and create a positive societal impact. Our commitment is demonstrated through the Group's adherence to legal and regulatory requirements, continuous improvement of the governance framework and constant focus on risk management. Our values and principles are clearly communicated through a wide range of Group policies, which serve as the foundation of all our business activities. Each policy has been endorsed by the Board.

Our **Code of Ethics and Conduct** defines the corporate values, the basic principles of business conduct, and the ethical commitments that the Group and its employees must put into practice on a daily basis. It describes the Group's principles with respect to confidential information, anti-bribery, conflicts of interest and reporting concerns. The Code is intended to help our employees become aware of the responsibilities that each one of them has and to understand what is expected of them to ensure compliance with our policies and all relevant laws and regulations.

We do not tolerate any violations of the Code. All employees are required to read and fully understand the Code and sign an acknowledgement to this effect.

We strongly believe that sustainability is about cooperation. Our partners are an integral part of our business, and how they behave also reflects on us. Therefore, they must understand and commit to upholding the same ethical standards as we set for ourselves. Accordingly, in 2020 the Group formally adopted a **Supplier Code of Conduct**, based on the principles set out in the UN Global Compact, which describes what Globaltrans expects from its suppliers with regards to business ethics, human and labour rights, employee relations, health and safety and other related topics. By building on our shared values, Globaltrans and its suppliers can create stronger and more successful businesses. We are glad that nearly all our business partners adhere to the highest ESG standards, comply with all the environmental and social regulations and provide voluntary disclosures on sustainability matters.

Globaltrans has adopted formal Group-wide policies that address human rights, freedom of association, data protection, diversity and inclusion, and supplier conduct. These policies are subject to ongoing review and monitoring to ensure their relevance and compliance with legal requirements. The Group requires all employees to acknowledge that they understand and accept the relevant policies. All policy documents are publicly available and can be viewed on the Company's website.

The fundamental rights and freedoms of individuals are an important concern for Globaltrans in its relations with employees and partners. We are committed to maintaining strong human rights and labour practices not just in our own operations and business network, but within the broader community as well. We act to create a fair, equal, healthy, safe, and engaging work environment for all employees. That also means a commitment to respecting human rights.

Tolerance	Impartiality	Respect	Equality for all	Safety
Understanding and respecting diverse cultures and people with different views	Acting objectively and professionally	Acknowledging people's abilities, qualities and achievements and complying with all applicable labour laws	Creating opportunities and a working environment that excludes any form of discrimination	Complying with required rules to create a safe and healthy workplace

Our **Human Rights Policy**, introduced in 2020, sets out the minimum human rights standards that everyone who works for, and with, Globaltrans must meet. To ensure that we are continually progressing on this front, we regularly review our conduct, policies and training and incorporate any required changes or learnings into our operations. Our approach is consistent with international human rights standards such as the UN Guiding Principles on Business and Human Rights. Our commitment to human rights is also clearly stated in our Code of Ethics and Conduct, Supplier Code of Conduct, and in our Diversity and Inclusion Policy.

A diverse and inclusive work environment is rewarding for our people and ultimately for our business. By treating everyone with dignity and respect, by providing equal opportunities regardless of ethnicity, gender, religious beliefs, nationality, age or any physical disability, we can create an environment where people can be themselves and excel in what they do. Our **Diversity and Inclusion Policy** details our commitment to creating an inclusive and welcoming environment. That commitment is supported at the highest levels within the Group and is reflected in our approach to new appointments and Board membership.

Alongside our commitment to inclusivity is our respect for all applicable labour laws and regulations and our recognition that it is a fundamental right of Globaltrans employees to form and join workers' organisations and to engage in collective bargaining[1] This is enshrined in our **Freedom of Association Policy**, adopted in 2020, which reflects the Group's commitment to respecting employees' choices and maintaining a regular and constructive dialogue with them and their designated representatives.

Globaltrans has a zero-tolerance approach to bribery and corruption in all its forms. While this is detailed in our **Anti-fraud Policy**, we have always endeavoured to act ethically, professionally, fairly and with integrity in all our business activities and relationships. We are very clear on the standards of conduct that all employees must adhere to, and we provide guidance on how to avoid and recognise unacceptable behaviour. Our approach is consistent with all applicable regulations and we have established rules and procedures to deal with any alleged violations. We ensure that each employee understands the types of violations that can occur within their area of responsibility and closely monitor for any signs of potential non-compliance.

To support this, the Group maintains a **Whistleblowing Policy** which encourages the investigation and reporting of improper activities, including non-compliance with our Code of Ethics and Conduct, and helps fosters a culture based on honesty and good behaviour. We encourage employees to speak up and report any concerns that they may have. We provide confidential, safe and secure mechanisms for anonymous reporting of suspected violations, as well as safeguards and support for those who report such breaches.

Senior management meets regularly to discuss, inter alia, anti-fraud and anti-corruption measures. During 2023, no instances of alleged fraud, bribery or corruption were reported within the Group.

We are committed to protecting the personal data and respecting the privacy of our stakeholders. We comply with the EU General Data Protection regulation ("GDPR") which was adopted in April 2016. Data privacy and security are of the utmost importance to the Group and we have a dedicated **Privacy Policy** that can be accessed on the Group's website.

[1] In 2023, there were no employees covered by collective bargaining agreements.

Sustainability

Employees

1,802
Total headcount

29%
Share of women in the workforce

52,184
Total training hours

16%
Employee turnover rate

1%
Gender pay gap (GPG) at non-managerial level

It is our people that play the greatest role in moving us forward. Our progress primarily relies on the contribution of our people. Their skills, knowledge and dedication are fundamental to our long-term success and sustainable growth. As a responsible employer, we are committed to prioritising the interests of our employees and taking good care of them through solid human resources practices. This people-centred approach is in line with our culture and the fundamental values of the commitments, policies, and initiatives of the Group. To retain the best professionals in our industry, Globaltrans must be a workplace where people choose to join and stay. Hence, we are dedicated to establishing the right conditions in which employees can work effectively and advance their careers. We also strive to maintain a positive, inclusive, and inspiring work environment in which everyone feels valued, respected, and supported.

Globaltrans has always valued its employees as individuals. We embrace diversity and inclusivity, recognising that each person brings unique perspectives and strengths to our team. We strive to ensure that all our employees have equal opportunities in their daily work. At Globaltrans, we offer fair remuneration that recognises individual performance. In doing so, we strive to encourage our people to realise their full potential by providing them with expertise, education and training opportunities.

We apply a zero-tolerance approach to all forms of discrimination, hostility, harassment or unprofessional behaviour.

We continue to prioritise our employees' wellbeing and safety and we are fully committed to fostering a culture of health and safety at both the individual and group levels. In recent years, we have made a stronger commitment to addressing health and safety issues and have developed robust policies and strategies to achieve this.

To maintain a positive and healthy work environment, clear communication, regular performance reviews, employee engagement surveys, and recognition programmes are essential. These initiatives help foster strong relationships between employees and employers, contributing to a positive work culture.

Our Company is committed to managing people issues effectively through a robust HR strategy and policies that define our philosophy and values. These policies cover areas such as human rights, health and safety, workplace relations, performance and development processes and non-discrimination.

Our core policies and guidance include:

- Anti-fraud Policy
- Code of Ethics and Conduct
- Compensation and Benefits Policy
- Diversity and Inclusion Policy
- Freedom of Association Policy
- Health and Safety Policy
- Human Rights Policy
- Internal Code of Labour Conduct
- Regulations on Contractual Work
- Regulations on Business Trips
- Regulations on Protection of Personal Data of Employees

All these policies are intended to ensure compliance with the appropriate labour and social standards as well as all local laws and regulations relating to compensation and benefits, recruitment, working practices, equal opportunities, diversity and discrimination. Should we become aware of any suspected violations or issues, we take immediate action to investigate and address them.

In 2023, we continued to improve our HR management procedures and activities at both the Group and subsidiary levels.

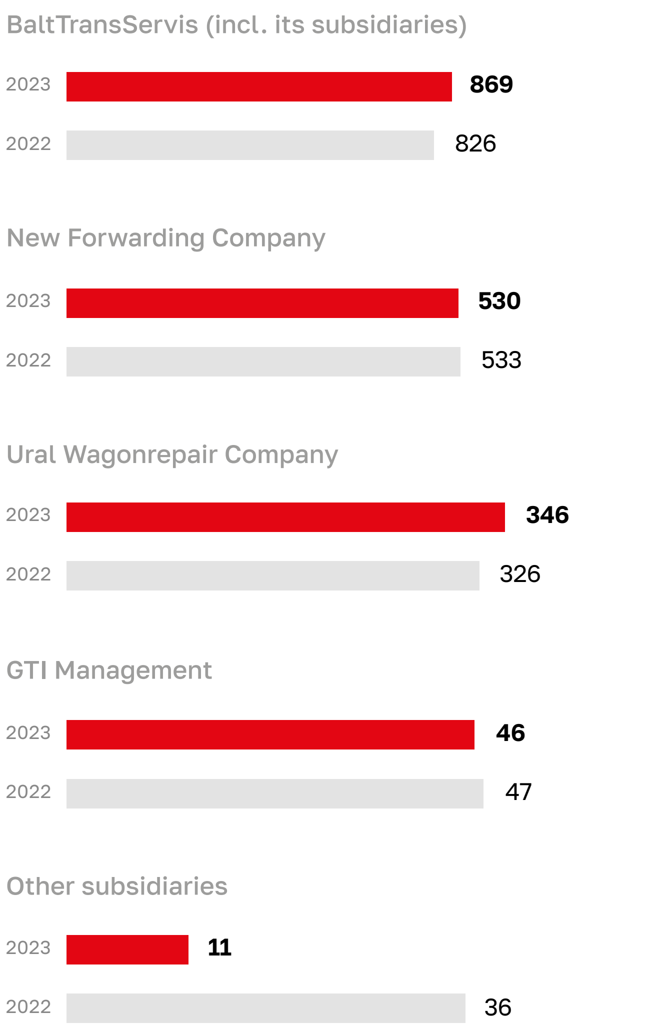
Workforce size and mix

In 2023, our average employee headcount decreased 1% year on year to 1,771 employees (2022: 1,781). Overall headcount, as at the year end, increased 2% compared to 2022 to 1,802 employees[1] (2022: 1,768). BaltTransServis ("BTS") continued to be the largest employer within the Group as a result of the continuing shift to employing in-house locomotive crews. Our workforce is predominantly male, with 71% male employees and 29% female employees. We have a young talent pool, with 64% of our employees aged between 30 and 50 years. Almost all our employees (99%) hold regular, full-time positions.

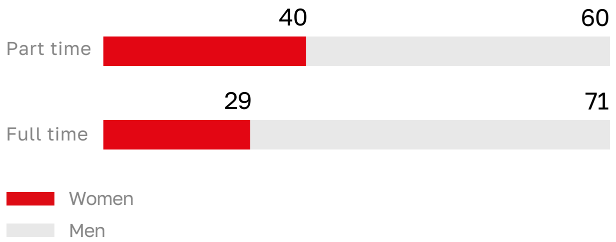
[1] The difference between the headcount and the average headcount is due to different calculation techniques. The headcount is presented as at the end of 2023, while the average headcount is calculated by summing up the number of employees on the list in each month of the reporting period and dividing this sum by the number of months.

Sustainability

Headcount by Group subsidiaries in 2023 and 2022, at year-end



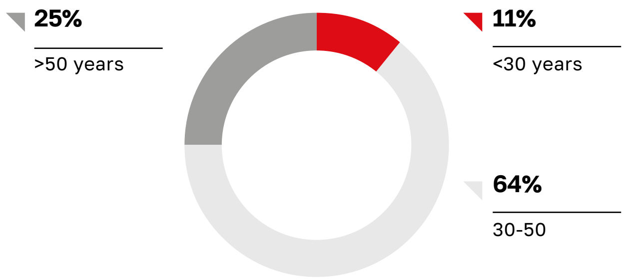
Permanent contract in 2023, at year-end, %



Source: Globaltrans.

Headcount by gender in 2023, at year-end

Headcount by age in 2023, at year-end



Temporary contract in 2023, at year-end

Source: Globaltrans.

Diversity

We strongly believe that embracing diversity and inclusion within a company contributes to better business performance, decision-making processes and outcomes. At Globaltrans, we have always considered diversity as our strength and a competitive advantage and we strive to integrate it into our corporate culture and business strategy. Furthermore, prioritising diverse and unique perspectives, backgrounds and experiences translates into higher levels of employee satisfaction, retention, and performance. As a result, we can create a better work environment. Therefore, diversity and inclusion issues are an important focus area for the Group's HR function.

At Globaltrans, we are committed to creating an inclusive work culture where everyone is treated fairly and with respect, regardless of their gender, nationality, religion, sexual orientation, or physical ability. We value and celebrate our employees' individuality recognising their unique talents, contributions, and performance. Our commitment to equal opportunities and rights for all is at the core of our Company's philosophy.

We strive to eliminate all forms of discrimination by offering equitable employment to all our employees. The Group's approach to diversity issues is set out in the Diversity and Inclusion Policy adopted in 2020 and exists at all levels of the Group, including the Board of Directors and all subcommittees of the Board. The Diversity and Inclusion Policy covers all forms of diversity and inclusion, including without limitation aspects such as age, gender, education, professional background, ethnicity, sexual orientation, disability and socio-economic background. In line with the best practice and the Group's commitment to diversity, the Board does take into account DE&I aspects when making new Board appointments and considering the composition of the Board.

During the reporting period no incidence of discrimination was reported.

Globaltrans is committed to upholding the principles of diversity, equal opportunities and anti-discrimination in all of our activities. This commitment applies to recruitment, employee retention, promotions, compensation and benefits, career development and training, working conditions, and Board appointments.

The Group is actively working to promote greater fairness and equality within the organisation by ensuring equal compensation opportunities for both men and women. By conducting a comprehensive analysis and publishing our gender pay gap data[1], we aim to increase transparency and understanding of the challenges and opportunities for achieving gender equality in our workforce.

The gender pay gap relates to differences in average pay between men and women within an organisation; it does not compare the wages paid to men and women for doing identical or similar jobs (known as equal pay). In 2023, the average gender pay gap in our non-managerial workforce was 1%, indicating that the average hourly wage of male employees is higher than that of female employees. This gap reflects the fact that there are proportionally more men at the non-managerial level. Prior to that, for the previous three years, the Group has had a gender pay gap in favour of women.

We will continue to work on closing our gender pay gap and increasing the female representation in the Company.

[1] The gender pay gap at non-managerial level is the difference between the average hourly earnings of a company's male and female employees who are below management level. Calculating the mean gender pay gap involves adding the hourly rates for all male employees and then for all female employees in two groups and then dividing these totals by the number of male or female employees in each list. Then one needs to subtract the female hourly rate from the male hourly rate, divide the total by the male hourly rate, and multiply the figure by 100. This will give a percentage difference in pay.

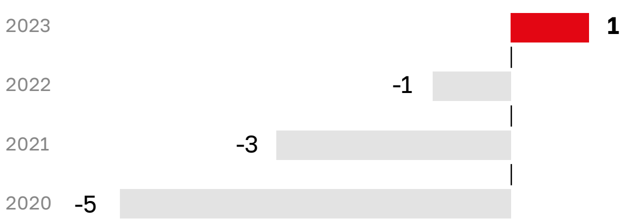
Sustainability

We are committed to building a more diverse workforce and a more inclusive workplace where everyone feels accepted, respected and empowered. Historically, the freight rail transportation has been an industry where women are under-represented. By concentrating on attracting more women into the workforce, we are progressively and successfully addressing the gender imbalance within our Group. As at year-end 2023, women comprised 29% of our workforce. At the Board level, women comprised 14% of the Board of Directors (two Board members).

Our second priority for managing diversity is to ensure the inclusion of employees with disabilities. We believe it is important not only to hire people with disabilities but also create an environment where they can easily work and build successful careers, regardless of any disabilities they may have.

There are currently 30 employees with disabilities (1.7% of the total workforce) whose daily contributions are helping the Group meet its business goals and achieve success.

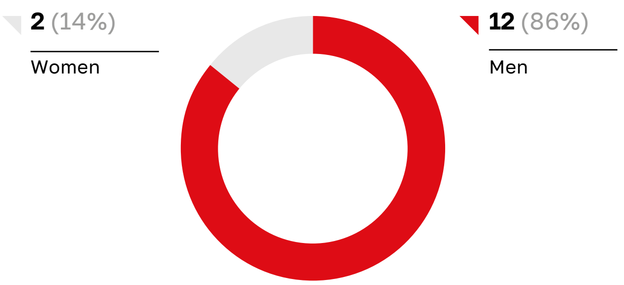
Mean (average) gender pay gap, % at non-managerial level



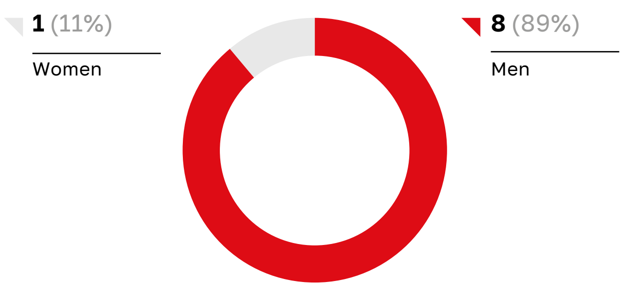
Source: Globaltrans.

Diversity matrix in 2023 (at year-end) – Gender

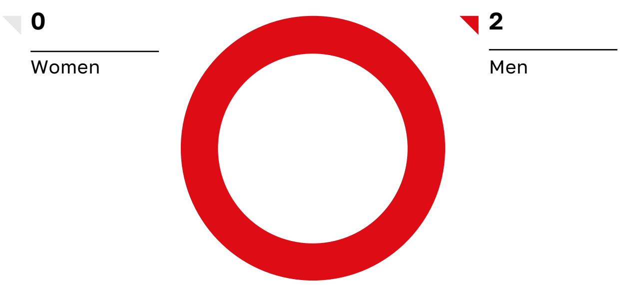
Number of Board members



Number in Executive management



Number of senior positions on the Board (Senior Independent Directors and Chair)



Diversity matrix in 2023 (at year-end) – Ethnicity

	Number of Board members	Percentage of Board members	Number of senior positions on the Board (Senior Independent Directors and Chair)	Number in Executive management	Percentage of Executive management
White British or other White (including minority-white groups)	14	100	2	9	100
Mixed / Multiple Ethnic Groups	-	-	-	-	-
Asian / Asian British	-	-	-	-	-
Black / African / Caribbean / Black British	-	-	-	-	-
Other ethnic group, including Arab	-	-	-	-	-
Not specified / prefer not to say	-	-	-	-	-

All the data in the tables was gathered voluntarily via self-reporting through questionnaires given to the relevant participants based on the criteria set out in the above tables. Although diversity, equality, and inclusion are important principles held throughout the Group, in 2023 we did not manage to meet the Board diversity targets in having at least 40% of the Board comprised of women, a director from a minority ethnic background or a woman in the role of chair, chief executive, senior independent director or chief financial officer.

In this regard, Globaltrans recognises that freight rail transportation industry historically has been male dominated and that in the regions where we operate and work, there are more limited opportunities for inclusion of numerous ethnic groups. Nevertheless, we consider that positive progress has been made to date in achieving greater diversity at all levels of the Group (including the Board) and we will continue to address these issues in the future and seek further opportunities to improve our diversity and achieve these targets.

Sustainability

Training and education

Continuous learning and professional development are as essential to the personal growth of our employees as they are to our business' sustained success and competitiveness. A learning culture is an integral part of our people strategy as it enables our team members to better tackle complex problems, be more adaptive to change and improve their skills. Thus, the Group actively invests in the progress and skill enhancement of its employees by providing them with appropriate opportunities and experiences that are tailored to meet their professional needs and career goals.

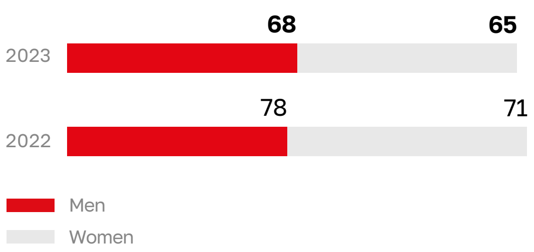
To help our people enhance their knowledge and performance, and become more future-ready, we regularly host training events, seminars and skills workshops tailored to individual work requirements. Many of the training and development courses we offer, including those that cover sustainability, social, strategic and personal development issues are available online through our intranet. By offering an array of training and development tools, we keep our employees engaged in their jobs and with the Company.

In 2023, we provided a total of 52,184 hours of training for our employees, which is lower than the previous year's figure (2022: 78,106). It was due to a decline in the amount of mandatory safety training required in the year. The learning and development activities focused on such areas as health and safety, accounting, business administration, environmental safety, information technology, financial management, and marketing. We also worked on the development of technical and soft skills. In 2023, the majority of learning activities remained digital, with 82% of all training and development happening online.

Number of employees participating in training

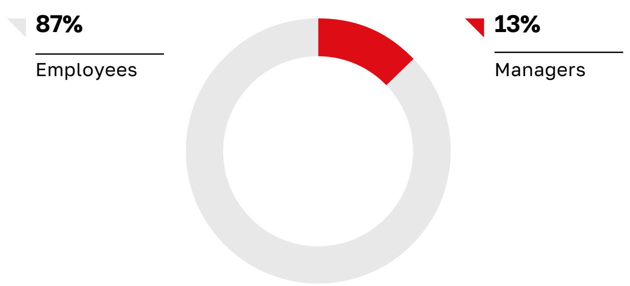
Average training hours per employee (participating in training)

Average training hours by gender



Source: Globaltrans.

Distribution of training among employees by employee categories in 2023



Main types of training formats in 2023

Source: Globaltrans.

Motivation

Passionate, engaged and motivated employees are an important part of what makes any business successful and efficient. As an employer, we strive to be an employer of choice, by demonstrating that we care about our people's quality of life and are committed to fostering a culture of appreciation. At Globaltrans, we are constantly improving our human resources practices to try to provide the best possible employee experience. Our goal is to inspire and motivate our people by providing them with a safe, creative and collaborative workplace. We keep in close touch with our colleagues, we listen to their needs and we work together to adapt to changing circumstances. We provide ongoing feedback to help them monitor their performance and achievements.

We are committed to maintaining a motivated and productive workforce that values being part of Globaltrans. To retain talent within the organisation, we must continually improve working conditions, provide career development opportunities, offer attractive compensation and benefits, and provide rewarding work and opportunities for learning and development. Our staff reward packages can vary for every subsidiary and include but are not limited to:

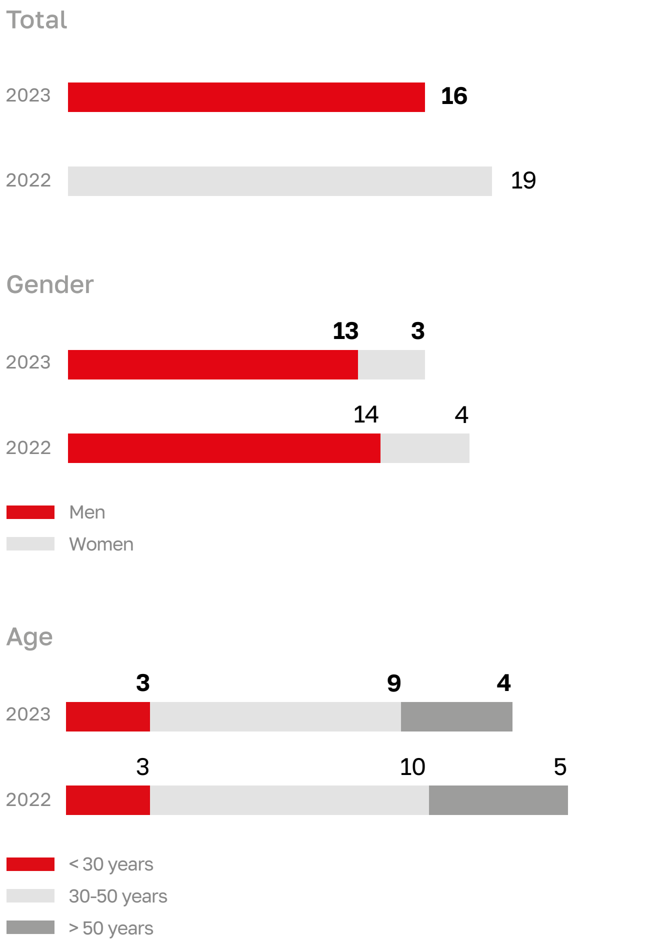
- Social insurance (compensation and paid leave in case of pregnancy, childbirth, and childcare);
- Medical coverage for employees and their families;
- Reimbursement of home-to-work transportation costs and fuel expenses;
- Gym membership;
- Education of employees' children and grandchildren.

In addition, the Group reviews different types of requests and provides financial assistance in challenging circumstances and on special occasions. Eligible employees can participate in various incentive schemes operated by the Group.

Sustainability

Retaining our people is one of our top priorities. We have consistently tracked staff turnover historically, as it provides valuable insights into areas for improvement and helps us better understand our employees' needs and engagement levels. In 2023, through our sustainable HR practices we have managed to improve our overall employee turnover rate to 16% (13% for men and 3% for women) (2022: 19%). This is a good achievement that reflects well on our efforts to create a positive and supportive work environment for all our employees.

Employee Turnover Rate based on gender and age, 2022–2023, %



Source: Globaltrans.

Corporate culture and internal communications

We place a high priority on our corporate culture at Globaltrans. We recognise that our people dedicate a substantial portion of their time to their job responsibilities. As such, we are committed to cultivating an environment that prioritises the well-being and satisfaction of our employees. Our Company's culture is built on respect, openness, and collaboration. We strive to uphold these values and create a thriving workplace that benefits both our employees and our organisation as a whole.

We listen to every employee's voice at Globaltrans because we believe that it is a powerful way to help our business grow and progress. That is why we prioritise, promote and practise open communication with our people. All employees are encouraged to raise any issues and concerns and provide feedback to improve the business. Our communication channels enable everyone to learn more about our performance, major events, and projects, and to connect with senior management. To understand our employees' needs and improve their experience, we conduct various surveys. Some of our Group subsidiaries also have employee intranet and helplines available.

Every two years we conduct a staff engagement survey to evaluate the effectiveness of our HR practices and policies, and to improve our approach to key issues like compensation, professional development, and staff communications. Our first staff engagement survey was conducted in 2022 and demonstrated an impressive 88% engagement score. Through this survey, we learned that our people positively evaluate their experience working at Globaltrans, support the Company's objectives and have confidence in the Group's future success. The next survey will be conducted in 2024.

To enhance our culture and boost employee engagement, we regularly host sports, cultural and recreational events for our employees and their families. In 2023, our employees actively participated in the tree planting trips and other ESG initiatives aimed at minimising our environmental footprint.

We will continue to look for ways to improve our engagement mechanisms and seek feedback from employees more frequently to keep our people engaged.

Health and safety

Ensuring that our people are safe and well is our highest priority and responsibility as an employer. It is also our duty to create a work environment that is free from incidents and safety hazards. The Group is committed to maintaining high standards of occupational safety and to complying with all health and safety regulations and legislation. Solid health and safety management is the basis of our culture.

Our Code of Ethics and Conduct and Human Rights Policy sets out our commitment to act in a socially responsible manner that protects our people, suppliers and partners, all of whom we expect to share that commitment. Globaltrans continuously reviews its health and safety procedures, practices and policies to ensure that all levels of the Group conform to the rules. Our Group companies are implementing the following policies:

- Fire-safety instructions;
- Instruction for carrying out health and safety briefings;
- Instruction on pre-medical first aid;
- Occupational safety regulations;
- Workplace safety guidance for PC users.

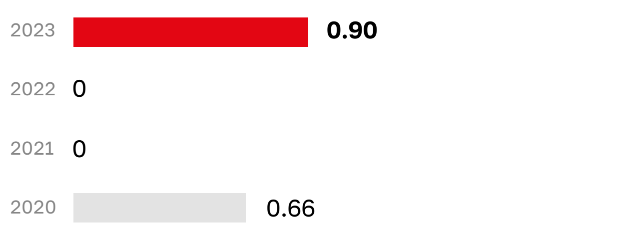
In response to the challenges brought about by the COVID-19 pandemic and a tragic event in 2020 that resulted in the loss of a colleague, the Group decided to re-evaluate and enhance its safety protocols and practices to achieve a higher standard of health and safety. Our primary goal was to implement stringent measures that would allow us to mitigate all potential risks. In 2022, the Group adopted its Health and Safety Policy that outlines our aim of achieving zero harm in occupational health and safety by eliminating any unsafe or unacceptable behaviour in the workplace. It also stresses the Group's dedication to cultivating a culture of zero harm and increasing risks awareness among employees through ongoing improvements to workplace safety programmes.

Safety is always a team effort. We encourage our employees to adopt good health and safety practices and to make the right decisions about their everyday wellbeing. As a responsible employer, we provide appropriate information and training opportunities to all employees to prevent future workplace incidents. We ensure that all employees undergo general safety awareness and training. Additionally, we provide job-specific training applicable to the area of work. Over the last few years, the number of training sessions on safety has increased significantly.

Our HR department and safety experts collaborate closely with our employees, employing a systematic approach to managing the work environment that involves analysing work-related risks, evaluating how applicable rules and policies are implemented, and identifying where there is scope for further optimisation. We conduct regular safety spot-checks to ensure that we continue to meet high standards. In 2023, the number of workplace safety audits decreased to 172 visits (2022: 526 visits) due to the fact that the results of such audits are usually valid for the 5-year period, which is in line with the local labour legislation of the Group's subsidiaries.

Most of our employees work in a low-risk environment. However, in recent years, some of our subsidiaries have hired more technical staff who are at higher risk of work-related incidents than office workers. Unfortunately, in 2023, despite our stringent safety measures, three minor work-related incidents (involving minor and moderate injuries) occurred in two of the Group subsidiaries. These incidents resulted in an increase in our Lost Time Injury Frequency Rate ("LTIFR"), an indicator used to assess safety performance within the organisation. In 2023, the Group's LTIFR stood at 0.90. It is important to note that all the incidents were assessed and thoroughly investigated on the days they occurred. We were able to determine the causes and develop remedial measures. Moving forward, we will continue to be proactive and work to restore our positive safety performance in future periods by learning from past mistakes, increasing the number of safety training sessions and implementing an incident prevention programme. There were no incidents that led to a fatal outcome in the reporting period.

Loss Time Injury Frequency Rate (LTIFR), 2020–2023



Sustainability

Communities

Rail transportation is essential in today's society as it promotes economic growth, helps lower greenhouse gas emissions and generates employment opportunities. Globaltrans understands its socio-economic and environmental impact, and is committed to being a responsible corporate citizen that makes a meaningful impact on society. We recognise that our business can contribute to a sustainable future for our Company, our employees and our planet by investing in social interests, minimising its carbon footprint and acting with integrity and transparency.

As an employer and business partner, we have a responsibility to the communities where we operate and the people around us. We work hard to be a positive influence on society by creating shared value for all our stakeholders through our continued commitment to sustainability.

Our social commitments are embedded in our culture, business operations, client relationships, community involvement and charitable efforts.

Our business operations add value to society in various ways, including through direct and indirect employment, tax payments social activities, internships, and educational support. Our employees welcome the opportunity to engage with interns or take part in our pro bono social programmes to develop their capabilities and contribute more to society. By maintaining close links with our local communities, we can determine how best to provide the support – whether it be skills, time or financial assistance – that will deliver the best outcomes.

It is through our business success that we can provide this support and create opportunities for both current and future employees. Additionally, we are contributing directly to the broader economy through local and national taxes, licence payments and other fees and by using third-party services and suppliers.

The following table illustrates how our Company creates financial value for its stakeholders.

Direct economic value generated, distributed and retained[1]

	2023 RUB mln
Direct economic value generated[2]	**104,748**
Economic value distributed	**74,853**
Total cost of sales (excluding employee benefit expense)	54,518
Total selling, marketing and administrative expenses (Community investments and excluding employee benefit expense and taxes (other than income tax and value added tax)	1,035
Employee benefit expense	8,174
Payments to the providers of capital[3]	2,846
Tax payments[4]	8,281
Economic value retained	**29,895**

Source: Globaltrans.

1 Information in the table is derived from the Consolidated Management Report and Consolidated Financial Statements for the year ended 31 December 2023.

2 Direct economic value generated includes "Revenue".

3 Payments to providers of capital include "interest paid", "dividends paid to owners of the Company" and "dividends paid to non-controlling interests in subsidiaries".

4 Payments include "tax paid" and "taxes (other than income tax and value added taxes)". The Company also pays Russian Value Added Tax ("VAT"). VAT related to sales and purchases is recognised in the balance sheet on a gross basis and disclosed separately as an asset and liability.

We want our employees and those we work with to feel valued and supported. We want them to know we provide a safe, fair and respectful work environment where diversity is valued, and where everyone can prosper, and contribute to the success of their communities and Globaltrans. By providing childcare support, health insurance, and offering part-time work options, we show our employees that they are valued and we improve the quality of life for them and their families.

Our long-term goal of giving back to communities through a range of social initiatives is a priority for the Group. In the past, we have invested in good causes that align with our own culture and values. We contribute directly to charitable organisations in the areas of health, welfare, culture and education. Our focus on diversity and inclusion demonstrates the Group's commitment to support the vulnerable – children, seniors, disadvantaged families and the disabled.

In 2023, we continued to support our long-standing partner, the Life Line Fund, which provides vital assistance to children with life-threatening conditions. Additionally, the Group started working with the Road of Mercy Charity foundation, which helps children with autism.

We also encourage our employees to take an active role in the communities where they work, for example by participating in local volunteering activities. In 2023, Globaltrans further contributed to society by continuing its small environmental project aimed at minimising our carbon footprint by planting trees. We believe that this initiative benefits not only the local ecology, but also helps restore biodiversity.

Going forward, the Group will continue to increase its positive social impact and improve the daily lives of its people and broader communities through sustainable, inclusive and responsible practices and initiatives.

Sustainability

Environment

No recorded violations of environmental legislation

First-time reporting waste management data

-2% decrease in total GHG emissions

1.6 carbon intensity

Climate change is one of the greatest challenges of our time. Being a responsible environmental citizen has become an essential obligation for businesses all around the world. The freight rail industry plays a crucial role in contributing to a low carbon economy by providing a sustainable and environmentally friendly mode of transportation. Rail is known for its efficiency, reliability, and reduced greenhouse gas emissions compared to other modes of transport on land.

At Globaltrans, we have always taken our global environmental responsibilities very seriously. We recognise that our operations can impact the environment, particularly in the form of greenhouse gas emissions. As a responsible business, we are committed to minimising the environmental impact of our activities, and protecting the environment for the communities we serve, our stakeholders and society as a whole. To this end, we focus not just on controlling emissions but also on energy efficiency, waste recycling, and water management.

The Group strictly adheres to the applicable environmental laws and industry regulations of all the markets where we operate. We continually seek to improve our environmental performance to stay compliant and reduce our environmental footprint.

Our overall environmental management approach is underpinned by the Group's formal **ESG** and **Environmental and Energy Policies** and **Green Office Initiative**. These policies define our commitment to conduct our activities in an environmentally responsible way. We ensure that all of our employees understand and act in a manner consistent with our policies. We are constantly exploring ways to improve our subsidiaries' environmental management and reporting systems, so that we can better monitor, measure and assess the environmental aspects of our activities.

To achieve our environmental objectives, we need the support of all our employees and suppliers. Therefore, we are actively promoting environmental awareness in the workplace and improving transparency for all our stakeholders. To this end, we disclose the Group's environmental performance on a number of metrics consistent with external reporting frameworks like the Global Reporting Initiative (GRI). We include annual data and information on monitoring and progress in our integrated sustainability reports, which are publicly available on the Group's website.

Our 2023 results are set out below. There were no recorded violations of environmental legislation or regulations during the reporting period.

Energy usage

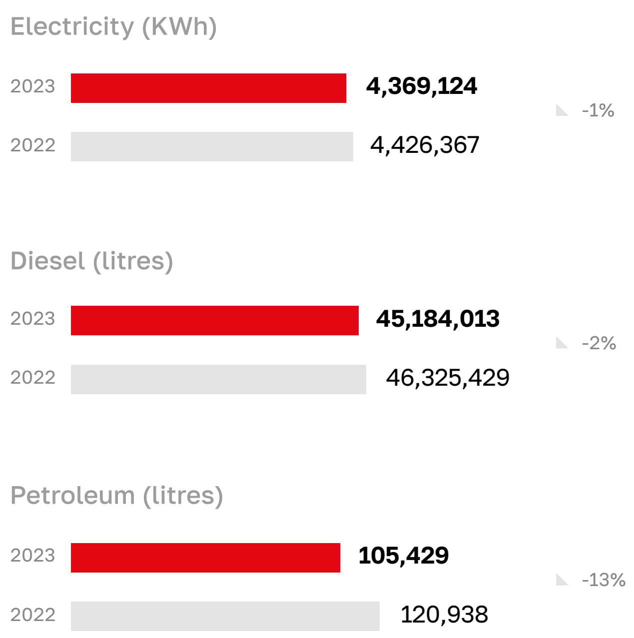
Energy consumption is a significant environmental concern for Globaltrans. The Group is committed to using resources prudently and exploring opportunities for further optimisation of its energy consumption. We believe that energy efficiency is one of the most cost-effective ways to combat climate change.

By managing our energy consumption efficiently, we are in a position to reduce our greenhouse gas ("GHG") emissions. This goal is something that we are working to promote and improve at all levels of the organisation. The Group's operations use different forms of energy, including diesel and electricity. Most of the energy we use is electricity in our offices, which is needed for lighting, air conditioning and powering computers and communications devices.

In 2023, the Group was successful in reducing its overall energy consumption due to a number of factors. There was a 1% year-on-year decrease in electricity usage, primarily attributable to the implementation of the Green Office Initiative and efficient energy-saving measures in the offices of the Group companies. Additionally, diesel consumption was down 2% year on year, partially attributable to the changes in logistics. A decrease in the use of the Group's vehicles contributed to a 13% year-on-year decrease in petrol consumption.

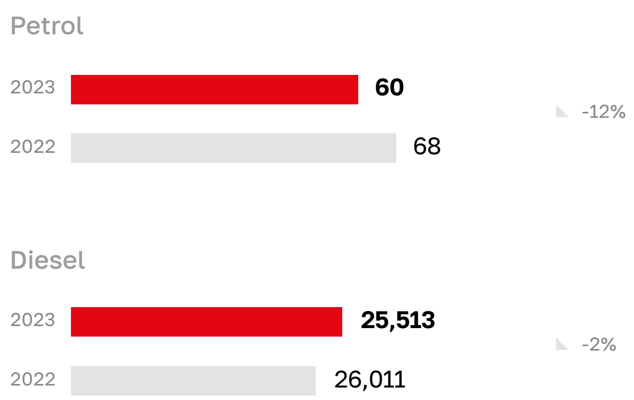
Energy consumption is regularly monitored, and, together with our environmental experts, we are constantly looking for ways to improve energy efficiency and reduce our carbon footprint.

Total consumption of energy resources by type, 2022–2023



Source: Globaltrans.

Petrol and diesel consumption per employee, 2022–2023



Source: Globaltrans.

Sustainability

Use of water

Water is an essential natural resource for society and even though it is not an area where Globaltrans can make a meaningful impact, we are determined to use water responsibly as part of our commitment to environmental protection and resource conservation. All of our Group companies have managerial oversight on environmental matters that involve water use in our daily operations.

Since 2018, we have been steadily improving the monitoring, collection and processing of water usage data across the Group's subsidiaries. In 2020, we published our first annual water consumption results. In 2023, our water consumption increased 6% year on year to 17,603 m^3 (2022: 16,654 m^3)[1] due to the resumption of office-working for many employees. At Globaltrans, we are continually looking for ways to improve our water use and adopt practices that help our employees manage and use water more efficiently.

Paper Recycling

Paper has a significant environmental impact, due to the energy and raw materials required for its production, use and disposal. Therefore, we actively promote the importance of a green work environment and encourage our employees to reduce the frequency and volume of printing. In recent years, our focus has been on digitising business processes and employing electronic documentation. The COVID-19 pandemic has served to accelerate these trends.

In 2023, thanks to the effective implementation of the Green Office Initiative, the Group managed to lower its paper consumption per employee by 18% year on year.

Green Office Initiative

Besides minimising our environmental footprint through various different corporate sustainability initiatives, Globaltrans also takes proactive measures in daily office life to improve the efficiency of our processes and day-to-day activities. In 2022, we introduced our Green Office Initiative, which was designed to promote the adoption of the green office best practices across the Group and educate our staff to be more climate-aware. We believe our staff have a contribution to make in helping us transition to a greener world. We also strongly believe that our focus on environmental best practice is not only the right thing to do, but it can also deliver cost savings and help build strong stakeholder relationships.

Our goal is to improve the environmental efficiency of our offices by reducing our energy and natural resource consumption and waste generation. To save energy, we have begun replacing mercury-based lighting with energy-efficient LED lighting and have a plan to enhance the efficiency of our facilities' heating and cooling systems. Our waste management measures include using paperless communication methods, reducing the use of plastic, and opting for environmentally friendly waste collection and recycling. Wherever possible, our focus is on reducing, reusing and recycling.

As part of our Green Office Initiative, we encourage employees to participate and take responsibility for their day-to-day actions, as these will significantly influence the success of the project.

Paper consumption, kg per employee, 2022–2023

Source: Globaltrans.

Waste management

As stated in our Environmental and Energy Policy and Green Office Initiative, we strive to use resources and materials efficiently and to increase their reuse and recycling. We believe this approach not only benefits the environment but also encourages a sense of responsibility among our employees. Over the last few years, we have been working on collecting and harmonising waste management data from across all Group companies. As a result, in 2023 we were able to finally report on this important issue.

In 2023, the Group's generated 14,003 tonnes of waste. The largest portion of the waste generated in daily operations is classed as low-hazard waste (class IV and class V). Globaltrans is committed to managing these effectively to prevent and minimise adverse environmental impacts. Most of our waste is neutralised, disposed of and, where possible, recycled. These processes are handled by specialised waste processing professionals in compliance with environmental safety standards and legislation. We will continue to investigate ways to improve our waste management system and lower our impact on the environment.

Total waste volume, 2023

Waste type		Amount of generated and transferred waste, tonnes	Treatment Method
Hazard class I (extremely dangerous)	Mercury lamps, mercury-quartz, fluorescent lamps	0.13	Neutralisation / Disposal
Hazard class II (extremely dangerous)	Single galvanic cells (batteries)	0.02	Neutralisation / Disposal
Hazard class III (moderately hazardous)	Waste mineral motor oils, waste lubricating oil	185	Neutralisation / Disposal/ Burial
Hazard class IV (low hazard)	Office and household waste, waste (sediment) from cleaning operations containing petroleum, used tires, cartridges, computer and household appliances	420	Neutralisation / Disposal/ Burial
Hazard class V (practically non-hazardous)	Scrap metals and waste of steel products, ferrous metal shavings, paper and cardboard waste	13,398	Disposal/ Burial/ Processing/ Burial at a special landfill
Total		**14,003**	

[1] This excludes data from Spacecom (Globaltrans sold its shareholding in Spacecom in February 2023) and BTS (except for data from the BTS railcar repair depot in Ivanovo which is included).

Sustainability

Greenhouse gas management

We fully acknowledge the importance of climate change mitigation. Rail transportation is widely considered as the most efficient, safe, and environmentally-friendly modes of moving cargoes over land. Our industry is among the greenest and least-polluting from an energy and emissions perspective. Being the lowest contributor to overall transport carbon emissions, rail can play a significant role in addressing the global challenge of climate change.

Nevertheless, we recognise that our business activities do generate greenhouse gases, and their reduction is a priority for Globaltrans as we seek to minimise our environmental impact and mitigate the effects of climate change.

From a strategic perspective, Globaltrans' main operational and environmental objectives align perfectly: delivering efficient logistics and carefully managing assets are our top priorities. Since its inception, Globaltrans has focused on operational efficiency, specifically reducing the number of empty railcars transported as part of the Group's logistics movements. Not only does this help us achieve solid financial and business results, but it also helps us improve our environmental performance. For many years, we have led the industry in operational efficiency, consistently delivering one of the sector's lowest gondola Empty Run Ratios, which speaks to our commitment. In 2023, the Group continued its efforts to improve its operational efficiency and achieved a significant improvement in its Empty Run Ratio for gondola cars, reaching a more than 10-year low of 36%.

In the freight rail industry, GHG emissions are directly linked to fuel consumption and, as such, locomotives are the primary source of emissions. Most locomotive traction is handled by the state-owned rail infrastructure provider. Globaltrans runs one of region's largest privately-owned locomotive fleets, providing a specialised service for its clients, primarily in the liquids segment. Consequently, we only measure, report and record emissions (Scope 1) that are directly attributable to our fleet of 66 mainline locomotives. Operating a modern and well-maintained fleet also helps reduce our environmental footprint. Of our locomotive fleet, 15% are fuel-efficient and cleaner diesel locomotives.

Since 2018, we have made substantial progress in measuring, managing and disclosing direct GHG emissions information in our operations, and this process is ongoing. In 2023, our direct GHG emissions decreased 2% to 136,865 tonnes of CO_2 equivalent[1] partially due to the changes in logistics (2022: 140,352 tonnes of CO_2 equivalent).

Understanding and reducing our carbon footprint is a significant step towards environmental sustainability. In recent years, we are constantly working to improve the quality and consistency of our data so that we learn more about our carbon footprint. In 2021 for the first time, we calculated the indirect GHG emissions generated by our energy purchases (Scope 2) using Scope 2 GHG Protocol guidelines. In 2023, the Group's indirect emissions were down 1% year on year and totalled 1,540 tonnes of CO_2 equivalent (2022: 1,560 tonnes of CO_2 equivalent). In total, the Group was responsible for 138,405 tonnes of CO_2 equivalent, 2% less than in 2022.

In 2023, the Group registered its lowest total GHG emissions since 2018. Furthermore, our carbon intensity indicator further declined to 1.6.

We believe that this is proof that our approach is working and we are moving in the right direction towards minimising our carbon footprint.

As a part of the Group's environmental response, BTS, which operates the bulk of our locomotive fleet, continued to invest in and develop its small tree-planting project in 2023. This initiative helps to offset part of our carbon footprint and make a positive impact on our communities and biodiversity.

Going forward, to ensure the business's resiliency against climate risks and their impact, we must continue to increase our energy efficiency, minimise our environmental impact and enhance transparency for both our internal and external shareholders.

GHG Emissions, 2018–2023

	2018	2019	2020	2021	2022	2023
Direct GHG emissions (Scope 1, tonnes of CO_2 equivalent)	166,129	161,299	138,198	153,871[2]	140,352	136,865
Indirect GHG emissions from purchased electricity (Scope 2, tonnes of CO_2 equivalent)	2,589	1,690	1,474	1,551[3]	1,560	1,540
Total GHG emissions (Scope 1 + Scope 2)	**168,718**	**162,989**	**139,672**	**155,422**	**141,912**	**138,405**

[1] The Group's greenhouse gas emissions were calculated per IPCC Guidelines for National Greenhouse Gas Inventories (2006).

[2] The data for Scope 1 emissions in 2021 was restated.

[3] The data for Scope 2 emissions in 2021 was restated.

Climate-related Financial Disclosure (TCFD)

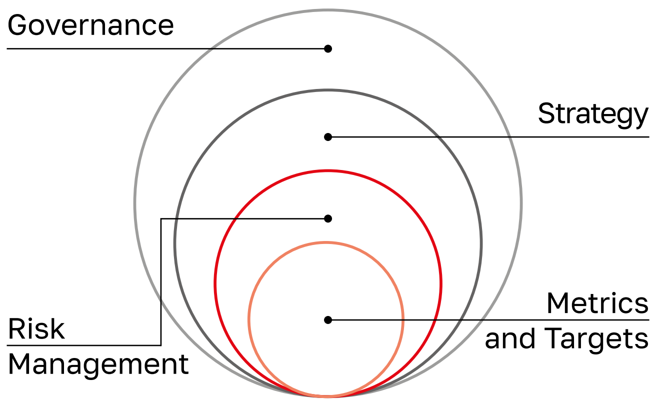
The Group's efforts to respond to climate change – implementing the recommendations of the TCFD

Globaltrans has long identified climate change as a material issue, and we incorporate the most relevant climate-related risks into the Group's risk management process. However, we understand that companies are increasingly expected to take more proactive measures to combat climate change. Therefore, in 2021 Globaltrans voluntarily committed to aligning its climate disclosure with the Taskforce on Climate-related Financial Disclosures ("TCFD") framework in order to ensure consistency, relevance and comparability for all our stakeholders within and outside our industry.

We believe that assessing climate risks and opportunities is an evolving process. As disclosure of climate-related information is now mandatory, we continue to deepen our understanding of potential climate-related risks and opportunities, embed responses to them into our strategy, planning and internal processes, and increase the level of climate-related disclosure. In line with the TCFD recommendations, this report addresses the four key areas: governance, strategy, risk management and metrics & targets.

As we move forward, we will continue to develop our climate analytics capabilities, further strengthen our climate resilience and be transparent about our progress on climate change issues. In the future, we intend to cooperate with industry experts on a high-level quantitative scenario analysis that will provide stakeholders with a better understanding of the potential financial impacts of climate change on our business and rail infrastructure in general.

Core Elements of Recommended Climate-Related Financial Disclosures



Governance
The organisation's governance around climaterelated risks and opportunities

Strategy
The actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning

Risk Management
The processes used by the organisation to identify, assess, and manage climate-related risks

Metrics and Targets
The metrics and targets used to assess and manage relevant climate-related risks and opportunities

Governance

The Board of Directors, through the work of its Audit and ESG committees, is accountable for the overall management of all risks, including climate-related risks. The ESG Committee ensures that all appropriate policies, mechanisms and processes are in place to allow the Board to effectively manage sustainability matters and address stakeholder needs. In turn, the Board has delegated responsibility for the efficient implementation and maintenance of the risk management system to the Group's CEO. The CEO is actively involved in all sustainability-related matters, including climate change, and closely monitors the Group's overall ecological performance. He receives updates from the Group's subsidiaries on their performance and planned initiatives. This careful monitoring of the Group's environmental activities allows the CEO to set the right tone and guide the development of Globaltrans' sustainability strategy.

Management of climate-related issues

Responsibilities of the Board include:

- Overseeing the management of climate-related issues, risks and opportunities;
- Monitoring and reviewing the effectiveness of the management approach (review of the policies, initiatives, metrics and action plans);
- Overseeing the climate-related disclosures.

Responsibilities of the management team include:

- Monitoring, managing and assessing climate-related issues, risks and opportunities;
- Providing analyses, recommendations and updates for the Board or Board committees;
- Maintaining effective data collection, including environmental and climate-related data;
- Determining the allocation of costs and resources, such as personnel, and coordinating within the Group to identify, manage and mitigate environmental and climate-related issues.

Climate-related Financial Disclosure (TCFD)

Strategy

Material climate-related risks

Globaltrans' fleet, operations and financial results could be adversely affected by climate change and regulatory and legislative responses to climate change. Following the TCFD's methodology, we identify and consider both the transitional risks (those associated with the transition to a low-carbon society) and the physical risks of climate change. It is expected that the most significant effects of climate change are likely to emerge over the long term. Nevertheless, we consider the short, medium and long-term time horizons when assessing climate-related risks (short-term: 0–5 years, medium-term: 5–10 years, long-term: 10 years and above).

Physical

Acute and chronic physical risks

Time horizon: long-term

Description

Natural disasters, severe weather events and extreme temperatures pose a material risk to rail infrastructure in the regions where the Group operates and, therefore, to the Group's operations and rolling stock.

Delays, disruptions, derailments, infrastructure damage and other events may result in significant interruption to, or disruption of, the Group's business operations and damage to its rolling stock, which may negatively affect the Group's operations and performance. Moreover, disruptions to our clients' operations may also impact demand for the Group's services and affect its business and performance. Although the Group's rolling stock is fully insured, replacing damaged rolling stock may take a considerable amount of time.

Controls and mitigating factors

In addition to implementing its business continuity policy, the Group plans to refine its analysis of potential physical risks and mitigation plans. The Group intends to conduct future climate assessments with potential involvement of external industry experts and adopt strategies to enhance its business resilience.

Transition

Policy/regulation

Time horizon: medium to long-term

Description

As a fuel-intensive industry, the rail freight sector is exposed to the risk of increased regulation related to carbon emissions and the use of fossil fuels (higher carbon prices) which may lead to:

- Increased fuel and energy costs, as well as spare parts and rolling stock due higher prices for iron and steel;
- Problems operating diesel locomotives if one is unable to address increased regulations;
- Increases in the cost of cleaner, more fuel-efficient locomotives;
- Higher costs related to the introduction of carbon taxes, increased carbon offset costs and carbon footprint reduction solutions;
- Early asset write-downs/impairment due to new and stricter energy standards.

Controls and mitigating factors

In response to these types of transitional risks, the Group will continue to improve its operational efficiency and reduce its energy consumption and environmental footprint. Furthermore, Globaltrans will continue to proactively monitor the carbon emissions associated with the operation of the Group's locomotive fleet to identify and evaluate operational improvements and technological advances in fuel efficiency. We believe that annual emissions testing will help us better prepare for any future changes to the regulatory environment.

Market

Time horizon: medium to long-term

Description

Market risks include potential declines in demand for certain types of freight transported by rail due to increased climate change regulations and shifts in consumer preferences (for example, coal demand is affected by energy policy and GHG emission regulations). This may negatively impact demand for the Group's services, cause increased competition and affect the Group's operations and performance.

Controls and mitigating factors

The Group has always focused on maintaining a balanced fleet that better positions its operations to face the consequences of increased regulation and evolving market demand. By operating a fleet balanced between universal gondola cars that can carry a variety of bulk cargoes, and tank cars that just transport liquid cargoes, the Group reduces its dependence on any one cargo flow. It also means it can adjust quickly to changing market conditions.

Reputation

Time horizon: short to long-term

Description

Increased expectations among stakeholders of more aggressive environmental measures and climate change actions may lead to greater scrutiny from investors and other stakeholders. If this happens and the Group fails to meet these expectations and/or it fails to mitigate changes in climate change regulations, it may lead to a drop in investment, rising funding costs and a potential loss of clients.

Controls and mitigating factors

The Group will continue to engage with stakeholders and improve transparency around all ESG topics material to our business, including climate change, to meet stakeholder expectations.

Climate-related opportunities

The TCFD framework recognises that climate change, and the transition to a net zero economy may also present opportunities for businesses. Due to the nature of our business, Globaltrans considers the following climate-related opportunities:

Market

Time horizon: medium to long-term

Globaltrans regards transition climate risks, together with increased environmental awareness and further decarbonisation of the economy, as an opportunity to further promote the environmental benefits of freight rail transportation. As carbon pricing regulation becomes ever more likely and demand for lower carbon transport continues to grow, we may face a potential increase in our business operations, improved financial results and expansion of our client base over the medium and long term.

Resource efficiency

Time horizon: medium to long-term

Transition risks can also be regarded as an opportunity to promote and improve the Group's energy efficiency and enhance its environmental performance. Thus, efficient use of resources (energy, water) may reduce the Group's environmental footprint and operating costs. The Group will also continue to investigate and implement fuel-saving measures.

Reputation

Time horizon: short to long-term

Climate-related Financial Disclosure (TCFD)

Globaltrans believes there is a potential opportunity to enhance its competitiveness and reputation by improving its environmental performance, further developing our climate awareness and resilience and ensuring high quality climate reporting for all stakeholders.

The resilience of Globaltrans' strategy, taking into consideration different climate-related scenarios

As stated earlier, at this stage the Group is not yet prepared to provide detailed information on climate-related scenario analysis and calculate the projected financial impact from climate change. Nevertheless, we believe that our strategy is designed to be resilient and that the 1.5–2 degree scenario would result in minimal business impact on the Company's operations.

In the 2 degree scenario, we expect there would be an increase in carbon taxes and energy costs (which would adversely affect the Group's financial position) as well as a shift of clients from other means of transportation (which would be beneficial for the Group's revenue). We anticipate that under the 4 degree scenario, there could be more frequent natural disasters brought on by climate change, which could potentially cause damage to the Group's assets and railway infrastructure. We also anticipate that there would be higher maintenance costs and a decline in revenue due to the potential disruption of the Group's operations.

Risk management

Responsible decision-making, risk management and early action have always been part of what we do as they ensure the successful longevity of our business. From the outset, Globaltrans established a system to monitor and control the uncertainties and risks it faces. This system is overseen by a dedicated risk management function responsible for systematically identifying, assessing and managing opportunities and risks, including those related to climate change. Many elements, such as extreme weather, have long been recognised as a material issue and are captured within the Group's existing risk framework. However, the TCFD recommendations and our willingness to contribute to positive climate action have led us to add both physical and transition risks to our risk watchlist. We also recognise that climate-related risks are interconnected and can trigger other types of risks (operational, financial and reputational). Nevertheless, each group of risks requires a tailored management approach.

With regard to climate risk management, we are continuously building up our expertise and enhancing the methodology and tools to better assess climate-related risks and opportunities. At some point Globaltrans intends to conduct climate scenario analyses in collaboration with industry experts to help quantify the potential financial impacts and assess the resilience of the business.

To mitigate the effects of climate change, the Group is committed to a variety of environmentally responsible practices. We constantly monitor changes in the external environment and review laws and regulations. We also prepare and conduct a detailed analysis of the Group's energy consumption and emissions on a semi-annual basis.

→ For further information on our processes for identifying and assessing risks and opportunities, please see the Risk management section of this Annual Report.

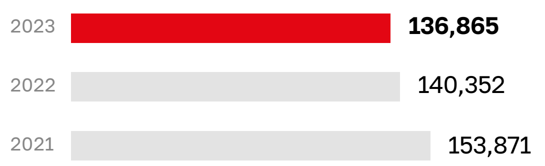
Metrics & Targets

Globaltrans is committed to openness and transparency. Since 2018, we have reported annually on our key environmental performance metrics. We measure, monitor and report on our carbon emissions relating to the operations of our locomotive fleet, energy usage, and water consumption. We have for some time disclosed our Scope 1 GHG emissions that the Group makes directly. In 2021, for the first time we also provided data on our Scope 2 GHG indirect emissions. These metrics are further detailed in earlier section of this Sustainability Report.

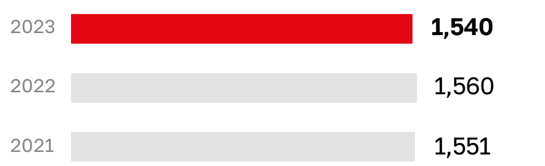
At this stage, Globaltrans is not yet ready to set time-bound emission reduction targets. Nevertheless, over the recent years we have focused on driving our carbon reduction initiatives and enhancing our operational efficiency. As a result, our Empty Run Ratio for gondola cars has improved significantly despite the challenging operational context and remains one of the lowest in the industry. A few years ago, we purchased 10 new, cleaner and more fuel-efficient locomotives. In 2022, Globaltrans launched a small environmental project that is gradually expanding. We also aim to offset the Group's environmental footprint through tree-planting. In 2022, we also took steps to further increase environmental awareness among our employees and promote green policies in our day-to-day office activities by introducing the Green Office Initiative in all Group companies. As a result, in 2023 we managed to quantify, harmonise and disclose our waste management data.

Going forward, the Group will work to demonstrate its progress in addressing climate change through our sustainability reports. We will continue to identify mitigation measures to minimise climate-related risks and improve reporting transparency.

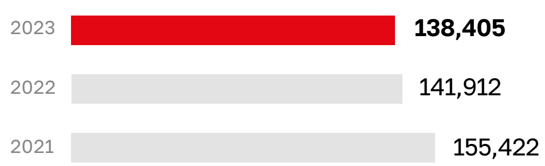
Scope 1 GHG emissions, tonnes of CO_2 equivalent



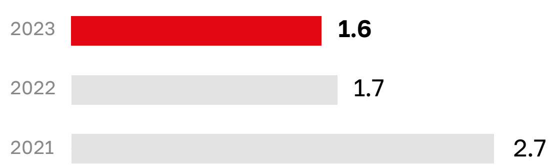
Scope 2 GHG emissions, tonnes of CO_2 equivalent



Total GHG emissions (Scope 1 + Scope 2), tonnes of CO_2 equivalent



Carbon intensity[1]



[1] Carbon intensity is calculated as the sum of Scope 1 and Scope 2 emissions for the current baseline year, expressed in tonnes of CO_2 equivalent per Adjusted Revenue for the same baseline year.

Governance

During 2023, Globaltrans' corporate affairs were governed by the memorandum and articles of association of the Company and the provisions of applicable Cyprus law. Although the Company was not subject to any mandatory corporate governance code in its home jurisdiction of Cyprus, nor required to observe the UK Corporate Governance Code (formerly the Combined Code), it has implemented various corporate governance measures and practices. Globaltrans' Board of Directors has adopted and updated the Company's Code of Corporate Governance (the "Code"), guaranteeing that the interests of all shareholders are given due consideration. The Code comprises the various policies in relation to corporate governance which have been adopted by the Company.

In this section

Board of Directors

Effective to 26 February 2024

The Board of Globaltrans is responsible for providing effective leadership for the Group, establishing its values and culture, overseeing its governance, and promoting the success of the Group for the benefit of all stakeholders. The Board is comprised of highly experienced directors with the diverse skills, expertise and commercial experience required to lead the Group effectively and provide support for, and constructive challenge to, the executive management.

The composition of the Board of Directors presented below was approved by shareholders at the Annual General Meeting on 21 April 2023 and continued to perform its function until 26 February 2024, being the effective date of the Company's re-domiciliation from Cyprus to the Abu Dhabi Global Market, when the new composition of the Board of Directors, which was approved by shareholders at the Extraordinary General Meeting held on 16 August 2023, took effect.

Sergey V. Maltsev
Chairman of the Board, Executive Director

Appointed: April 2018, Chairman

Mr. Maltsev was instrumental in the development of the freight rail market and has worked in the industry for over 30 years. He co-founded Globaltrans and served as Chief Executive Officer from 2008 until 2015, as Chairman of the Board from 2018 to the beginning of 2024 and as Chief Strategy Officer from 2017 until the beginning of 2024. Mr. Maltsev was a founding member and Chairman of the non-profit partnership “Council of Railway Operators”. He has a degree in railway engineering.

John Carroll Colley
Senior Independent Non-executive Director

Appointed: April 2013

Committee Memberships: Audit Committee (Chairman), Nomination Committee (Chairman), Remuneration Committee (Chairman), ESG Committee

Skills and experience: Mr. Colley has extensive experience in international trade and risk management both in the public and private sectors. From 2007 to 2010, Mr. Colley served as country manager for Russia at Noble Resources SA. Prior to that, he held various positions in the public sector, including at the office of the US Trade Representative and the US Department of Commerce in Washington, DC. He worked for Linkful Ltd and Noble Resources SA in Moscow from 1992 to 1999. Mr. Colley, a fluent Russian speaker, holds an MA in History and a BA in International Affairs and Russian Studies from the University of Virginia.

Other appointments: Mr. Colley is currently the principal of Highgate Consulting LLC, a global advisory consulting company.

Vasilis Hadjivassiliou
Independent Non-executive Director

Appointed: September 2019

Committee Memberships: Audit Committee

Skills and experience: Mr. Hadjivassiliou was a partner in Assurance and Advisory services at PricewaterhouseCoopers (PwC), Cyprus, from 1990 until 2018 when he retired. During this time, he held various leadership positions with PwC including as an elected member of the Executive Board, Head of the Limassol office as well as a number of other offices in Cyprus and was a leading figure in business development. He has extensive experience in auditing, International Financial Reporting Standards and business advisory services having advised major local and international groups including companies publicly listed on the London Stock Exchange as well as in Cyprus. Mr. Hadjivassiliou is a graduate of the University of Manchester and a Fellow of the Institute of Chartered Accountants of England and Wales.

Other appointments: Mr. Hadjivassiliou holds directorships in a number of companies affiliated with his family and is also a Board member of a number of other private companies.

George Papaioannou
Independent Non-executive Director

Appointed: April 2013

Committee Memberships: Audit Committee, Nomination Committee, Remuneration Committee

Skills and experience: Mr. Papaioannou has more than 20 years in financial reporting, risk management, auditing, financial performance analysis and taxation. In 2004, he founded G. Papaioannou Auditors Ltd, which provides accounting, audit, tax and consulting services. From 2002 to 2004, he worked at Grant Thornton in Cyprus and before that for PricewaterhouseCoopers in Cyprus. Mr. Papaioannou holds a degree in Accounting and Financial Management from the University of Essex. He is a qualified chartered accountant and a Fellow of the Institute of Chartered Accountants in England and Wales.

Other appointments: Mr. Papaioannou holds directorships in several family-owned companies and other private companies.

Alexander Eliseev
Non-executive Director

Appointed: March 2008

Skills and experience: Mr. Eliseev co-founded Globaltrans in 2004 and has played a leading role in introducing market-based reforms to the freight rail transportation market. He has spent more than 20 years in senior management positions, mostly within the rail sector. Mr. Eliseev is a graduate of the Russian State Medical University where he studied biophysics.

Sergey Foliforov
Non-executive Director

Appointed: June 2022

Skills and experience: Mr. Foliforov has served on the several Globaltrans' subsidiary boards since 2018. Sergey Foliforov has more than 18 years of management experience working at different companies focusing on financial management and analysis. He graduated from Lomonosov Moscow State University and has a Master of Science degree in Physics. He also holds an MBA from the MIRBIS Business School in Moscow.

Board of Directors

Effective to 26 February 2024

Andrey Gomon

Non-executive Director

Appointed: From 2013 to 2016 and rejoined in April 2017

Skills and experience: Mr. Gomon has over 13 years of management experience in the railway industry. From 2006 to 2012 he was CEO of Transoil, one of Russia's largest rail transportation companies, having previously served as CFO between 2003 and 2006. He sits on the boards of two Globaltrans subsidiaries. Mr. Gomon studied economics at St. Petersburg State University and holds an MBA from INSEAD.

Michael Thomaides

Non-executive Director

Appointed: April 2014

Skills and experience: Mr. Thomaides served as a director at Globaltrans from 2004 to 2008 and sat on the Board of Global Ports Investments PLC, Russia's leading container port operator. He has been a director at Leverret Holding Ltd (Cyprus) since 2007. Mr. Thomaides graduated from London Southbank University with a BSc degree in Consumer Product Management.

Marios Tofaros

Non-executive Director

Appointed: April 2013

Skills and experience: Mr. Tofaros is a director of the Client Accounting department at Amicorp (Cyprus) Ltd. He was a financial accountant at Depfa Investment Bank Ltd from 2004 to 2008 and a finance officer at Louis Catering Ltd from 2003 to 2004. He has held various positions in the Audit department at KPMG Cyprus. Mr. Tofaros has a degree in Accounting, Finance and Economics and a Master's degree in Business Studies, both from the University of Kent. He holds a chartered certified accountant (FCCA) diploma and is a member of the Institute of Certified Public Accountants of Cyprus.

Alexander Storozhev

Executive Director, Chief Procurement Officer

Appointed: April 2013

Mr. Storozhev has held senior management roles throughout a 20-year career in the rail industry and has been with Globaltrans since it was established. He sits on the boards of all Group subsidiaries. He graduated from the Kiev Military Academy of Aviation and Engineering in 1990 with a degree in Engineering. He holds a diploma from the MIRBIS Business School in Moscow and a Master's degree in Business Administration and Finance.

Elia Nicolaou

Non-executive Director, Company Secretary, Secretary to the Board

Appointed: March 2008

Committee Memberships: ESG Committee (Chair)

Skills and experience: Ms. Nicolaou has extensive experience in commercial, corporate and funds law. She is currently the Managing Director of Amicorp (Cyprus) Ltd. Previously, she was head of the Corporate Legal department at Polakis Sarris LLC and also worked at C. Patsalides LLC. Ms. Nicolaou is a member of the Board of CIFA and WICCI, the Chair of Cyprus South East Asia Business Association, participates in various associations of the Cyprus Chamber of Commerce and sits on the boards of a number of listed and private companies. Ms. Nicolaou graduated with an LLB in Law from the University of Nottingham and holds an LLM in Commercial and Corporate Law from University College London. She has an advanced diploma in Business Administration from the Cyprus International Institute of Management. She was admitted to the Bar in Cyprus in 2003.

Melina Pyrgou

Non-executive Director

Appointed: April 2013

Skills and experience: Ms. Pyrgou is a barrister and registered insolvency practitioner and has practised corporate law for over 25 years. She is Managing Director of Pyrgou Vakis Law Firm, a Cyprus-based corporate and commercial law practice. Previously, she was Director of Legal Services at PricewaterhouseCoopers in Cyprus. Ms. Pyrgou served as the Chairman of EuropeFides Association, a European network of accounting, audit, tax and legal firms, from 2015 to 2016 and is a member of various business associations. Ms. Pyrgou graduated from the University of Keele with a degree in Law and Sociology and holds a diploma in Environmental Law from the University of Geneva. She was called to the bar in Cyprus in 1992 and in London (Grays Inn) in 1995.

Other appointments: Ms. Pyrgou currently serves as a member of the Cyprus Investments Promotion Agency (CIPA). She also sits on the Disciplinary Committee of the Institute of Certified Public Accountants of Cyprus (ICPAC). Ms. Pyrgou is also a Board member of the Health Insurance Organisation.

Konstantin Shirokov

Executive Director, Head of Internal Audit

Appointed: March 2008

Skills and experience: Mr. Shirokov has over 12 years of senior international management experience. Prior to joining Globaltrans, he worked in senior finance roles at Mechel and as an economist at Glencore International. He served as a non-executive member on the Board of Global Ports Investments PLC between 2008 and April 2018, where he was a member of the Audit and Risk committee. Mr. Shirokov graduated from the Financial University under the Government of the Russian Federation and studied business management at Oxford Brookes University.

Sergey V. Tolmachev

Executive Director, Managing Director

Appointed: Non-executive Director in April 2013 and Executive Director in October 2013

Skills and experience: Mr. Tolmachev became the Group's Managing Director in October 2013. He joined N-Trans Group in 2001 and has held various management positions focused on corporate finance and treasury. He has extensive experience in financial analysis and modelling. Mr. Tolmachev graduated from Lomonosov Moscow State University with a degree in Mechanics and Applied Mathematics.

Board of Directors

Effective from 26 February 2024 to 4 April 2024

The composition of the Board of Directors presented below was approved by shareholders at the Extraordinary General Meeting held on 16 August 2023 and become effective on 26 February 2024 being the effective date of the Company's re-domiciliation from Cyprus to the Abu Dhabi Global Market.

On 4 April 2024 shareholders at the Extraordinary General Meeting approved the new composition of the Board (which is presented on pages 108 to 111 of this Annual Report).

Michael Thomaides
Chairman of the Board, Non-executive Director

Appointed: April 2014; Chairman from February 2024

Skills and experience: Mr. Thomaides served as a director at Globaltrans from 2004 to 2008 and sat on the Board of Global Ports Investments PLC, Russia's leading container port operator. He has been a director at Leverret Holding Ltd (Cyprus) since 2007.

Mr. Thomaides graduated from London Southbank University with a BSc degree in Consumer Product Management.

John Carroll Colley
Senior Independent Non-executive Director

Appointed: April 2013

Committee Memberships: Audit Committee (Chairman), Nomination Committee (Chairman), Remuneration Committee (Chairman), ESG Committee.

Skills and experience: Mr. Colley has extensive experience in international trade and risk management both in the public and private sectors. From 2007 to 2010, Mr. Colley served as country manager for Russia at Noble Resources SA. Prior to that, he held various positions in the public sector, including at the office of the US Trade Representative and the US Department of Commerce in Washington, DC. He worked for Linkful Ltd and Noble Resources SA in Moscow from 1992 to 1999. Mr. Colley, a fluent Russian speaker, holds an MA in History and a BA in International Affairs and Russian Studies from the University of Virginia.

Other appointments: Mr. Colley is currently the principal of Highgate Consulting LLC, a global advisory consulting company.

George Papaioannou
Independent Non-executive Director

Appointed: April 2013

Committee Memberships: Audit Committee, Nomination Committee, Remuneration Committee.

Skills and experience: Mr. Papaioannou has more than 20 years in financial reporting, risk management, auditing, financial performance analysis and taxation. In 2004, he founded G. Papaioannou Auditors Ltd, which provides accounting, audit, tax and consulting services. From 2002 to 2004, he worked at Grant Thornton in Cyprus and before that for PricewaterhouseCoopers in Cyprus. Mr. Papaioannou holds a degree in Accounting and Financial Management from the University of Essex. He is a qualified chartered accountant and a Fellow of the Institute of Chartered Accountants in England and Wales.

Other appointments: Mr. Papaioannou holds directorships in several family-owned companies and in a very limited number of other private companies.

Yousef Abu Laban
Non-executive Director

Appointed: February 2024

Yousef Abu Laban is Co-founder and Managing Partner of Synergate LLC, a boutique financial services company principally focused on countries in the Gulf Cooperation Council. He has over 10 years' experience in company formation, business development and start-up advisory services.

A specialist in Computer Science and Information Technology, Mr. Abu Laban graduated from the World Islamic Sciences & Education University (W.I.S.E) where he majored in Computer Network Systems.

Thomas Karsten Beute
Non-executive Director

Appointed: February 2024

Thomas Karsten Beute has a Master's degree in International Tax Law and has provided legal and financial services solutions to clients for over 15 years. He started his career at PricewaterhouseCoopers and Ernst & Young, focused on tax advising principally related to international real estate products. Mr. Beute then went on to work extensively in the areas of investment, asset management, consultancy and financing across international markets for businesses such as global management and financial services provider Amicorp and private Swiss bank Julius Baer. He is Director and Owner of both KCT Capital Ltd, which provides licensed asset management and fund services, and Doral Group LLC, an independent private financial services and investment firm, both based in Dubai.

Stefan Henrich
Non-executive Director

Appointed: February 2024

Stefan Henrich has more than 20 years' experience in finance and business law with top tier financial institutions across Europe, the Middle East and Asia. In his role as a senior investment professional, multi-jurisdictional transaction and asset management lawyer and general counsel, he obtained a deep understanding of asset and fund management, M&A, FinTech, trade finance, venture capital and capital markets across the global financial services industry.

As such, Mr. Henrich serves on a number of advisory, supervisory and company boards and is approved by the Dubai Financial Services Authority (DFSA), the Financial Conduct Authority, UK (FCA) and the Monetary Authority of Singapore (MAS). He is a Member of the Bar Associations in the UK and Germany and holds a Master of Laws (LL.M.) in International Business and Finance Law from Queen Mary University of London.

Alexander Lemzakov
Non-executive Director

Appointed: February 2024

Alexander Lemzakov has a proven track record in the IT industry, specialising in automotive, mobility and AI. Based in Dubai, over the past decade he has developed expertise in successfully identifying and developing market opportunities, delivering innovative approaches to drive business growth and creating important relationships with strategic partners, governments and regulators, and industry bodies.

Currently, he is Co-founder and Chief Executive Officer of Wize, an IT platform company targeting the automotive sector. As well as previous experience as an Executive Board Member and Strategic Officer at car-sharing company Green Crab, Mr. Lemzakov has held senior management positions in a number of technology focused businesses. He holds a Master's degree in Information Technology.

Mikhail Loganov
Non-executive Director

Appointed: February 2024

Mikhail Loganov has extensive experience in corporate finance, risk management, audit and business administration. Throughout his career he has held senior positions in the transportation and logistics industry including as Chief Financial Officer and then Chief Executive Officer at London-listed Global Ports Investments PLC from 2013 until 2018, having been on the Board since 2008. Mr. Loganov served as Managing Director and Executive member of the Board of Directors of Globaltrans Investment PLC for the five years following its listing on the London Stock Exchange in 2008 with responsibility for financial and reporting activities as well as having oversight of capital markets and M&A transactions. Currently he is based in Dubai and acts as Chief Operating Officer and Head of Finance at HeadOffice, a global multi family office firm.

Mr. Loganov started his career as a Financial Analyst at American Express (Europe) having graduated with honours from the UK's University of Brighton with a degree in Business Administration with Finance.

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Board of Directors

Effective from 26 February 2024 to 4 April 2024

Elia Nicolaou

Non-executive Director

Appointed: March 2008

Committee Memberships: ESG Committee (Chair)

Skills and experience: Ms. Nicolaou has extensive experience in commercial, corporate and funds law. She is currently the Managing Director of Amicorp (Cyprus) Ltd.

Previously, she was head of the Corporate Legal department at Polakis Sarris LLC and also worked at C. Patsalides LLC. Ms. Nicolaou is a member of the Board of CIFA and WICCI, the Chair of CyprusSouth East Asia Business Association, participates in various associations of the Cyprus Chamber of Commerce and sits on the boards of other listed and private companies. Ms. Nicolaou graduated with an LLB in Law from the University of Nottingham and holds an LLM in Commercial and Corporate Law from University College London. She has an advanced diploma in Business Administration from the Cyprus International Institute of Management. She was admitted to the Bar in Cyprus in 2003.

Anastasia van Rooijen

Non-executive Director

Appointed: February 2024

With her broad language base and deep understanding of diverse cultures, Anastasia van Rooijen has held various roles in multinational companies, strengthening their communication structures and change management processes. Specialising in employee and organisational development, her business experience over 20 years has spanned multiple industries including oil & gas, maritime, beverages and consulting.

Mrs. van Rooijen has recently served as Organisational Development Manager (2008–2022) at a residential property development company Bonava (formerly NCC AB), where she was responsible for the optimisation of Human Resources processes, practices and program initiatives. Having started her career as an interpreter, she gained extensive experience holding various positions in HEINEKEN, Det Norske Veritas and Deloitte.

Mrs. van Rooijen graduated from Saint Petersburg State University where she majored in Linguistics.

Andrei Ryan

Non-executive Director

Appointed: February 2024

Andrei Ryan works as the Chief of Staff at Conundrum, a UK based AI company that develops software for the digital transformation of manufacturing, and serves as the General Manager for their UAE business. Having started his career in Finance at Canada's Department of Foreign Affairs and International Trade, Mr. Ryan spent five years at international management consultancy firm McKinsey, gaining extensive experience in advising global companies on driving investment decisions, strategy development and implementation of transformational change. From 2018 to 2022 he served in senior executive roles at Yandex including as Head of Strategy for their E- commerce business unit.

Mr. Ryan holds an MBA degree from INSEAD, a Master's in International Management degree from Vienna University of Business and Economics and an Honours Bachelor of Commerce (Finance) degree, from the University of Ottawa.

Evgeny Yakushkin

Non-executive Director

Appointed: February 2024

Evgeny Yakushkin has over 15 years of experience in management consulting and e-commerce, with deep knowledge of e-commerce logistics operations. For five years Mr. Yakushkin developed Alibaba's retail business in CIS (AliExpress) as Director of Strategy and Business Development and was responsible for the operations, building partnerships and M&A principally in retail and logistics. Prior to that, he worked for McKinsey & Company in strategy and service operations and has designed and implemented transformation programmes for clients in numerous sectors including banking, financial services, telecom, energy, education, and logistics, as well as for Sovereign Wealth Funds and non-governmental organisations. Prior to joining McKinsey, he worked in product marketing for Procter & Gamble, Sony and Microsoft.

Mr. Yakushkin graduated from the department of Economics and then Graduate School of Business at Lomonosov Moscow State University. He also holds an MBA from INSEAD.

Board of Directors

Effective from 4 April 2024

The composition of the Board of Directors presented below was approved by shareholders at the Extraordinary General Meeting held on 4 April 2024.

Yerzhan Niyazaliyev

Chairman of the Board, Executive Director

Appointed: April 2024

Yerzhan Niyazaliyev has extensive experience in management, development and consulting across the pharmaceutical, hospitality, and food and beverage sectors. An entrepreneur by background, since 2018 he has held key senior positions at AQNIET Capital, a multi-format investment company domiciled in Kazakhstan with a portfolio of brands in retail, distribution, logistics and agriculture. He first served as its CEO before moving to the Supervisory Board in 2023. Mr. Niyazaliyev is also co-founder and Chairman of Pana, a company focused on the hotel, restaurant and catering industry with significant business presence in Kazakhstan as well as Russia, the USA and Turkey.

Mr. Niyazaliyev graduated from M. Auezov South Kazakstan University with a Bachelor of Science degree in history and holds an LLB (Bachelor of Laws) degree from Maqsut Narikbayev University and an LLM (Master of Laws) degree from the Regional Social and Innovation University.

Jaafar Borhan

Senior Independent Non-executive Director

Appointed: April 2024

Committee Memberships: Nomination Committee (Chairman), Remuneration Committee (Chairman), ESG Committee.

Jaafar Borhan Jaafar has over 13 years of experience in the fields of relationship management, investment consultancy, and government and corporate services. Since early 2023, he has been CEO of Business Hub, a corporate services provider in Abu Dhabi. Prior to that, Mr. Jaafar was Commercial Director – SME & Business Development for KEZAD Group (the Khalifa Economic Zone Abu Dhabi) and has held senior managerial positions at RAKEZ (the Ras Al Khaimah Economic Zone) as well as in various UAE companies such as OnTime Government Services, UAE Exchange Centre, and Emirates NBD.

He holds a Bachelor's Degree in Business Administration and Finance from Beirut Arab University.

Abdulla Belobaida

Independent Non-executive Director

Appointed: April 2024

Committee Memberships: Audit Committee, Nomination Committee, Remuneration Committee.

Abdulla Belobaida has a wealth of entrepreneurial experience gained in various sectors including trading, real estate and the construction industry. He is a business partner and board member of Engineering Contracting Co, a well-established contracting firm providing engineering and construction services in the UAE, as well as sitting on the board of Prime Metal Industries, a leader in the provision of steel and aluminum metalworks in the region. Mr. Belobaida also manages a portfolio of properties across the UAE handling legal and compliance related issues.

Jouslin Khairallah

Independent Non-executive Director

Appointed: April 2024

Committee Memberships: Audit Committee (Chair), ESG Committee (Chair).

Jouslin Khairallah is a professional litigator and legal advisor having practiced law for over 18 years and is the founder and Managing Director of Khairallah Advocates and Legal Consultants, a law firm based in Dubai. Mrs. Khairallah has extensive experience in both the public and private sectors and has represented large Middle East and multinational corporate entities and individuals to resolve complex and high value disputes. In 2022, she became a member of the International Association of Lawyers and is also a member of the Emirates Human Rights Association and the Dubai Business Women Council.

Mrs. Khairallah holds a Bachelor of Law from Beirut Al Arabia University.

Yousef Abu Laban

Non-executive Director

Appointed: February 2024

Yousef Abu Laban is Co-founder and Managing Partner of Synergate LLC, a boutique financial services company principally focused on countries in the Gulf Cooperation Council. He has over 10 years' experience in company formation, business development and start-up advisory services. A specialist in Computer Science and Information Technology, Mr. Abu Laban graduated from the World Islamic Sciences & Education University (W.I.S.E) where he majored in Computer Network Systems.

Board of Directors

Effective from 4 April 2024

Albina Amangeldinova

Non-executive Director

Appointed: April 2024

Albina Amangeldinova has more than 25 years of experience in finance, freight rail transportation and logistics and since 2011 has been Director General of DAR Company-2008, a Kazakh business focused on providing support services to the rail transportation sector. She spent more than a decade at National Company Kazakhstan Temir Zholy, a leading logistics and transportation holding company with the largest fleet of locomotives, freight and passenger railcars in Kazakhstan, holding several key positions during her time there.

Mrs. Amangeldinova has a degree in Economics from the Almaty Institute of National Economy and also studied law at Kazakh Humanitarian-Legal University.

Anton Gazizov

Executive Director, Managing Director

Appointed: April 2024

Anton Gazizov has over 20 years of experience in the finance and banking sectors most recently with a focus on private equity, mezzanine financing and venture capital investments. Currently he serves as Portfolio Manager at AQNIET Capital, a multi-format investment company domiciled in Kazakhstan and with a portfolio of brands in retail, distribution, logistics and agriculture. He is also CEO of Sky Light Invest in the UAE, a family office. Mr. Gazizov's international career comprises positions at prominent institutions such as Deutsche Bank, Goldman Sachs, and US hedge fund QVT. He holds a first-class degree in Economics from Cambridge University, an executive MBA from the London Business School and is a Chartered Financial Analyst.

Kairat Itemgenov

Executive Director, Chief Strategy Officer, shareholder

Appointed: April 2024

Kairat Itemgenov is a successful entrepreneur and owner of AQNIET Capital, a multi-format investment company domiciled and with major business interests in Kazakhstan. Over the past 25 years he developed sizable businesses across several sectors which include (i) a leading Kazakh pharmacy chain Europharma, (ii) several hotels and lodging properties, (iii) logistics company Satti Logistics which operates its own truck and van fleets as well as (iv) KBI Energy, an experienced player in the repair and instalment of large-scale power generating equipment. In January 2024, AQNIET Capital became a key shareholder of Globaltrans.

Prior to embarking on a business development path in 2006, Mr. Itemgenov practiced law for ten years. He graduated from Kazakh State National University where he majored in jurisprudence.

Viacheslav Stanislavskiy

Executive Director, Head of Operations

Appointed: April 2024

Mr. Stanislavsky has more than 30 years of experience in the rail industry. He joined New Forwarding Company, a Globaltrans subsidiary, as Deputy General Director for Operations and Commerce in March 2010 and became First Deputy General Director in April 2011. Prior to that, he had held various senior positions in a number of transportation companies. Mr. Stanislavsky graduated from Irkutsk National Research Technical University. He also has a degree in railway engineering.

Dr. Abdultaiyab Bahrainwala

Non-executive Director

Appointed: April 2024

Dr. Abdultaiyab Bahrainwala has more than 14 years' experience in corporate law and has advised across a wide range of areas including real estate, company formation, intellectual property, employment and commercial transactions. He is a Partner at Dubai law firm Khairallah Advocates & Legal Consultants where he heads their Corporate Department. Dr. Bahrainwala has practiced law in the United Arab Emirates for over a decade and built an excellent reputation in the legal landscape of the region.

He holds a Law Doctorate from the European University Institute in Paris, an LLM in International Business Law from National University of Singapore, and a Bachelor of Arts and Laws from the Maharaja Sayajirao University of Baroda, India.

Stefan Henrich

Non-executive Director

Appointed: April 2024

Stefan Henrich has more than 20 years' experience in finance and business law with top tier financial institutions across Europe, the Middle East and Asia. In his role as a senior investment professional, multi-jurisdictional transaction and asset management lawyer and general counsel, he obtained a deep understanding of asset and fund management, M&A, FinTech, trade finance, venture capital and capital markets across the global financial services industry.

As such, Mr. Henrich serves on a number of advisory, supervisory and company boards and is approved by the Dubai Financial Services Authority (DFSA), the Financial Conduct Authority, UK (FCA) and the Monetary Authority of Singapore (MAS). He is a Member of the Bar Associations in the UK and Germany and holds a Master of Laws (LL.M.) in International Business and Finance Law from Queen Mary University of London.

Ruslan Izatov

Non-executive Director

Appointed: April 2024

Ruslan Izatov has extensive experience in finance and accounting across business including construction, hospitality and metals. In 2023, he was named Director General of AQNIET Capital, a multi-format investment company domiciled in Kazakhstan with a portfolio of brands in retail, distribution, logistics and agriculture. He has held a number of senior financial roles and is currently Chief Financial Officer of two Kazakh companies. Mr. Izatov has also worked in education as a senior lecturer in the Department of Economics at Kazakh Economic University.

Mr. Izatov graduated with honours from Taraz State University where he majored in economics.

Alexander Storozhev

Executive Director, Chief Procurement Officer

Appointed: From April 2013 to February 2024 and rejoined in April 2024

Mr. Storozhev has held senior management roles throughout a 20-year career in the rail industry and has been with Globaltrans since it was established. He sits on the boards of all Group subsidiaries. He graduated from the Kiev Military Academy of Aviation and Engineering in 1990 with a degree in Engineering. He holds a diploma from the MIRBIS Business School in Moscow and a Master's degree in Business Administration and Finance.

Executive Management

The executive leadership has responsibility for managing the Group's day-to-day business operations and support functions. The senior management team comprises the executive directors along with the heads of key subsidiaries and Group functions. Senior management is, in turn, supported by a team of highly skilled and competent line managers.

Valery Shpakov
Chief Executive Officer

Mr. Shpakov became CEO in March 2016, having served as interim CEO since November 2015. He joined New Forwarding Company, a Globaltrans subsidiary, in 2003 and has been its CEO since 2007. He is an experienced manager with a track record of over 30 years in the rail industry. He began his career in the private sector in 1999 and has held managerial positions at various companies in the transport sector.

Vyacheslav Stanislavsky
Deputy Chief Executive Officer, Head of Operations, member of the Board of Globaltrans, Executive Director

Mr. Stanislavsky has more than 30 years of experience in the rail industry. He joined New Forwarding Company, a Globaltrans subsidiary, as Deputy General Director for Operations and Commerce in March 2010 and became First Deputy General Director in April 2011. Prior to that, he had held various senior positions in a number of transportation companies. Mr. Stanislavsky graduated from Irkutsk National Research Technical University. He also has a degree in railway engineering.

Dmitry Frolov
Chief Financial Officer

Dmitry Frolov was appointed CFO in December 2023[1]. He has been with the Group since 2012 and has had responsibility for business development, M&A transactions and other areas of corporate finance. He is a member of a number of Globaltrans subsidiary boards. Mr. Frolov has more than 15 years' experience in finance in the transportation and logistics industry. He graduated from the Moscow State Institute of International Relations, where he majored in economics and finance.

Alexander Storozhev
Chief Procurement Officer, member of the Board of Globaltrans, Executive Director

Mr. Storozhev has held senior management roles throughout a 20-year career in the rail industry and has been with Globaltrans since it was established. He sits on the boards of all Group subsidiaries. He graduated from the Kiev Military Academy of Aviation and Engineering in 1990 with a degree in Engineering. He holds a diploma from the MIRBIS Business School in Moscow and a Master's degree in Business Administration and Finance.

[1] Dmitry Frolov succeeded Alexander Shenets who had served as Group CFO since 2008.

Kirill Prokofiev
CEO of BaltTransServis

Mr. Prokofiev was appointed CEO of BaltTransServis, a Globaltrans subsidiary, in February 2017. Prior to his appointment, he spent more than seven years working in senior executive roles in the rail sector. He graduated from the Saint Petersburg State University of Economics where he majored in economics. He also holds an MBA in Strategic Management from Moscow's Higher School of Economics.

Roman Goncharov
Head of Treasury

Mr. Goncharov has served as CFO of New Forwarding Company, a Globaltrans subsidiary, since 2005 and has over 20 years of management experience. He has an MBA from the Moscow International School of Business.

Svetlana Brokar
Government Relations Officer

Ms. Brokar joined as Government Relations Officer in December 2018. She is an attorney with significant expertise in civil, tax, commercial, corporate, finance and railway transport matters. From 2009 to 2013, Ms. Brokar was a member of the Board of New Forwarding Company, a Globaltrans subsidiary, and since 2014 has acted as its in-house legal counsel or provided it with legal services. She also previously worked with the non-profit partnership "Council of Railway Operators". Ms. Brokar graduated with a law degree from Kaliningrad State University.

Corporate Governance Report

Corporate governance statement

During 2023, Globaltrans' corporate affairs were governed by the memorandum and articles of association of the Company and the provisions of applicable Cyprus law. Although the Company was not subject to any mandatory corporate governance code in its home jurisdiction of Cyprus, nor required to observe the UK Corporate Governance Code (formerly the Combined Code), it has implemented various corporate governance measures and practices, which are detailed below in this section. Globaltrans continues to review its corporate governance practices in line with international best practice.

Globaltrans' Board of Directors has adopted and updated the Company's Code of Corporate Governance (the "Code"), guaranteeing that the interests of all shareholders are given due consideration. The Code comprises the various policies in relation to corporate governance which have been adopted by the Company. Although the Code is based on principles recommended by the UK Corporate Governance Code, this does not constitute voluntary compliance with such governance code.

In January 2010, the Board supplemented its Code of Corporate Governance with a corporate policy on the treatment of the rights of its non-controlling shareholders; this aims to ensure fair treatment of the rights of non-controlling shareholders of the Company.

This section provides an overview of our corporate governance practices. For further information, please see the Financial Statements section of this Annual Report.

Corporate governance policies

Globaltrans' corporate governance policies and practices are designed to ensure that the Group upholds its responsibilities to shareholders and other stakeholders. The Group promotes and applies this principle across all levels of its organisation, supported by clear and effective governance structures.

Globatrans' policies include, inter alia:

Corporate documents and policies

- Articles of Association
- Appointment Policy for the Board of Directors and Committees
- Audit Committee – terms of reference
- Board of Directors – terms of reference
- Corporate Secretary – terms of reference
- Dividend Policy
- ESG Committee – terms of reference
- Internal Audit Charter
- Nomination Committee – terms of reference
- Policy on Assessment of Independence and Objectivity of External Auditor
- Remuneration Committee – terms of reference
- Risk Management Policy
- Risk Management Standard

Business ethics

- Anti-fraud Policy
- Business Continuity Policy
- The Code of Ethics and Conduct
- ESG Policy
- Green Office Initiative
- Policy on Reporting and Investigating Allegations of Suspected Improper Activities (Whistleblowing Policy)
- Corporate Diversity and Inclusion Policy
- Environmental and Energy Policy
- Freedom of Association Policy
- Health and Safety Policy
- Human Rights Policy
- Supplier Code of Conduct

Disclosure, transparency and market abuse regulation

- Corporate Policy on the Treatment of the Rights of Minority Shareholders
- Continuing Obligations Policy
- Disclosure Policy
- Internal Control Rules for Insider Information
- List of Insider Information
- Securities Dealing Code and PDMR Securities Dealing Code

Privacy

- Privacy Policy

→ For the Group's corporate governance documents and policies, please visit our corporate website at: https://www.globaltrans.com/governance/corporate-documents

Board's responsibilities and activities

Globaltrans' Board of Directors is accountable to the Company's shareholders for standards of governance across the Group's activities. The Board is committed to providing effective, transparent and ethical oversight of the Group so that it can take decisions which it believes benefit all its stakeholders and communities and create value for the Group.

Responsibilities

- Providing leadership, setting the overall strategy and ensuring that the necessary components are in place for the Group to meet its objectives
- Setting Group values and standards, and ensuring that obligations to all stakeholders are understood and met
- Monitoring and reviewing the performance of the Group and its management
- Maintaining an effective system of internal control and risk management to safeguard shareholders' rights and interests and the Group's assets
- Ensuring an effective governance framework and compliance with relevant regulations
- Assessing from time to time whether the Independent Non-executive Directors continue to demonstrate independence

Membership

The Nomination Committee leads the process for Board appointments, and members of the Board are elected at the General Meeting. Board members are nominated based on their industry knowledge, expertise and experience in areas such as accounting, finance, business management and strategic planning. In selecting candidates for the Board, the Group seeks to create an effective and complementary Board whose capability is appropriate for the business' scale, complexity and strategic positioning. Non-executive Directors are drawn from a wide range of industries and backgrounds including

Corporate Governance Report

infrastructure, transport, audit and financial services, and have appropriate experience working with and for large international organisations. In addition, the Group selects Independent Directors intending to ensure that the views of free-float shareholders are represented and that the interests of all stakeholders are taken into account.

As of 31 December 2023, the Board comprises 14 members, ten of whom are Non-executive Directors. Three of the Non-executive Directors are independent. Globaltrans separates the positions of Chairman and CEO to ensure appropriate segregation of roles and a clear division of responsibilities. As of 31 December 2023, members of the Board of Directors held 14,555,939 shares and GDRs in Globaltrans.

Diversity

Globaltrans values differences and is committed to diversity, equality and inclusion ("DE&I"). The Board does not operate a separate diversity policy. The Group's approach to diversity issues is set out in the Diversity and Inclusion Policy adopted in 2020 and exists at all levels of the Group, including the Board of Directors. In line with the best practice and the Group's commitment to diversity, the Board does take into account DE&I aspects when making new Board appointments and considering the composition of the Board. As of 31 December 2023, there are two female members on the Board, equivalent to about 14% of the Board. The average age of the Board is 53 years and ranges in age from 44 to over 60 years old. Board members are from a range of different socio-economic and ethnic backgrounds and have experience across the following areas: the transportation and ports industry, audit, accounting, economics, finance and banking, law, engineering, international trade and risk management.

→ Please refer to the Sustainability Report for further details on certain diversity metrics in relation to the Board.

Induction and professional development

The Chair is responsible for ensuring that the induction process for new directors joining the Board is well constructed and timely. Directors have full access to a regular supply of financial, operational, strategic and regulatory information to help them discharge their responsibilities.

Performance evaluation

The Board's performance is assessed annually and the evaluation process is conducted through a combination of self-assessment and annual appraisals. The Chairman's performance is evaluated by the Non-executive Directors.

Activities

The Board meets at least four times a year. Fixed meetings are scheduled at the end of each quarter, while ad hoc meetings are called whenever the Board needs to discuss pressing matters in between the scheduled meetings.

The Board met 24 times during 2023 and considered 105 items including the following:

Regular meetings

- Review of the Group's financial and operational performance
- Approval of the annual budget
- Review of the Group's performance against the approved annual budget
- Approval of the annual and semi-annual financial statements and the respective regulatory announcements
- Review of the results of risk assessments
- Approval of the Annual General Meeting agenda, including dividend proposals and Board reappointments
- Approval of appointments to the Board of Directors of subsidiaries

Ad hoc meetings

- Approval of material borrowings and pledges by the Company and its subsidiaries
- Approval of the contracts of the Company
- Approval of the remuneration of key management and executive directors
- Appointment of the key management of the Group
- Approval of dividend distribution by subsidiaries
- Review and consideration of various business development opportunities and major transactions
- Consideration of M&A transactions

The Board and the Board Committees meetings in 2023 and the attendance of Directors

	Board of Directors		Nomination committee		Remuneration committee		Audit committee		ESG committee	
	E	A	E	A	E	A	E	A	E	A
Sergey V. Maltsev (Chairman)	24	24								
John Carroll Colley	24	24	5	5	5	5	5	5	2	2
Alexander Eliseev	24	23								
Sergey Foliforov	24	24								
Andrey Gomon	24	24								
Vasilis Hadjivassiliou	24	24					5	5		
Elia Nicolaou	24	24							2	2
George Papaioannou	24	24	5	5	5	5	5	5		
Melina Pyrgou	24	24								
Konstantin Shirokov	24	23								
Alexander Storozhev	24	24								
Michael Thomaides	24	24								
Marios Tofaros	24	24								
Sergey V. Tolmachev	24	24								

E – Eligible A – Attended

Remuneration of the Board and management

Directors serve on the Board under letters of appointment which specify their terms of appointment and remuneration. Appointments are effective until the following Annual General Meeting. Remuneration levels for Non-executive Directors reflect their expertise, time commitment, responsibilities and membership of any Board Committees. Directors are also reimbursed for expenses associated with the discharge of their duties.

Non-executive Directors are not eligible for bonuses, retirement benefits or participation in any incentive plans operated by the Group. The Group's shareholders approved the remuneration of Board members for 2023 at the Annual General Meeting held on 21 April 2023.

→ For further information on the remuneration paid to the Board and key executives in 2023, please see Note 35a of the Group's Consolidated Management Report and Consolidated Financial Statements included in the Financial Statements section of this Annual Report.

Corporate Governance Report

Board committees

Globaltrans has four principal committees that advise the Board: the Audit Committee, the Nomination Committee, the Remuneration Committee and the ESG Committee.

These committees oversee, review and monitor key areas on behalf of the Board and while they have the authority to make recommendations, ultimate decision-making responsibility for all matters lies with the full Board. Each committee has written terms of reference, approved by the Board, that summarises the committee's role and responsibilities.

Audit Committee

The role of the Audit Committee is to ensure the integrity of the Group's published financial information and the effectiveness of the internal audit function and the systems for internal control and risk management, as well as the external audit process.

	Number of members	Members as at 31 December 2023	Minimum meetings a year	Number of meetings in 2023
Members and meetings	3 members all independent	**John Carroll Colley** Independent Non-executive Director (Chairman) **Vasilis Hadjivassiliou** Independent Non-executive Director **George Papaioannou** Independent Non-executive Director	4	5

Responsibilities

- Integrity of the Group's financial statements
- Effectiveness of the Group's internal control and risk management systems
- Relationship with the Group's external auditors, including the audit process and reports
- Terms of the auditor's appointment and remuneration
- Implementation of codes of conduct
- Assessment of the Chairman of the Board's performance

Issues considered in 2023

- Review of the Group's Consolidated Financial Statements for 2022 and interim financial results for the six months ended 30 June 2023
- Review of the external auditor's report to the Audit Committee following its full-year audit for 2022 and review for the six months ended 30 June 2023
- Review of the Group's external auditor and terms of reappointment for 2023
- The Committee recommended reappointment of the external auditors to the Board which, in turn, proposed their reappointment at the Annual General Meeting of the Group held on 21 April 2023
- Review of the report of the external auditor on the audit strategy for the audit of 2023 financial statements
- Review of regulatory announcements by the Group
- Review of internal controls and risk management processes
- Review of the internal audit function and reports on its activities and on the internal audit model and plan

The Audit Committee meetings in 2023

	Eligible	Attended
John Carroll Colley	5	5
Vasilis Hadjivassiliou	5	5
George Papaioannou	5	5

Nomination Committee

The role of the Nomination Committee is to monitor and review the size, composition and balance of the Board and its committees and to ensure Globaltrans has the right structure, skills and diversity for the effective management of the Group.

	Number of members	Members as at 31 December 2023	Minimum meetings a year	Number of meetings in 2023
Members and meetings	2 members 2 independent	**John Carroll Colley** Independent Non-executive Director (Chairman) **George Papaioannou** Independent Non-executive Director	1	5

Responsibilities

- Preparation of selection criteria and appointment procedures for Board members
- Regular review of the Board's structure, size and composition
- Future Board appointments
- Recommendations regarding the membership of the Audit and Remuneration committees

Issues considered in 2023

- Advice to the Annual General Meeting on the appointment of Board members
- Termination of employment of CFO and appointment of new CFO

The Nomination Committee meetings in 2023

	Eligible	Attended
John Carroll Colley	5	5
George Papaioannou	5	5

Corporate Governance Report

Remuneration Committee

The role of the Remuneration Committee is to ensure that executive remuneration aligns appropriately with the business strategy and that the remuneration policy remains appropriate.

	Number of members	Members as at 31 December 2023	Minimum meetings a year	Number of meetings in 2023
Members and meetings	2 members 2 independent	**John Carroll Colley** Independent Non-executive Director (Chairman) **George Papaioannou** Independent Non-executive Director	1	5
Responsibilities	• Remuneration of Executive Directors (Chairman and Executive Directors determine the remuneration for independent members) • Review of the Group's remuneration policies			
Issues considered in 2023	• Approval of bonuses to the Chief Strategy Officer, General Counsel, Chief Financial Officer and Managing Director			

The Remuneration Committee meetings in 2023

	Eligible	Attended
John Carroll Colley	5	5
George Papaioannou	5	5

ESG Committee

The role of the ESG Committee is to monitor the development of the Group's sustainability strategy, review and recommend ESG disclosures for Board approval and approve the Group's sustainability reports.

	Number of members	Members as at 31 December 2023	Minimum meetings a year	Number of meetings in 2023
Members and meetings	2 members 1 independent	**Elia Nicolaou** Non-executive Director (Chair) **John Carroll Colley** Independent Non-executive Director	2	2
Responsibilities	• Monitoring of the development of the Group's sustainability strategy (issues, policies, initiatives related to ESG) • Oversight of ESG disclosures • Approval of annual sustainability report • Review of the ESG activities of the Group • Review of key performance indicators			
Issues considered in 2023	• Review of the latest sustainability trends and developments • Review of the Group's ESG activities and key performance indicators in 2022 and in the six months ended 30 June 2023 • Approval of the Group's annual Sustainability Report for 2022 • Approval of the Group's ESG workplan and the activity of the ESG Committee in 2023–2024			

The ESG Committee meetings in 2023

	Eligible	Attended
Elia Nicolaou	2	2
John Carroll Colley	2	2

Corporate Governance Report

Shareholder engagement

The Board places great importance on its relationships with the Company's shareholders. It continually strives to provide high levels of transparency and build trust, recognising that engaging with shareholders is key to creating long-term, sustainable shareholder value.

The Board engages with shareholders in a variety of ways. Management undertakes a regular schedule of meetings, presentations, conference calls and webcasts with investors and sell-side analysts. The Group has a dedicated Investor Relations team that acts as the primary point of contact with the investor community.

External auditor

The Audit Committee manages the relationship with the external auditor on behalf of the Board. Each year it considers the reappointment of the external auditor, reviews requirements on the rotation of the audit partner and the audit firm when applicable, as well as its remuneration and other terms of engagement, and makes a recommendation to the Board. Shareholders are then asked to approve the appointment at the Annual General Meeting. The Group has a formal policy for assessing the independence and objectivity of the external auditor. It regulates the terms of appointment of the external auditor and the nature of audit and permitted non-audit services provided to the Group.

External auditors periodically (at least annually) provide written confirmation to the Audit Committee that, in their professional judgement, they are independent of the Group. The Committee is satisfied that the independence and objectivity of the external auditors is not impaired and that the external audit process remains effective.

The Audit Committee recommended the appointment of GAC Auditors Ltd as the Group's external auditor in respect of the audit of the financial year ending 2023. The appointment was approved by the Group's shareholders at the Annual General Meeting on 21 April 2023.

Internal control and audit

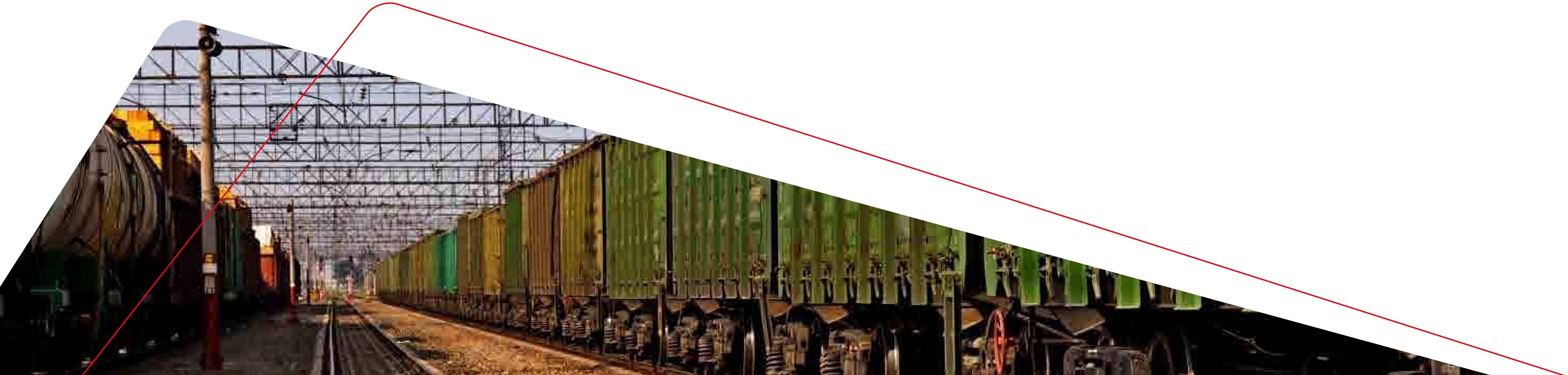
The Board is primarily responsible for establishing a framework of prudent and effective internal controls and risk management in relation to the financial reporting process for the undertakings included in the Group consolidation that enables risks to be assessed and managed and financial reports to be prepared. The Audit Committee reviews and assesses the Group's internal control and risk management processes. The system of controls is designed to manage rather than eliminate the risks relevant to the Group's operations and, therefore, can only provide reasonable, and not absolute, assurance against material errors, losses, fraud or breaches of laws and regulations. At Globaltrans, the body responsible for internal audit is the Internal Audit Service ("IAS").

It tests the Group's systems of risk management, internal control and corporate governance to obtain reasonable assurance that:

- The risk management system functions efficiently.
- Material financial, management and operating information is accurate, reliable and up-to-date.
- The actions of employees and management bodies comply with the Group's policies, standards and procedures and applicable laws.
- Resources are procured reasonably and used efficiently and their safekeeping is fully guaranteed.
- Group companies conduct their business in compliance with applicable laws.

Every year, the Audit Committee approves an internal audit plan, which is developed by identifying the audit universe, performing a risk analysis and obtaining input from management relative to risks, controls and governance processes. The internal auditor regularly reports to the Audit Committee on the progress of planned audits. If any material internal control deficiencies are identified, they are immediately communicated to the Audit Committee and consequently to the Board.

→ Please refer to the Financial Statements section of this Annual Report for further details on our internal control and risk management systems in relation to the financial reporting process.



Share Capital

Public company driven by entrepreneurial spirit

Globaltrans was formed in 2004 when a group of like-minded entrepreneurs brought their freight rail businesses together to form the Company, giving it the scale, governance and focus to become one of the leading players in the CIS.

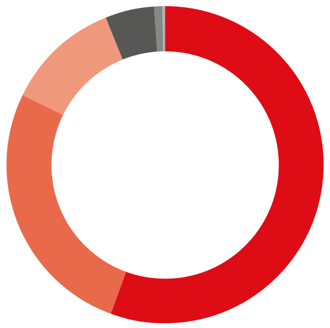
In 2008, Globaltrans successfully undertook an Initial Public Offering on the London Stock Exchange ("LSE"), becoming the first freight rail group servicing CIS cargo flows to be listed internationally. In 2020, Globaltrans' GDRs were admitted to trading on the Moscow Exchange ("MOEX").

Today, the majority of the Company's shares are in public hands with Globaltrans' free float amounting to 55.7% of the issued share capital.

AQNIET Capital LLP ("AQNIET"), an investment company domiciled and with major business interests in Kazakhstan is the largest single shareholder of Globaltrans. AQNIET is beneficially owned by Kairat Itemgenov, a Kazakh entrepreneur who has successfully developed sizeable businesses across several sectors over the past 25 years.

The issued share capital of Globaltrans consists of 178,318,259 ordinary shares with a nominal value of USD 0.10 each, a certain portion of which is held in the form of GDRs. The GDRs represent one ordinary share each and have been listed on the Main Market of the LSE (ticker symbol: GLTR) since May 2008[1] and on the Level One quotation list of MOEX (ticker symbol: GLTR) since October 2020. Citibank N.A. is the depositary bank for the GDR programme of Globaltrans.

Shareholder structure[2]



5.1%[6] Litten Investments Ltd

0.9% Transportation Investments Management Ltd

0.1% Directors and management

55.7%[3] Free float

26.7%[4] AQNIET Capital LLP

11.5%[5] Marigold Investments Ltd

1 Imposed suspension of GDRs trading on the LSE since 3 March 2022 continued as of the date of publication.

2 The information in this section is based upon notifications and other information received by the Company with respect to beneficial ownership as of 5 February 2024.

3 For these purposes, the free float consists of the ordinary shares and GDRs held by investors not affiliated or associated with Globaltrans.

4 Directly or indirectly owned. AQNIET Capital LLP is beneficially owned by Kairat Itemgenov.

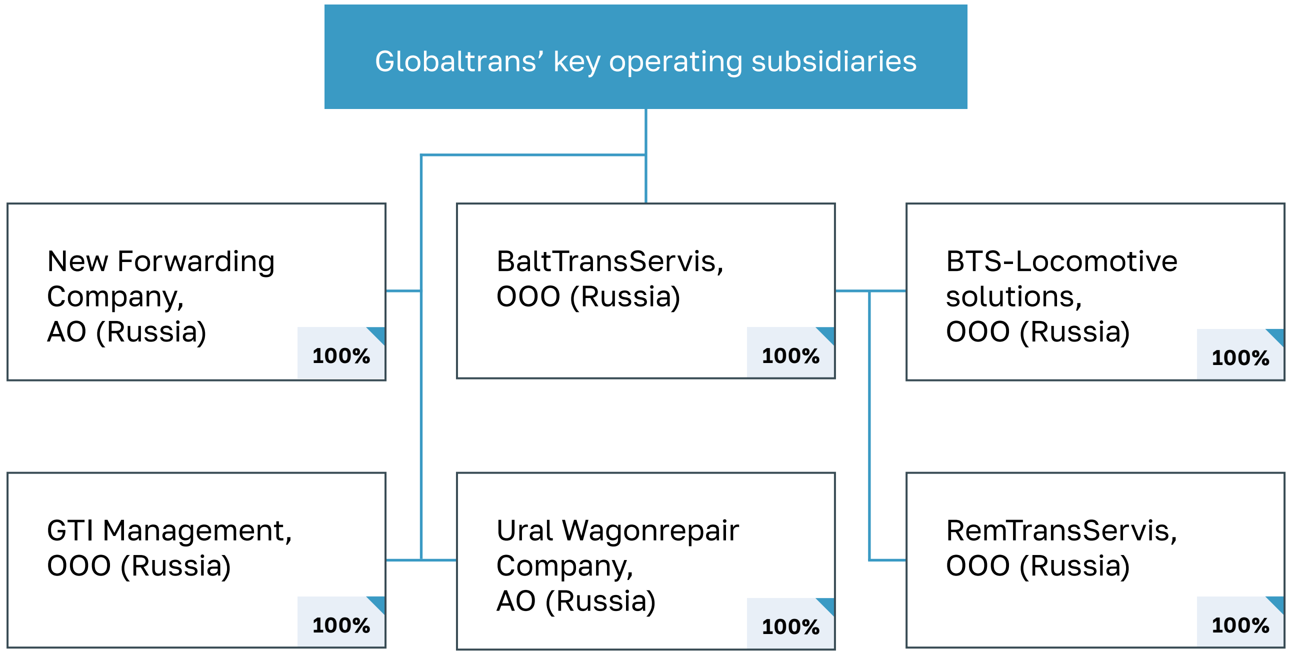
5 Beneficially owned by Andrey Filatov, co-founder of Globaltrans.

6 Beneficially owned by Alexander Eliseev, co-founder of Globaltrans. This shareholding is subject to the signed binding agreement to sell to AQNIET Capital LLP. The completion of the transaction is expected not later than the second half of 2024.

Corporate Structure

Globaltrans provides freight rail transportation, railcar leasing and other ancillary services to clients through its 100% owned subsidiaries (see chart below).

The Group's corporate structure ensures effective asset management and operational control while creating logical business segments.



Source: Globaltrans; as of 31 December 2023.

Financial Statements

In this section

Consolidated Management Report and Consolidated Financial Statements for the year ended 31 December 2023

Board of Directors and other officers

Board of Directors as of 5 April 2024

Mr. Jaafar Borhan

Senior Independent Non-Executive Director
Appointed on 4 April 2024,
(Senior Independent Director since 5 April 2024)
Chairman of Nomination Committee (since 5 April 2024)
Member of ESG Committee (since 5 April 2024)

Ms. Jouslin Khairallah

Independent Non-Executive Director
Appointed on 4 April 2024
Chairperson of the Audit Committee (since 5 April 2024)
Chairperson of ESG Committee (since 5 April 2024)

Mr. Abdulla Belobaida

Independent Non-Executive Director
Member of the Audit Committee (since 5 April 2024)
Member of Remuneration Committee (since 5 April 2024)
Member of Nomination Committee (since 5 April 2024)

Mr. Abdultaiyab Bahrainwala

Non-Executive Director

Ms. Albina Amangeldinova

Non-Executive Director

Mr. Yerzhan Niyazaliyev

Chairman of the Board of Directors
Executive Director

Mr. Kairat Itemgenov

Executive Director

Mr. Anton Gazizov

Executive Director

Mr. Alexander Storozhev

Executive Director

Mr. Viacheslav Stanislavskiy

Executive Director

Mr. Ruslan Izatov

Non-Executive Director

Mr. Stefan Henrich

Non-Executive Director

Mr. Yousef Abu Laban

Non-Executive Director

Board support

The Company Secretary is available to advise all Directors to ensure compliance with the Board procedures. Also a procedure is in place to enable Directors, if they so wish, to seek independent professional advice at the Company's expense.

Company Secretary

Mr. Aleksandr Lavrentjev

Registered office

Office Unit 3, Floor 6, Al Sila Tower
Abu Dhabi Global Market Square
Al Maryah Island, Abu Dhabi, UAE

Consolidated Management Report

The Board of Directors presents its report together with the audited consolidated financial statements for the year ended 31 December 2023. The Group's financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union and the requirements of Cyprus Companies Law, Cap. 113.

Principal activities

The principal activities of the Group, which are unchanged from last year, are the provision of railway transportation services, using own and leased rolling stock and fleet engaged from third party rail operators, as well as the operating lease of rolling stock.

Review of developments, position and performance of the Group's business

Globaltrans reported strong financial results in 2023 with growth achieved across all key metrics. The overall performance of the freight rail transportation sector was relatively steady despite the continued challenging operating environment that persisted for most of 2023, and which resulted in widespread transformation of freight flows and logistics, as well as pressure on cargo volumes and intensified cost pressures. The Group also improved its operational efficiency with all service contracts remaining intact. Robust financial profile was maintained with further deleveraging. Globaltrans sizably decreased its investments into fleet expansion and M&A in 2023 reflecting a conservative approach to investment given elevated new rolling stock prices.

IFRS financial information

Management considers amongst others the following IFRS measures in analysing the performance of the Group.

The Group's Total revenue increased 11% year on year to RUB 104,748,023 thousand in 2023 (2022: RUB 94,474,032 thousand). Operating profit increased 29% year on year to RUB 44,124,702 thousand in 2023 (2022: RUB 34,301,602 thousand). The profit for the year ended 31 December 2023 increased 55% year on year to RUB 38,617,605 thousand (2022: RUB 24,919,886 thousand).

On 31 December 2023 the total assets of the Group were RUB 130,385,766 thousand (2022: RUB 110,154,102 thousand) and net assets were RUB 99,853,356 thousand (2022: RUB 67,462,195 thousand).

On 31 December 2023 the total debt of the Group was RUB 15,377,104 thousand which decreased 26% as compared to end of 2022 which amounted to RUB 20,648,650 thousand. Total cash and cash equivalents on 31 December 2023 increased 166% and amounted to RUB 42,776,832 thousand (31 December 2022: 16,052,345 thousand).

Non-IFRS financial information

Amongst others, management analyses the following key non-IFRS measures. These non-IFRS measures are marked with capital letters and their definitions are provided at the end of this section in alphabetical order.

Adjusted Revenue increased 7% year on year to RUB 87,387,994 thousand (2022: RUB 81,609,908 thousand) largely supported by robust average pricing. Total Operating Cash Costs were up 8% year on year to RUB 35,048,708 thousand (2022: RUB 32,373,079 thousand).

Adjusted EBITDA increased 6% year on year to RUB 52,289,028 thousand (2022: RUB 49,216,294 thousand) with the Adjusted EBITDA Margin at 60% (2022: 60%) remains stable year on year despite ongoing cost pressures.

The Group had a strong balance sheet with Net Debt to Adjusted EBITDA decreasing to (0.52x) (2022 end: 0.09x). Net Debt reduced to RUB (27,399,728) thousand (2022 end: RUB 4,596,305 thousand). As at 31 December 2023 and 31 December 2022, 100% of the Group's debt was denominated in Russian roubles.

Free Cash Flow of RUB 25,845,174 thousand increased 74% year on year (RUB 14,824,581 thousand for 2022) as the 28% year-on-year decrease in Total CAPEX to RUB 8,260,603 thousand (2022: RUB 11,423,671 thousand) and 50% year-on-year decrease in Total CAPEX adjusted for M&A to RUB 10,091,996 thousand (2022: RUB 20,223,671 thousand).

Operational information

In 2023, Freight Rail Turnover (including Engaged Fleet) decreased 2% year on year and the Group's Transportation Volume (including Engaged Fleet) decreased 2%. The Freight Rail Turnover (including Engaged Fleet) amounted to 138.8 billion tonnes-km (2022: 141.4 billion tonnes-km) and the Group's Transportation Volume (including Engaged Fleet) was 78.6 million tonnes in 2023 (2022: 80.4 million tonnes).

The Average Number of Loaded Trips per Railcar decreased 5% year on year and the Average Distance of Loaded Trips remained stable.

Average Price per Trip increased 10% year on year to RUB 71,125 (2022: RUB 64,553) reflecting largely continued favourable market pricing conditions in both bulk and liquids segments.

The Empty Run Ratio for gondola cars improved to its lowest level in more than ten years at 36% (2022: 41%) whereas the Total Empty Run Ratio decreased to 45% (2022: 50%).

Total Fleet decreased 1% to 65,644 units (2022 end: 66,115 units).

The financial position, development and performance of the Group as presented in the financial statements is considered satisfactory.

Definitions to Non-IFRS financial measures

Adjusted EBITDA represents EBITDA excluding "Net foreign exchange transaction (losses)/gains from financing activities", "Share of loss of associate", "Other gains – net", "Net (gain)/loss on sale of property, plant and equipment", "Reversal of impairment/(impairment) of property, plant and equipment", "Loss on derecognition arising on capital repairs" and "Reversal of impairment of intangible assets".

Adjusted EBITDA Margin is calculated as Adjusted EBITDA divided by Adjusted Revenue.

Adjusted Revenue is calculated as "Total revenue" less the following "pass through" items "Infrastructure and locomotive tariffs: loaded trips" and "Services provided by other transportation organisations".

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. Net Revenue from Operation of Rolling Stock is defined as the sum of "Revenue from railway transportation – operators services (tariff borne by the Group)" and "Revenue from railway transportation - operators services (tariff borne by the client)" less "Infrastructure and locomotive tariffs: loaded trips", "Services provided by other transportation organisation" and net revenue from engaged fleet.

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 and Engaged Fleet).

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

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 and Engaged Fleet).

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 is calculated as "Cash generated from operations" (after "Changes in working capital") less "Tax paid", "Purchases of property, plant and equipment", "Purchases of intangible assets", "Acquisition of subsidiary undertakings – net of cash acquired", "Acquisition of non-controlling interest", "Interest paid on lease liabilities", "Interest paid on bank borrowings and non-convertible unsecured bonds" "Interest paid on leases with financial institutions", "Principal elements of lease payments for other lease liabilities", "Payment for rolling stock to disposed subsidiary" plus "Cash inflow from disposal of subsidiary undertakings – net of cash disposed of".

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).

Net Debt is defined as the sum of total borrowings (including interest accrued) less "Cash and cash equivalents".

Net Revenue from Engaged Fleet represents the net sum of the price charged for transportation to clients by the Group utilising Engaged Fleet less the loaded railway tariff charged by providers of infrastructure tariff (included in "Infrastructure and locomotive tariffs: loaded trips") less the cost of attracting fleet from third-party operators (included in "Services provided by other transportation organisations").

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 and locomotives, unless otherwise stated, and excludes Engaged Fleet.

Total CAPEX calculated on a cash basis as the sum of "Purchases of property, plant and equipment", "Purchases of intangible assets".

Total CAPEX adjusted for M&A (a non-IFRS financial measure) is calculated as a combination of Total CAPEX (which includes maintenance CAPEX) and cash inflows and outflows from acquisitions and disposals.

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 and Engaged Fleet) 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 and locomotives, unless otherwise stated, and excludes Engaged Fleet.

Total Operating Cash Costs 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", "Reversal of impairment/(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).

Changes in group structure

There were no changes in the Group structure of the Company during the year ended 31 December 2023 other than sale of 65.25% in Spacecom AS and incorporation of GLTR Cyprus Ltd.

Environmental matters

Rail is one of the most environmentally friendly modes of transport. Nonetheless, any commercial activity has an environmental impact and Globaltrans strives to minimise those from its operations where possible. To this end, the Group ensures that its activities fully comply with local environmental regulations. It also aims to help business and nature co-exist by focusing on applying modern technology in its operations and using natural resources rationally.

Human resources

Globaltrans considers the wellbeing of employees central to its success and strives to maintain exemplary working standards, ensure job satisfaction and create opportunities for professional growth. The Group's personnel policy focuses on creating a positive atmosphere at all offices and facilities to maximise productivity. As part of this, it offers medical insurance, support for education, opportunities to obtain additional qualifications and training, and financial aid in particularly difficult times.

The Group's future success will partly depend on its ability to continue to attract, retain and motivate key employees and qualified personnel, in particular an experienced management team. Competition in Russia for such personnel with relevant expertise is intense due to the small number of qualified individuals with suitable practical experience in the rail industry.

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Adequate remuneration packages, which are in line with or in excess of market levels, are offered to all employees and key managers and remuneration is linked to the Group's financial results. The Human Resource function regularly monitors salary levels and other benefits offered by competitors to ensure that the Group's remuneration packages are adequate.

Principal risks and uncertainties

The Group faces a number of diverse potential and actual risks to its business. The Board has adopted a formal process to identify, evaluate and manage principal risks and uncertainties faced by the Group.

To identify, evaluate and mitigate these, the Group has established an in-house system to monitor and control uncertainties and threats throughout its activities. This is overseen by a dedicated Risk Management function, which works directly with the Board of Directors in this area.

The escalation of the conflict in Ukraine and the associated sanctions imposed by the US, European Union and a number of other countries on some of the biggest Russian industrial groups, as described in Note 33 to the consolidated financial statements, may adversely affect the business environment and prospects of the Company and its subsidiaries and create significant new risks, which did not exist as at the balance sheet date.

The Group has grouped the risks that it considers to be significant into key categories – strategic, operational, compliance and financial – and they are presented below.

Strategic risks

The strategic risks faced by the Company and its subsidiaries, together referred to as "Group", that pose risks that influence the Group's ability to achieve its strategy include the general economic situation and operating environment in Russia, Kazakhstan and CIS countries in which the Group operates; the regulatory risk relating to the operation of the Russian railway transportation market including railway tariff regulation and technical requirements for fleet maintenance; the highly competitive Russian rail transportation market with unregulated operators' services tariffs; the significant concentration of the Group's customer base with the top 10 customers (including their affiliates and suppliers) accounting for around 68% of the Group's Net Revenue from the operation of rolling stock in 2023; cost of borrowing and/or deterioration in market conditions with potential impacts on the profitability and recoverability of investments; and reliance on State railway company for issuing permits allowing the Group to operate locomotives.

The Group operates mainly in Russia, other emerging markets. Emerging markets, such as Russia and Kazakhstan, are subject to greater risks than more developed markets, including significant economic, political, social, legal and legislative uncertainties. Moreover, the Group's business depends on the demand in the Russian freight rail transportation market, which in turn depends on certain key commodity sectors and, accordingly, on economic conditions in Russia, Europe and elsewhere. A decrease in production and demand for key commodities in Russia, or in adjacent countries where the commodities of the Group's key customers are shipped by rail, as a result of a technological shift, economic downturn, political crisis or other event in Russia or another relevant country, negatively impacts the Group's business and growth prospects.

The management of the Group constantly monitors the developments in the operating environment and regulatory regime of the railway transportation market in the countries in which the Group operates. The Group's business model is to maintain a balanced fleet between universal gondola cars, adaptable to the demand for transportation of various bulk cargoes and rail tank cars. Further, the Group has long-term, established relationships with its key customers and their affiliates and suppliers and in some cases, the Group becomes an integrated part of its customers' operations. Around 61% of the Group's Net Revenue from the Operation of Rolling Stock in 2023 was covered by long-term service contracts with several large clients. Such contracts provide additional stability and greater certainty regarding transport volumes for the Group. In addition, the Group's marketing function regularly monitors competitors' strategies, their use of technology, their price strategies and industry trends.

The sanctions imposed on the Russian Central Bank, National Settlement Depositary ("NSD") and number of commercial banks, the restrictions for capital movements outside Russian Federation, the sanctions imposed by US, European Union and number of other countries on the biggest Russian industrial groups adversely affects the business environment and prospects of the Group and create significant risks. The restrictions on the export of certain types of Russian commodities or change in directions of supply for Russian commodities may have a negative impact on the freight rail transportation market and the Group's business.

The situation is still evolving and further sanctions and limitations on business activity of companies operating in the region, as well as consequences on the Russian economy in general, may arise but the full nature and possible effects of these are unknown. It is not possible for management to predict with any degree of certainty the impact of this uncertainty on the future operations of the Group and estimate the financial effect on the Group. Management is closely monitoring the situation and is ready to act depending on the developments.

In addition, the appearance of new pandemics or other dangerous illnesses could seriously affect the global and local business environment and lead to negative consequences for Group's business.

Operational risks

The operational risks faced by the Group that could influence the Group's operational efficiency include the physical state of the Russian and CIS countries railway infrastructure which may negatively impact the condition of the Group's rolling stock, ability of relocation of rolling stock between different countries and the performance of the Group; the impact of inflation in Russia on the Group's costs with limited opportunities to increase tariffs to customers; the competition for personnel with relevant expertise and experience in Russia and the impact on the Group's ability to continue to attract, retain and motivate key employees and qualified personnel; reliance on State railway company for locomotive traction and infrastructure usage and the impact of this on the quality of the Group's freight transportation services and therefore customer satisfaction; IT availability and continuity considerations due to reliance on specialised trail transport and logistics software for ensuring efficient and effective logistics, dispatching and rolling stock tracking services; and risks of terrorist attacks, natural disasters or other catastrophic events beyond the Group's control.

The Group is managing operational risk by ensuring that practically all of the Group's rolling stock is insured against damage. Further, the Group monitors its rolling stock through the Group's dispatch centre on a 24/7 basis and plans routes accordingly to minimise the risks of disruption. The Group monitors FAS initiatives with the aim of detecting possible changes in tariff-setting methodology and tries to reflect respective changes in contracts with customers. Among the Group's key objectives are to increase operational efficiency and to focus on control and reduction of costs. The Group continuously monitors its costs to maintain efficiency.

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The Human Resource function regularly monitors salary levels and other benefits offered by competitors to ensure that the Group's remuneration packages are adequate. Customer satisfaction is one of the key metrics that the Group's management monitors, with customer feedback being analysed and appropriate follow-up actions being taken. Due to recent sanctions imposed by US, European Union and number of other countries, number of IT solutions will no longer be maintained by US and European Union suppliers. Local IT specialists have introduced alternative solutions to maintain the availability of IT services, continuity of business processes and ensure their recovery in case of disruption. The IT function and Internal Audit function monitor all IT-related activities and performance for compliance with IT policies and procedures.

Further the Group permanently monitors any disruptive events and applies a Business Continuity Policy to ensure the safety of employees and human life; maintain continuity of time-critical services; minimise disruptions to clients and partners; and minimise operational, financial and reputational impact.

Compliance risks

The Group is also subject to compliance risk, being the risks that influence the Group's adherence to relevant laws and regulations, including the regulations of the London Stock Exchange ("LSE") and the Moscow Exchange ("MOEX"), where Company's GDR are listed. The Group is involved in legal actions from time to time. Some of it may have an adverse effect on the Group. The ambiguity of the law in Russia and CIS countries creates regulatory uncertainty and might result in claims from different government authorities. Local tax, currency, sanctions and customs legislation, especially in Russia, other emerging markets and Cyprus, may be subject to varying interpretations, inconsistencies between federal laws, regional and local laws, rules and regulations, frequent changes and a lack of judicial and administrative guidance on interpreting legislation.

The Group runs its operations in compliance with tax, currency, labour, sanctions, customs, antimonopoly and other applicable legislation and constantly monitors any changes in the regulatory environment as well as compliance with the terms of its agreements. Standard forms of agreements are used for transportation services, and various controls are in place to ensure that the terms of agreements are adhered to. All contracts are subject to rigorous review by all of the Group functions concerned and a formal approval process prior to execution. The Group has controls in place, including highly qualified and experienced personnel, to monitor changes in legislation and determine the appropriate action needed to minimise the risk of a challenge to such treatments by the authorities. For complex matters, the Group attracts external consultants.

Financial risks

The Group's activities exposed it to a variety of financial risks: market risk (including foreign exchange risk, cash flow and fair value interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial results.

Foreign exchange risk

Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in the currency different from the functional currency of each of the entities of the Group.

The Group is exposed to the effects of currency fluctuations between (i) the Russian Rouble and the US Dollars in relation to US Dollar denominated balances held in the Company and the Cypriot and Russian subsidiaries of the Group having the Russian Rouble as their functional currency.

The Group does not have formal arrangements for hedging foreign exchange risk, with the exception of application of hedge accounting to hedge foreign currency risk associated with highly probable dividend payments and associated dividend payable until their settlement, as set out in the accounting policy for hedging activities in Note 4 to these financial statements.

Cash flow and fair value interest rate risk

The Group's income and operating cash flows are exposed to changes in market interest rates. The Group obtains borrowings at current market interest rates and does not use any hedging instruments to manage interest rate risk.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to meet an obligation. Credit risk arises from cash and cash equivalents, trade receivables, loans and other receivables as well as finance lease receivables.

Liquidity risk

The Group has an excess of current assets over current liabilities of RUB 39,017,720 thousand as at 31 December 2023.

Management controls current liquidity based on expected cash flows and expected revenue receipts. In the long-term perspective, the liquidity risk is determined by forecasting future cash flows at the moment of signing new credit, loan or lease agreements and by budgeting procedures.

Further details on the Group's exposure to financial risks are presented in Note 6 to the consolidated financial statements.

Contingencies

The Group's contingencies are disclosed in Note 33 to the consolidated financial statements.

Future developments

The Group's strategic objective is to strengthen its position as a leading freight rail transportation group in Russia. The future development of the Group may be affected by the escalation of the conflict in Ukraine in the period after the balance sheet date. It is not possible for the Board of Directors to predict with any degree of certainty the impact of this uncertainty on the future operations of the Group and estimate the financial effect on the Group.

Results

The Group's results for the year are set out on pages 19 and 20. On the date of this report, the Board of Directors, having considered the profitability and liquidity position of the Group as well as all the risks and recent developments, does not recommend the payment of a final dividend and the net profit for the year is retained.

Dividends

Pursuant to its Articles of Association, the Company may pay dividends out of its profits. To the extent that the Company declares and pays dividends, owners of Global Depositary Receipts (GDRs) on the relevant record date will be entitled to receive dividends payable in respect of Ordinary Shares underlying the GDRs, subject to the terms of the Deposit Agreement. The Company expects to declare dividends in Russian Roubles and pay such dividends in US Dollars. If dividends are not paid in US Dollars and if the conversion from the currency of payment to US Dollars is possible for the Depositary, except as otherwise described under "Terms and Conditions of the Global Depositary Receipts – Conversion of Foreign Currency", they will be converted into US Dollars by the Depositary and paid to holders of GDRs net of currency conversion expenses.

The Company is a holding company and thus its ability to pay dividends depends on the ability of its subsidiaries to pay dividends to the Company in accordance with relevant legislation and contractual restrictions. The payment of such dividends by its subsidiaries is contingent upon the sufficiency of their earnings, cash flows and distributable reserves and limitations on capital movement, if applicable. The maximum dividend payable by the Company's subsidiaries is restricted to the total accumulated retained earnings of the relevant subsidiary, determined according to the law.

On the date of this report, the Board of Directors of the Company, having considered the profitability and liquidity position of the Group as well as all the risks and recent developments, does not recommend a payment of final dividends.

Share capital

As of 31 December 2023, the issued share capital of the Company comprised 178,318,259 ordinary shares with a par value of US$0.10 per share (31 December 2022 comprised 178,740,916 ordinary shares with a par value of US$0.10 per share).

Treasury shares

As of 31 December 2023, the Company didn't have treasury shares (31 December 2022: 422 657 treasury shares).

Research and development activities

The Group has not undertaken any research and development activities during the year ended 31 December 2023.

Events after the balance sheet date

The events after the balance sheet date are disclosed in Note 36 to the consolidated financial statements.

Branches

The Group operates through branches and representative offices, maintaining six branches and eight representative offices during 2023 (seven branches and eight representative offices during 2022).

Going concern

The Directors have access to all information necessary to exercise their duties. The Directors continue to adopt the going concern basis in preparing the consolidated financial statements based on the fact that, after making enquiries and following a review of the Group's budget for 2024, including cash flows and borrowing facilities, and taking into account the developments after the reporting date impacting the economic and business environment in which the Group operates, as set out in Note 33 to the consolidated financial statements, the Directors consider that the Group has adequate resources to continue in operation for the foreseeable future.

Auditors

Following the completion of redomiciliation of Globaltrans Investment Plc from Cyprus to UAE, ADGM effective from 26 February 2024, the Independent Auditor, GAC Auditors Ltd will be replaced by RAI LLP, who has license in ADGM for the audit of public companies. A resolution giving authority to the Board of Directors to fix the remuneration of RAI LLP will be proposed at the Annual General Meeting.

Corporate governance

Globaltrans' Board of Directors adopted the Company's Code of Corporate Governance (the "Code"), guaranteeing that the interests of all shareholders are given due consideration. Although the Code is based on principles recommended by the UK Corporate Governance Code (formerly the Combined Code), this does not constitute voluntary compliance with such governance code.

Globaltrans' corporate governance policies and practices are designed to ensure that the Group upholds its responsibilities to shareholders. As such, all employees are required to comply with these guidelines and the Group's management team takes responsibility for ensuring that all departments adhere to these standards. These key principles are promoted and applied across all levels of the Group in order to establish effective and transparent corporate governance. In January 2010, the Board supplemented its Code of Corporate Governance with a corporate policy on the treatment of the rights of its non-controlling shareholders; this aims to ensure fair treatment of the rights of non-controlling shareholders of the Company.

Full details of our governance policies can be found at https://globaltrans.com/governance/corporate-documents.

The role of the Board of Directors

The Group is managed by the Board of Directors which is collectively responsible to the shareholders for the success of the Group.

The Board sets the strategic objectives and ensures that the necessary resources are in place to enable these objectives to be met. The Board is fully involved in decision making in the most important areas of business and conducts regular reviews of the Group's operational and financial performance. One of the Board's key responsibilities is to ensure that there is in place a system of prudent and effective risk controls that enable risks to be identified, assessed and managed appropriately.

Members of the Board of Directors

As at 31 December 2023, the Board comprises of 14 members (2022: 14 members), 10 (2022: 10 members) of whom are non-executive directors. Three (2022: three) of the non-executive directors are independent, they have no relationship with the Company, its related companies or their officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgment with a view to the best interests of the Company, and they are able to exercise objective judgment on corporate affairs independently from management.

The members of the Board of Directors at the date of this report are shown on page 129, the members of the Board of Directors as of 31 December 2023 are shown in the table below, all of them were members of the Board throughout the year 2023.

There is no provision in the Company's Articles of Association for retirement of Directors by rotation; however, in accordance with the Terms of reference of the Board of Directors all board members are required to submit for re-election at least once every three years. Should a non-executive Director serve any term beyond six years, his/her re-election would be subject to particularly rigorous review. In practice, all current appointments are for one year and all directors will stand for re-election at the forthcoming Annual General Meeting of shareholders of the Company.

The total gross remuneration of the members of the Board of Directors incurred by the Group in 2023 amounted to RUB 1,076,241 thousand (2022: RUB 776,827 thousand) (Note 35).

Board performance

The Board held 24 meetings in 2023. The Directors' attendance is presented in the table below.

	Eligible	Attended
John Carroll Colley	24	24
George Papaioannou	24	24
Alexander Eliseev	24	23
Melina Pyrgou	24	24
Konstantin Shirokov	24	23
Alexander Storozhev	24	24
Marios Tofaros	24	24
Elia Nicolaou	24	24
Sergey Tolmachev	24	24
Sergey Maltsev (Chairman)	24	24
Andrey Gomon	24	24
Sergey Foliforov	24	24
Vasilis Hadjivassiliou	24	24
Michalakis Thomaides	24	24

The Board Committees

During 2023 the Board had four committees: the Audit Committee, the Nomination Committee, the Remuneration Committee and the ESG Committee, which was established by the Board of Directors in January 2022. A brief description of the terms of reference of the committees is set out below.

Audit Committee

The Audit Committee comprises of three Directors and meets at least four times each year. As of 31 December 2023 all the members of the Audit Committee were independent and the Audit Committee was chaired by Mr. Colley and was also attended by Mr. Papaioannou and Mr. Hadjivassiliou. The Audit Committee is responsible for considering, among other matters: the integrity of the Company's financial statements, including its annual and interim accounts, and the effectiveness of the Company's internal controls and risk management systems; auditors' reports and the terms of appointment and remuneration of the auditor.

The Committee supervises, monitors and advises the Board on risk management and control systems and the implementation of codes of conduct. In addition, the Audit Committee supervises the submission by the Company of financial information and a number of other audit-related issues. The Audit Committee is also responsible for assessing the efficiency of the performance of the Chairman of the Board.

The Audit Committee manages the relationship with the external auditor on behalf of the Board. It considers the reappointment of the external auditor each year, as well as remuneration and other terms of engagement, and makes a recommendation to the Board. Shareholders are asked to approve the reappointment of the auditor each year at the Annual General Meeting.

The Internal Audit function is carried out internally by the Group's Internal Audit Service ("IAS"). IAS is responsible for testing the systems of risk management, internal control and corporate governance of the Group.

Nomination Committee

The Nomination Committee comprises of two Independent Directors and meets at least once a year. As of 31 December 2023, the Nomination Committee was chaired by Carroll Colley and George Papaioannou was the other member. The Committee's remit is to prepare selection criteria and appointment procedures for members of the Board and to review on a regular basis the structure, size and composition of the Board. In undertaking this role, the Committee refers to the skills, knowledge and experience required of the Board, given the Company's stage of development, and makes recommendations to the Board as to any changes. The Committee also considers future appointments in respect of the Board's composition and makes recommendations regarding the membership of the Audit and Remuneration Committees.

Remuneration Committee

The Remuneration Committee comprises of two Independent Directors and meets at least once a year. As of 31 December 2023, the Remuneration Committee was chaired by Carroll Colley and George Papaioannou was the other member. The Committee's responsibility is the determination and review of, among other matters, the remuneration of Executive Directors, and the review of the Company's remuneration policies. The remuneration of Independent Directors is a matter for the Chairman of the Board and the Executive Directors. No Director or manager may be involved in any decisions as to his/her own remuneration.

ESG Committee

The Board of Directors established an ESG Committee to lead its thinking on ESG matters and ensure that ESG issues are integrated into the Group's long-term strategy. The ESG Committee also monitors the development of the Group's sustainability strategy, reviews and recommends ESG disclosures for Board approval and approves the Group's sustainability reports. The ESG Committee was comprised of two Board members: Elia Nicolaou, Non-executive Director, who served as the Chair, and Carroll Colley, Independent Non-executive Director. The ESG Committee meets at least two times a year.

Board and Management Remuneration

Non-executive directors serve on the Board pursuant to the letters of appointment which are subject to approval by the shareholders at the Annual General Meeting. Such letters of appointment specify the terms of appointment and the remuneration of non-executive directors. Appointments are for one year.

Levels of remuneration for Non-Executive Directors reflect the time commitment, responsibilities of the role and membership of the respective committees of the Board. Directors are also reimbursed for expenses associated with discharge of their duties.

The shareholders of the Company approved the remuneration of the members of the Board of Directors at the Annual General Meeting of shareholders held on 21 April 2023.

Refer to Note 35 of the consolidated financial statements for details of remuneration of directors and other key management personnel.

Diversity policy

The Company does not have a formal Board diversity policy to aspects such as age, gender or educational and professional backgrounds, but, following best practice, while making the new appointments and considering the current composition of the Board of Directors, these aspects are taken into account.

As of 31 December 2023 the Board had 2 females representing approximately 14% from the total number of directors. The age of the members of the Board of Directors starts from over 40 years, with the average age of directors being 52 years. The Board members have the following educational backgrounds: transportation and ports industry, accounting, economics and financial, banking sector and legal, engineering and mechanics, biophysics and mathematics, history, international affairs and risk management. The Board has a necessary balance of skills and expertise to run the Company and the Group.

Further details of the corporate governance regime of the Company can be found on the website: https://globaltrans.com/governance/corporate-documents.

Regulations with regards to the amendment of the article of association

The Articles of Association of the Company may be amended from time to time by special resolution at the General Meeting of the Shareholders.

Company's internal control and risk management systems in relation to the financial reporting process

The Board of Directors is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

The Board is primarily responsible for establishing a framework of prudent and effective controls that enables risks to be assessed and managed.

The Audit Committee assists the Board in this task by reviewing and assessing the Group's internal control and risk management processes in relation to Group's financial reporting process.

The system of controls is designed to manage rather than eliminate the risks relevant to the Group's operations and, therefore, can only provide reasonable, and not absolute, assurance against material errors, losses, fraud or breaches of laws and regulations.

At Globaltrans, the body responsible for internal audit is the Internal Audit Service ("IAS"). It tests the Group's systems of risk management, internal control and corporate governance to obtain a reasonable assurance that:

- The risk management system functions efficiently;
- Material financial, management and operating information is accurate, reliable and up-to-date;
- The actions of employees and management bodies are in compliance with the Group's policies, standards and procedures and the applicable laws;
- Resources are procured reasonably and used efficiently and their safekeeping is fully guaranteed; and
- Group companies conduct their business in compliance with applicable laws.

Each year, the Audit Committee approves an internal audit plan, which is developed by identifying the audit universe, performing a risk analysis and obtaining input from management relative to risks, controls and governance processes. The internal auditor regularly reports to the Audit Committee on the progress of planned audits. If any material internal control deficiencies are identified, they are communicated to the Audit Committee, and consequently to the Board, at once.

Directors' interests

The interests in the share capital of Globaltrans Investment PLC and its Group companies, both direct and indirect, of those who were Directors of the Company as at 31 December 2023 and 31 December 2022 are shown below:

Name	Type of holding	2023	2022
Alexander Eliseev	Indirect holding of ordinary shares and GDRs	9,065,790	9,065,790
Sergey Maltsev	Indirect holding of ordinary shares	5,490,149	5,490,149

The holders of special titles that provide special control rights and description of such rights

The Company does not have any titles with special rights.

Any restrictions in exercising of voting rights of shares

There are no restrictions in the exercising of voting rights of shares issued by the Company.

By Order of the Board

Alexander Storozhev
Director

Abu Dhabi, ADGM, 05 April 2024

Directors’ responsibility

The Company’s Board of Directors is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap.113, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

As the Company has completed redomiciliation to ADGM, UAE on 26 February 2024, the Company’s Board of directors must ensure that all legal and financial aspects are properly addressed, including compliance with any new requirements in the new jurisdiction. From 1 January 2024 International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap.113 will no longer be applicable and International Financial Reporting Standards will be applied.

This responsibility includes selecting appropriate accounting policies and applying them consistently; and making accounting estimates and judgements that are reasonable in the circumstances.

In preparing the consolidated financial statements, the Board of Directors is also responsible for assessing the Group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group’s financial reporting process.

Directors’ confirmations

Each of the directors, whose names and functions are listed in page 129 confirms that, to the best of his or her knowledge:

(a) the consolidated financial statements, which are presented on pages 152 to 241, which have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap.113, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and

(b) the Consolidated Management Report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that it faces/they face.

Further, each of the Directors confirms that, to the best of their knowledge:

(i) adequate accounting records have been maintained which disclose with reasonable accuracy the financial position of the Group and explain its transactions;

(ii) all information of which they are aware that is relevant to the preparation of the consolidated financial statements, such as accounting records and all other relevant records and documentation, has been made available to the Company’s auditors;

(iii) the consolidated financial statements disclose the information required by the Cyprus Companies Law, Cap.113 in the manner so required; and

(iv) the Consolidated Management Report has been prepared in accordance with the requirements of the Cyprus Companies Law, Cap.113, and the information given therein is consistent with the consolidated financial statements.

By order of the Board

Alexander Storozhev
Director

Abu Dhabi, ADGM, 5 April 2024

Independent Auditor's Report

To the Members of Globaltrans Investment PLC

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Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of the parent company Globaltrans Investment PLC (the ''Company''), which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the parent company Globaltrans Investment PLC as at 31 December 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113.

Basis for Opinion

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

Emphasis of Matter

We draw attention to the operating environment of the consolidated financial statements, which describes the impact of conflict between Russia and Ukraine. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period.

We have determined that there are no Key Audit Matters to communicate in our report.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the Management Report, but does not include the consolidated financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors for the Consolidated Financial Statements

The Board of Directors is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.

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- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Report on Other Legal Requirements

Pursuant to the additional requirements of the Auditors Law of 2017, we report the following:

- In our opinion, the Management Report has been prepared in accordance with the requirements of the Cyprus Companies Law, Cap 113, and the information given is consistent with the consolidated financial statements.
- In our opinion, and in the light of the knowledge and understanding of the Group and its environment obtained in the course of the audit, we have not identified material misstatements in the Management Report.

Other Matters

This report, including the opinion, has been prepared for and only for the Group's members as a body in accordance with Section 69 of the Auditors Law of 2017 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whose knowledge this report may come to.

Michalis Lambrianides

Certified Public Accountant and Registered Auditor

for and on behalf of

GAC Auditors Ltd
Certified Public Accountants and Registered Auditors

48 Inomenon Ethnon , Guricon House 1st floor, 6042

Larnaca, 5 April 2024

Consolidated income statement

for the year ended 31 December 2023

	Note	2023 RUB'000	2022 RUB'000
Revenue	10	104,748,023	94,474,032
Cost of sales	11	(57,899,197)	(53,929,494)
Gross profit		46,848,826	40,544,538
Selling and marketing costs	11	(346,867)	(282,458)
Administrative expenses	11	(5,494,083)	(4,625,577)
Profit from sale of subsidiary	12,36	3,400,047	-
Other (losses) / gains – net	12	(283,221)	(1,334,901)
Operating profit		44,124,702	34,301,602
Finance income	14	2,173,246	811,588
Finance costs	14	(2,405,410)	(2,602,339)
Net foreign exchange transaction gains/ (losses) on financing activities	14	3,194,185	641,196
Finance income / (costs) – net	14	2,962,021	(1,149,555)
Profit before income tax		47,086,723	33,152,047
Income tax expense	15	(8,469,118)	(8,232,161)
Profit for the year		38,617,605	24,919,886
Profit attributable to:			
Owners of the Company		38,620,269	25,193,420
Non-controlling interest		(2,664)	(273,534)
		38,617,605	24,919,886
Weighted average number of ordinary shares outstanding (thousand)	32	178,318	178,382
Basic and diluted earnings per share for profit attributable to the equity holders of the Company during the year (expressed in RUB per share)[1]	32	216.58	141.23

[1] Basic and diluted earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in outstanding during the year.

The notes on pages 162 to 241 are an integral part of these consolidated financial statements.

Consolidated statement of comprehensive income

for the year ended 31 December 2023

	2023 RUB'000	2022 RUB'000
Profit for the year	38,617,605	24,919,886
Other comprehensive income:		
Items that may be reclassified subsequently to profit or loss		
Currency translation differences	(3,332,461)	(1,546,414)
Items that will not be reclassified to profit or loss		
Currency translation differences attributable to non-controlling interest	3,473	(442,197)
Other comprehensive income for the year, net of tax	(3,328,988)	(1,988,611)
Total comprehensive income for the year	**35,288,617**	**22,931,275**
Total comprehensive income for the year attributable to:		
owners of the Company	35,287,808	23,647,006
non-controlling interest	809	(715,731)
	35,288,617	22,931,275

Items in the statement above are disclosed net of tax. There is no income tax relating to the components of other comprehensive income above.

The notes on pages 162 to 241 are an integral part of these consolidated financial statements.

Consolidated statement of financial position

at 31 December 2023

	Note	31 December 2023 RUB'000	31 December 2022 RUB'000
ASSETS			
Non-current assets			
Property, plant and equipment	17	75,211,678	77,606,926
Right-of-use assets	18	2,738,914	3,838,027
Intangible assets	19	2,076	1,760
Other assets	23	196,310	1,011,970
Total non-current assets		**78,148,978**	**82,458,683**
Current assets			
Inventories	24	1,142,672	798,621
Other assets	23	3,268,427	6,047,171
Loans and other receivables	22	272,353	433,091
Trade receivables	22	4,627,397	3,750,433
Current income tax assets		149,107	613,758
Cash and cash equivalents	25	42,776,832	16,052,345
Total current assets		**52,236,788**	**27,695,419**
TOTAL ASSETS		**130,385,766**	**110,154,102**
EQUITY AND LIABILITIES			
Equity attributable to the owners of the Company			
Share capital	26	515,735	516,957
Share premium	26	27,929,478	27,929,478
Treasury shares		-	(145,993)
Common control transaction reserve		(8,458,334)	(10,429,876)
Translation reserve		-	3,332,461
Capital contribution		2,694,851	2,694,851
Retained earnings		77,171,626	43,579,823
Total equity attributable to the owners of the Company		**99,853,356**	**67,477,701**
Non-controlling interest		-	(15,506)
Total equity		**99,853,356**	**67,462,195**

	Note	31 December 2023 RUB'000	31 December 2022 RUB'000
Non-current liabilities			
Borrowings	28	7,662,972	9,052,778
Other lease liabilities	29	897,585	1,794,464
Contract liabilities	10	17,787	14,454
Deferred tax liabilities	30	8,734,998	9,081,239
Total non-current liabilities		**17,313,342**	**19,942,935**
Current liabilities			
Borrowings	28	7,714,132	11,595,872
Other lease liabilities	29	2,198,502	2,400,332
Trade and other payables	31	2,438,472	6,384,348
Contract liabilities	10	792,682	813,406
Current tax liabilities		75,280	1,555,014
Total current liabilities		**13,219,068**	**22,748,972**
TOTAL LIABILITIES		**30,532,410**	**42,691,907**
TOTAL EQUITY AND LIABILITIES		**130,385,766**	**110,154,102**

On 5 April 2024, the Board of Directors of Globaltrans Investment PLC authorised these financial statements for issue.

By order of the Board

Alexander Storozhev
Director

Yerzhan Niyazaliyev
Director

The notes on pages 162 to 241 are an integral part of these consolidated financial statements.

Consolidated statement of changes in equity

for the year ended 31 December 2023

	Note	Share capital	Share premium	Treasury shares	Common control transaction reserve	Cash flow hedge reserve	Translation reserve	Capital contribution	Retained earnings	Total	Non-controlling interest	Total
		Attributable to the owners of the Company										
		RUB'000	RUB'000	RUB'000	RUB'000	RUB'000	RUB'000	RUB'000	RUB'000	RUB'000	RUB'000	RUB'000
Balance at 1 January 2022		**516,957**	**27,929,478**	**(31,496)**	**(10,429,876)**	**-**	**4,878,875**	**2,694,851**	**24,688,577**	**50,247,366**	**6,257,857**	**56,505,223**
Comprehensive income												
Profit for the year		-	-	-	-	-	-	-	25,193,420	25,193,420	(273,534)	24,919,886
Other comprehensive income												
Currency translation differences		-	-	-	-	-	(1,546,414)	-	-	(1,546,414)	(442,197)	(1,988,611)
Total comprehensive income for 2022		-	-	-	-	-	(1,546,414)	-	25,193,420	23,647,006	(715,731)	22,931,275
Transactions with owners												
Dividends to owners of the Company	27	-	-	-	-	-	-	-	-	-	-	-
Dividends to non-controlling interest	27	-	-	-	-	-	-	-	-	-	(2,759,806)	(2,759,806)
Acquisition of NCI		-	-	-	-	-	-	-	(6,302,174)	(6,302,174)	(2,797,826)	(9,100,000)
Purchase of treasury shares	26	-	-	(114,497)	-	-	-	-		(114,497)	-	(114,497)
Total transactions with owners		-	-	-	-	-	-	-	(6,302,174)	(6,416,671)	(5,557,632)	(11,974,303)
Balance at 31 December 2022		**516,957**	**27,929,478**	**(145,993)**	**(10,429,876)**	**-**	**3,332,461**	**2,694,851**	**43,579,823**	**67,477,701**	**(15,506)**	**67,462,195**

Consolidated statement of changes in equity

for the year ended 31 December 2023

	Note	Attributable to the owners of the Company										
		Share capital	Share premium	Treasury shares	Common control transaction reserve	Cash flow hedge reserve	Translation reserve	Capital contribution	Retained earnings	Total	Non-controlling interest	Total
		RUB'000	RUB'000	RUB'000	RUB'000	RUB'000	RUB'000	RUB'000	RUB'000	RUB'000	RUB'000	RUB'000
Balance at 1 January 2023		**516,957**	**27,929,478**	**(145,993)**	**(10,429,876)**	**-**	**3,332,461**	**2,694,851**	**43,579,823**	**67,477,701**	**(15,506)**	**67,462,195**
Comprehensive income												
Profit for the year		-	-	-	-	-	-	-	38,620,269	38,620,269	(2,664)	38,617,605
Other comprehensive income												
Currency translation differences		-	-	-	-	-	(3,332,461)	-	-	(3,332,461)	3,473	(3,328,988)
Total comprehensive income for 2023		**-**	**-**	**-**	**-**	**-**	**(3,332,461)**	**-**	**38,620,269**	**35,287,808**	**809**	**35,288,617**
Transactions with owners												
Dividends to owners of the Company	27	-	-	-	-	-	-	-	-	-	-	-
Dividends to non-controlling interest	27	-	-	-	-	-	-	-	-	-	-	-
Sale of SC		-	-	-	1,971,542	-	-	-	(4,883,695)	(2,912,153)	14,697	(2,897,456)
Cancellation of treasury shares	26	(1,222)	-	145,993	-	-	-	-	(144,771)	-	-	-
Total transactions with owners		(1,222)	-	145,993	1,971,542	-	-	-	(5,028,466)	(2,912,153)	14,697	(2,897,456)
Balance at 31 December 2023		**515,735**	**27,929,478**	**-**	**(8,458,334)**	**-**	**-**	**2,694,851**	**77,171,626**	**99,853,356**	**-**	**99,853,356**

The notes on pages 162 to 241 are an integral part of these consolidated financial statements.

Consolidated cash flow statement

for the year ended 31 December 2023

	Note	2023 RUB'000	2022 RUB'000
Cash flows from operating activities			
Profit before tax		47,086,723	33,152,047
Adjustments for:			
Depreciation of property, plant and equipment	17	8,852,851	6,752,811
Depreciation of right-of-use assets	18	2,445,695	2,596,568
Amortisation of intangible assets	19	429	325
Gain on sale of property, plant and equipment	17	(280,219)	(12,624)
Loss on derecognition arising on capital repairs	17	284,448	309,878
(Reversal of impairment)/impairment of property, plant and equipment	11	(22,052)	3,932,833
Other impairment	12	-	19,237
Profit on sale of subsidiaries	12	(3,400,047)	-
Net impairment losses on trade and other receivables	11	50,258	20,535
Interest income	14	(2,173,246)	(779,268)
Interest expense and other finance costs	14	2,405,410	2,602,339
Net foreign exchange transaction losses/(gains) on financing activities	14	(3,194,185)	(641,196)
Other (gains) / losses		(14,145)	9,768
		52,041,920	47,963,253
Changes in working capital:			
Inventories		441,993	547,813
Trade receivables		(2,424,377)	(86,363)
Other assets		1,892,188	(1,285,225)
Other receivables		(259,777)	388,690
Trade and other payables		(2,488,682)	1,659,908
Contract liabilities		(9,695)	(557,133)
Cash generated from operations		49,193,570	48,630,943
Tax paid		(8,267,084)	(8,455,068)
Net cash from operating activities		40,926,486	40,175,875

	Note	2023 RUB'000	2022 RUB'000
Cash flows from investing activities			
Payment for acquisition of non-controlling interest	20	-	(8,800,000)
Proceeds from sale of subsidiaries – net of cash disposed of	20	4,771,748	-
Payment for rolling stock to disposed subsidiary		(6,603,141)	-
Loans granted to related parties		-	(800,000)
Loans granted to third parties		(884,700)	-
Loan repayments received from related parties		400,000	400,000
Loans repayments received from third parties		884,700	-
Purchases of property, plant and equipment		(8,259,858)	(11,421,671)
Purchases of intangible assets		(745)	(2,000)
Proceeds from sale of property, plant and equipment	17	626,548	238,377
Interest received		2,160,854	761,235
Receipts from finance lease receivable – related parties		10,796	9,261
Receipts from finance lease receivable – third parties		42,891	28,163
Other		-	(64,972)
Net cash used in investing activities		(6,850,907)	(19,651,607)
Cash flows from financing activities			
Proceeds from bank borrowings	28	8,800,000	2,750,000
Repayments of borrowings	28	(10,188,110)	(9,549,396)
Repayments of non-convertible unsecured bonds	28	(3,750,000)	(3,750,000)
Principal elements of lease payments for other lease liabilities	28	(2,477,780)	(2,402,700)
Interest paid on bank borrowings and non-convertible unsecured bonds	28	(2,051,443)	(1,938,619)
Interest paid on other lease liabilities	28	(460,093)	(786,304)
Dividends paid to non-controlling interests in subsidiaries	27	(334,268)	(1,728,073)
Purchase of treasury shares	26	-	(114,497)
Net cash used in financing activities		(10,461,694)	(17,519,589)
Net increase in cash and cash equivalents		23,613,885	3,004,679
Exchange gains on cash and cash equivalents		3,110,602	192,959
Cash and cash equivalents at beginning of year		16,052,345	12,854,707
Cash and cash equivalents at end of year	25	42,776,832	16,052,345

Principal non-cash investing and financing transactions

The principal non-cash investing and financing transactions consist of finance leases with the Group acting as a lessor (Note 23) and leases with the Group acting as the lessee (Notes 28 and 29).

The notes on pages 162 to 241 are an integral part of these consolidated financial statements.

Notes to the consolidated financial statements

1. General information

Country of incorporation

Globaltrans Investment Plc ("the Company") is incorporated and domiciled in Cyprus as a limited liability company in accordance with the provisions of the Cyprus Companies Law, Cap. 113 and converted into a public company on 15 April 2008. Until 26 February 2024 the address of its registered office was 20 Omirou Street, CY-3095 Limassol, Cyprus. On 26 February 2024 the Company has completed redomiciliation to ADGM, UAE with the registered address: Office Unit 3, Floor 6, Al Sila Tower, Abu Dhabi Global Market Square, Al Maryah Island, Abu Dhabi, UAE.

The Group's principal place of business is at Nizhnyaya Krasnoselskaya st. 39, bld. 1, Moscow, Russia.

Approval of the consolidated financial statements

These consolidated financial statements were authorised for issue by the Board of Directors on 5 April 2024.

Global Depositary Receipts

Global Depositary Receipts ("GDRs"), each representing one ordinary share of the Company, are listed on the London Stock Exchange International Main Market (the Imposed suspension of GDRs trading on the London Stock Exchange continued as of the date of publication) and on the Moscow Exchange. Furthermore, Russian Rouble denominated bonds, issued by the Company's subsidiary New Forwarding Company, AO, for a total amount of RUB 10 billion, out of a RUB 100 billion registered program, were listed on the Moscow Exchange, all outstanding bonds were redeemed in February 2024.

Principal activities

The principal activities of the Group, which are unchanged from last year, are the provision of railway transportation services, using own and leased rolling stock and fleet engaged from third party rail operators, as well as the operating lease of rolling stock.

2. Basis of preparation

The consolidated financial statements of Globaltrans Investment PLC have been prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union ("EU") and the requirements of the Cyprus Companies Law Cap. 113.

As of the date of the authorization of these financial statements, all International Financial Reporting Standards issued by the International Accounting Standards Board ("IASB") that are relevant to the Group's operations and are effective as at 1 January 2023 have been adopted by the EU through the endorsement procedure established by the European Commission.

The financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates and requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 7.

3. Adoption of new or revised standards and interpretations

During the current year the Group adopted all the new and amended standards that are relevant to its operations and are effective for accounting periods beginning on 1 January 2023. None of these had a significant impact on these financial statements.

4. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of consolidation

(a) Subsidiaries
Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has the rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Business combinations involving entities under common control (ultimately controlled by the same party, before and after the business combination, and that control is not transitory) are accounted using the predecessor basis of accounting. Under this method, the financial statements of the acquiree are included in the consolidated financial statements using pre-acquisition IFRS carrying amounts using uniform accounting policies, on the assumption that the Group was in existence for all periods presented. The excess of the cost of acquisition over the carrying amount of the Group's share of identifiable net assets is recorded in equity, as "common control transaction reserve".

The acquisition method of accounting is used for the acquisitions of subsidiaries that do not involve entities or businesses under common control by the Group. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, equity instruments issued by the Group and liabilities incurred to the former owners of the acquiree. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest or the non-controlling interest's proportionate share of the acquiree's identifiable net assets over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in the income statement.

Indemnification assets recognised at the acquisition date continue to be measured on the same basis as the related indemnified item subject to collectability and contractual terms until they are collected, sold, cancelled or expire in the post-combination period. The entity measures the indemnification asset on the same basis as the related item, subject to any restrictions

Notes to the consolidated financial statements

in the contractual terms such as a ceiling on the amount payable and any adjustment for the seller creditworthiness. Measurement on the same basis includes recognising any gains or losses appropriately.

On an acquisition by acquisition basis, the Group recognises any non-controlling interest in the acquiree either at the fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IFRS 9 in the income statement. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into compliance with those used by the Group.

All inter-company transactions, balances, income, expenses and unrealised gains and losses are eliminated on consolidation. Profits and losses from intra-group transactions that are recognised in assets are also eliminated. Unrealised losses are also eliminated but considered as an impairment indicator of the asset transferred.

(b) Transactions with non-controlling interests

The Group treats transactions with non-controlling interests that do not result in loss of control as transactions with equity owners in their capacity as equity owners of the Group. For purchases from non-controlling interests, the difference between the fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity attributable to owners of the Company. Gains or losses on disposals to non-controlling interests are also recorded in equity attributable to the owners of the Company.

(c) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in the income statement. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets and liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of the Company that makes strategic decisions.

Revenue recognition

Recognition and measurement. Revenue represents the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised goods or services to the customer, excluding amounts collected on behalf of third parties (for example, value-added taxes); the transaction price. Revenue is recognised net off discounts and estimates for rebates that are in accordance with the contracts entered into with the customers. The Group includes in the transaction price an amount of variable consideration only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved. Estimations for rebates and discounts are based on the Group's experience with similar contracts and forecasted sales to the customer.

The Group recognises revenue when the parties have approved the contract (in writing, orally or in accordance with other customary business practices) and are committed to perform their respective obligations, the Group can identify each party's rights and the payment terms for the goods or services to be transferred, the contract has commercial substance (i.e., the risk, timing or amount of the Group's future cash flows is expected to change as a result of the contract), it is probable that the Group will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer and when specific criteria have been met for each of the Group's contracts with customers, as described below.

The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement. In evaluating whether collectability of an amount of consideration is probable, the Group considers only the customer's ability and intention to pay that amount of consideration when it is due.

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimates are reflected in the income statement in the period in which the circumstances that give rise to the revision become known by management.

Revenues earned by the Group are recognised on the following bases:

Revenue from railway transportation services – using own, leased or engaged rolling stock

Operator's services

The Group organises transportation services for clients using its own, leased or engaged rolling stock. There are four types of operator's services contracts:

- The Group has a contractual relationship with the client and sets the terms of the transactions, such as selling and payment terms, bears credit risk and controls the flow of receipts and payments. The infrastructure tariff is borne by the Group. Total proceeds from clients are included in the Group's revenue.
- The Group has a contractual relationship with the client and sets the terms of the transactions, such as selling and payment terms, bears credit risk and controls the flow of receipts and payments. The infrastructure tariff is borne by the Group and recharged to the customer as a reimbursement but the Group bears the variability in tariffs. Total proceeds from clients are included in the Group's revenue.
- The Group has a contractual relationship with the client and sets the terms of the transaction, excluding the infrastructure tariff, such as selling and payment terms, bears credit risk and controls the flow of receipts and payments. The infrastructure tariff is paid by the Group and recharged to the customer as a reimbursement. Under these arrangements the Group recognises revenue net of infrastructure tariff.
- The Group has a contractual relationship with the customer and sets the terms of the transaction, excluding the infrastructure tariff, such as selling and payment terms, bears credit risk and controls the flow of receipts and payments. The tariff is paid directly by the customer to providers of infrastructure tariff. Under these arrangements the Group recognises revenue net of infrastructure tariff. Revenue for all of the above types of contracts is recognised over time while the Group satisfies its performance obligation by transferring control over the promised services to the customer in the accounting period in which the services are rendered. In particular, revenue is recognised in accordance with

the stage of completion of the transaction, determined based on the actual trip days lapsed against the total estimated number of trip days for the entire trip, since the customer receives and consumes the benefits from the services simultaneously.

Customers are invoiced on a regular basis and in accordance with pre-agreed payment terms with credit periods not exceeding one year. If the services rendered by the Group exceed the payment and the Group does not have the unconditional right to consideration for the services rendered, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised.

Identification of performance obligations. The Group assesses whether contracts that involve the provision of a range of goods and/or services contain one or more performance obligations (that is, distinct promises to provide a good or service) and allocates the transaction price to each performance obligation identified on the basis of its stand-alone selling price. A good or service that is promised to a customer is distinct if the customer can benefit from the good or service, either on its own or together with other resources that are readily available to the customer (that is, the good or service is capable of being distinct) and the Group's promise to transfer the good or service to the customer is separately identifiable from other promises in the contract (that is, the promise to transfer the good or service is distinct within the context of the contract).

In assessing whether two or more promises to transfer goods and/or services to a customer are separate performance obligations, the Group considers, amongst others, whether it provides a significant service of integrating the good or services with other goods or services promised in the contract into a bundle of goods or services that represent the combined output or outputs for which the customer has contracted (that is, the Group is using the goods or services as inputs to produce or deliver the combined output or outputs specified by the customer), whether one or more of the goods and/or services significantly modifies or customises, or is significantly modified or customised by, one or more of the other goods or services promised in the contract or whether the good or services are highly interdependent or highly interrelated. The Group considers that all of the above operator's services contracts contain a single performance obligation.

Financing component. In determining the transaction price, the Group adjusts the promised amount of consideration for the effects of the time value of money if the timing of payments agreed to (either explicitly or implicitly) provides the customer or the Group with a significant benefit of financing. In these circumstances, the contract contains a significant financing element.

The Group does not have any material contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. Consequently, the Group elected to use the practical expedient provided by IFRS 15 and does not adjust any of the transaction prices for the effect of the financing component for the time value of money.

Contract assets and contract liabilities. In case the goods transferred or services rendered by the Group as of the reporting date exceed the payments made by the customer as of that date and the Group does not have the unconditional right to charge the client for the goods transferred or services rendered, a contract asset is recognised. If the payments made by a customer exceed the goods transferred or services rendered under the relevant contract, a contract liability is recognised. The Group recognises any unconditional rights to consideration separately from contract assets as a trade receivable because only the passage of time is required before the payment is due.

The Group assesses a contract asset for impairment in accordance with IFRS 9 using the simplified approach permitted by IFRS 9 which requires lifetime expected credit losses to be recognised from initial recognition of the contract asset. Impairments of contract assets are measured, presented and disclosed on the same basis as as for trade receivables. Contract assets are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group and a failure to make contractual payments for a period of greater than 180 days past due.

Costs to obtain or fulfil contracts with customers. To the extent that these are recoverable, incremental costs incurred by the Group to obtain a contract and incremental costs incurred to fulfil a contract are capitalised and amortised on a straight-line basis over the term of the specific contract – consistent with the pattern of the transfer of the goods and/or services to which they relate to – and assessed for impairment. Incremental costs of obtaining contracts are those costs that the Group incurs to obtain a contract with a customer that would not have been incurred if the contract had not been obtained.

The Group does not have any contracts where the period of transfer of the goods and/or provision of the services (that is, the period between the start and completion of a trip) exceeds one year. Accordingly, the Group recognises the incremental costs of obtaining a contract as an expense when incurred since the amortization period of the asset that it would otherwise have recognised is less than one year.

Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each entity of the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The functional currency of the Company and of the majority of its subsidiaries is the Russian Rouble (RUB). The consolidated financial statements are presented in Russian Roubles (RUB) ("the presentation currency") because this is the currency better understood by the principal users of the financial statements.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuations where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, with the exception of foreign exchange differences that relate to qualifying cash flow hedges which are deferred in equity.

Net foreign exchange differences arising from borrowings and other liabilities and from cash and cash equivalents and other monetary assets are presented on the face of the income statement in the line "net foreign transaction (losses)/gains on financing activities", with the appropriate disclosure of the split between the two in the note "Finance income and costs".

All other foreign exchange gains and losses are presented in the income statement within "Other gains – net".

(c) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities are translated at the closing rate existing at the date of the balance sheet presented;

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- Income and expense items at the average yearly rate (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- Share capital, share premium and all other reserves are translated using the historic rate.

All exchange differences resulting from the above translation are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, including foreign exchange differences on long term loans receivable designated as part of the net investment in foreign operations, are recognised in other comprehensive income. When a foreign operation is disposed of or sold and control or significant influence is lost, exchange differences that were recorded in equity are recognised in the income statement as part of the gain or loss on disposal. On a partial disposal of a foreign operation, the proportionate share of the cumulative amount of the exchange differences recorded in equity relating to the amount disposed is reclassified in the income statement. The Group assesses whether there is a partial disposal of a foreign operation on the basis of the change in the Group's proportionate ownership interest in the foreign operation.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

Hedging activities

The Group is exposed to foreign exchange risk arising from dividends declared in Russian Roubles and paid in US Dollar at the rate set at the date of the declaration. The Group uses foreign currency cash deposits denominated in US Dollars to hedge this foreign exchange risk exposure.

In particular, the US Dollar denominated cash deposits are designated by the Group as hedging instruments in hedging the foreign exchange risk associated with the highly probable dividend payment and the resulting payable. At inception of the hedge relationship, the Group documents, amongst others, the economic relationship between the hedging instrument and hedged item, including whether changes in the cash flows of the hedging instrument are expected to offset changes in the cash flows of the hedged item. The Group documents its risk management objective and strategy for undertaking its hedge transactions.

As a result of the application of hedge accounting, the foreign exchange difference on the hedging instrument is recognised in other comprehensive income in the "Cash flow hedge reserve" within equity. Amounts recognised in equity are reclassified to the income statement, within "Finance income and costs", in the same period or periods during which the hedged item impacts the income statement, being once foreign exchange differences are recognised on the hedged item.

Accordingly, in the cash flow statement "Dividends paid to the owners of the Company" are disclosed net-off foreign exchange differences on the relevant cash deposits (i.e., at the amounts declared) and the "Exchange (losses)/gains on cash and cash equivalents" do not include the impact from the relevant cash deposits used for hedging. In the income statement the amounts included in "Finance income and costs" (Note 14) within "Net foreign exchange transaction (losses)/gains on cash and cash equivalents and other monetary assets" and "Net foreign exchange transaction gains/(losses) on borrowings and other liabilities" are disclosed after application of hedge accounting (i.e., excluding the foreign currency gains/losses arising for the hedging).

Property, plant and equipment

Property, plant and equipment are recorded at purchase or construction cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition or construction of the items.

Land is not depreciated.

Depreciation on property, plant and equipment begins when it is available for use and is calculated using the straight-line method to allocate their cost, less residual value, over their estimated useful lives, as follows:

	Number of years, range
Buildings	30
Rolling stock: (except locomotives)	
Gondola cars	22
Rail tank cars	32
Rail tank cars (specialised types)	30-40
Hoppers	15-26
Flat cars	20-32
Locomotives	9-45
Mounted wheels	7
Motor vehicles and other property, plant and equipment	3 to 10

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Assets under construction are not depreciated until they are completed and brought into use, at which time they are reclassified in the relevant class of property, plant and equipment and depreciated accordingly.

Borrowing costs to finance the construction of property, plant and equipment are capitalised, during the period of time that is required to complete and prepare the asset for its intended use. All other borrowing costs are expensed.

Expenditure for repairs and maintenance of property, plant and equipment is charged to the income statement of the year in which they are incurred. The cost of major renovations and other subsequent expenditure are included in the carrying amount of the asset or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced cost is derecognised.

Gains and losses on disposal of property, plant and equipment are determined by comparing the proceeds with carrying amount and these are included within operating profit as part of operating expenses.

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Rolling stock repair and maintenance costs

Repair and maintenance costs relating to periodical capital repairs of locomotives and other rolling stock and periodical middle repairs of locomotives constitute major repairs that result in enhancement of the economic benefits of the rolling stock and as such are capitalised by the Group.

In particular, the cost of each major periodic capital repair is recognised in the carrying amount of the relevant item of rolling stock repaired and separately depreciated over the expected period until the next periodic capital repair or until the end of the useful economic life of the item of rolling stock, if earlier. Significant components replaced as part of periodic major capital repairs are capitalised and depreciated separately over their useful economic life. Simultaneously with the capitalisation of the costs of the new periodic major capital repair, the carrying amount of the repaired rolling stock that is attributable to the previous periodic capital repair and/or significant component replaced, if any, is derecognised and debited in 'cost of sales' in the income statement as 'loss on derecognition arising on capital repairs.

If it is not practicable for the Group to determine the carrying amount of the repaired rolling stock that is attributable to the previous periodic capital repair and/or significant component replaced to be derecognised, the Group uses the cost of the current periodic major capital repair or replaced part as an indication of what the cost of the replaced part was at the time the rolling stock was acquired.

Other types of repairs of rolling stock, such as current repairs and depot repairs, are viewed by the Group as routine repairs and maintenance and thus their cost is charged in the Group's income statement as and when incurred.

Upon initial recognition of rolling stock, the Group's accounting policy is not to separately identify and depreciate the element of its cost that is reflecting the maintenance element of the periodic major capital repair of the rolling stock on initial recognition. The cost attributed to significant components, such as wheel pairs, is separately identified and depreciated over their useful economic life.

Intangible assets

(a) Customer relationships

Customer relationships acquired in a business combination are recognised at fair value at the acquisition date. Customer relationships have a finite useful life and are carried at cost less accumulated amortisation. Customer relationships are being amortised using the straight-line method over their estimated useful life. The useful lives of the customer relationships are reviewed, and adjusted if appropriate, at the end of each reporting period.

(b) Computer software

The costs of acquiring computer software for internal use are capitalised as intangible assets where the software supports a significant business system and the expenditure leads to the creation of a durable asset. Computer software is capitalised at cost and amortised over three years, which reflects its estimated useful life, using straight-line method commencing when the asset is available for its intended use. Costs associated with maintaining computer software programmes are recognised as an expense as incurred.

Impairment of non-financial assets

Assets that have indefinite useful life and goodwill are not subject to amortisation and are tested annually for impairment. Assets that are subject to depreciation or amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets, other than goodwill, that have suffered impairment are reviewed for possible reversal of impairment whenever there is an indication that an impairment recognised in prior periods may no longer exist or may have decreased.

Leases

(a) The Group is the lessee

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group, with limited exceptions as set out below. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that are based on an index or a rate;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option, if the Group is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Contracts may contain both lease and non-lease components. The Group accounts for each lease component within such contracts as a lease separately from the non-lease components. The consideration in the contract is allocated to each lease component on the basis of the relative standalone price of the lease component and the aggregate standalone price of the non-lease components. The consideration for non-lease components relating to services is recognised as an expense in the income statement.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the Group's incremental borrowing rate is used, being the rate that the Group would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms and conditions. To determine the incremental borrowing rate, the Group, where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received.

The Group is exposed to potential future increases in variable lease payments based on an index or a rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Any remeasurement of the lease liability arising if the cash flows change based on the original terms and conditions of the lease results in a corresponding adjustment to the right-of-use asset. The adjustment can be positive or negative.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

In determining the lease term, the Group considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

Right-of-use assets are reviewed for impairment in accordance with the Group's accounting policy for impairment of non-financial assets.

As an exception to the above, the Group accounts for short-term leases and leases of low value assets by recognising the lease payments as an expense on a straight-line basis in the income statement. Short-term leases are leases with a lease term of 12 months or less.

Right-of-use assets and associated lease liabilities are presented as separate lines on the face of the balance sheet, except for right-of-use assets and associated lease liabilities arising from leases with financial institutions that include purchase options that are reasonably certain to be exercised due to the exercise price being a nominal amount compared to the fair value of the leased asset on the exercise date. The latter are presented within the same line item as the corresponding underlying assets would be presented if they were owned and within borrowings, respectively. Management believes that this presentation best reflects the substance of the leases with financial institutions, being similar to that of purchases via collateralised borrowings.

Security deposits paid by the Group at the commencement of a lease contract that are held by the lessor throughout the term of the lease and are refunded to the Group at the end of the lease term if the Group has fully performed and observed all of the conditions set out in the contract are accounted for as financial assets.

Sale and leaseback

A sale and leaseback transaction involves the sale of an asset and the leasing back of the same asset.

The accounting of a sale and leaseback transaction depends on whether the transfer of the asset qualifies as a sale. In making this assessment, the Group assesses whether the buyer-lessor obtained control of the underlying asset.

If the transfer qualifies as a sale of the asset, the Group measures the right-of-use asset arising from the leaseback at the proportion of the previous carrying amount of the asset that relates to the right-of-use retained by the Group. Accordingly, the Group recognises only the amount of any gain or loss that relates to the rights transferred to the buyer-lessor. If the fair value of the consideration for the sale of the asset does not equal the fair value of the asset, or if the payments for the lease are not at market rates, the Group accounts for any below-market terms as a prepayment of lease payments; and any above-market terms as additional financing provided by the buyer-lessor to the Group. This is measured on the basis of the more readily determinable of the difference between the fair value of the consideration for the sale and the fair value of the asset; and the difference between the present value of the contractual payments for the lease and the present value of payments for the lease at market rates.

If the transfer does not qualify as a sale, the Group continues to recognise the transferred asset and recognises a financial liability equal to the transfer proceeds.

(b) The Group is the lessor

Finance leases

Where the Group is a lessor in a lease which transfers substantially all the risks and rewards incidental to ownership to the lessee, the assets leased out are presented as a finance lease receivable and carried at the present value of the future lease payments. Finance lease receivables are initially recognised at commencement (when the lease term begins) using a discount rate determined at inception (the earlier of the date of the lease agreement and the date of commitment by the parties to the principal provisions of the lease).

The difference between the gross receivable and the present value represents unearned finance income. The income is recognised over the term of the lease using the net investment method (before income tax and other taxes) which reflects a constant periodic rate of return. Incremental costs directly attributable to negotiating and arranging the lease are included in the initial measurement of the finance lease receivable and reduce the amount of income recognised over the lease term. Finance income from leases is recorded within interest income in the income statement.

Impairment of lease receivables

The Group recognises credit loss allowance on lease receivables in accordance with IFRS 9 using the simplified approach permitted by the standard, which requires expected credit losses to be recognised from initial recognition of the lease receivable at an amount equal to lifetime ECL. The ECL is determined in the same way as for trade receivables and is recognised through an allowance account to write down the lease receivables' net carrying amount to the present value of expected cash flows discounted at the interest rates implicit in the leases.
The estimated future cash flows reflect the cash flows that may result from obtaining and selling the assets subject to the lease.

Operating leases

Assets leased out under operating leases are included in property, plant and equipment in the balance sheet based on the nature of the asset. They are depreciated over their expected useful lives on a basis consistent with similar owned property, plant and equipment.

Revenues from operating leasing

Rental income (net of any incentives given to lessees) is recognised on a straight-line basis over the lease term.

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Financial instruments

(a) Financial assets

Recognition and derecognition. All purchases and sales of financial assets that require delivery within the time frame established by regulation or market convention ("regular way" purchases and sales) are recorded at trade-date; being the date on which the Group commits to purchase or sell the asset. All other purchases and sales are recognised when the entity becomes a party to the contractual provisions of the instrument.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership. Any gain or loss arising upon their derecognition is recognised directly in the income statement.

Classification. The classification depends on the Group's business model for managing the financial assets and the contractual cash flow characteristics of the assets. Management determines the classification of financial assets at initial recognition.

The Group classifies its financial assets at amortised cost. Financial assets at amortised cost are held for collection of contractual cash flows and their cash flows represent solely payments of principal and interest. They are included in current assets, except for maturities greater than twelve months after the balance sheet date. These are classified as non-current assets. The Group's financial assets at amortised cost comprise of trade receivables, loans and other receivables and cash and cash equivalents on the balance sheet.

Reclassification. Financial instruments are reclassified only when the business model for managing those assets changes. The reclassification has a prospective effect and takes place from the start of the first reporting period following the change.

Measurement. At initial recognition, the Group measures financial assets classified at amortised cost at their fair value plus incremental transaction costs that are directly attributable to the acquisition of the financial assets. Subsequently, these are measured at amortised cost.

Interest income. Interest income on financial assets at amortised cost is recognised using the effective interest rate method and is included within "finance income" in the income statement. In particular, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets, the effective interest rate is applied to the net carrying amount of the financial asset; that is after deduction of the loss allowance. The Group's definition of credit-impaired assets is explained in Note 6, Credit risk section.

Impairment. The Group assesses on each reporting date and on a forward looking basis the expected credit losses ("ECL") associated with its debt financial assets carried at amortised cost. The measurement of ECL reflects: (i) an unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes, (ii) time value of money, and (iii) all reasonable and supportable information that is available without undue cost and effort at the end of each reporting period about past events, current conditions and forecasts of future conditions.

The carrying amount of the financial assets is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement within "selling and marketing costs". Subsequent recoveries of amounts for which loss allowance was previously recognised are credited against the same line item.

The impairment methodology applied by the Group for calculating expected credit losses depends on the type of financial asset assessed for impairment. Specifically:

- For trade receivables the Group applies the simplified approach permitted by IFRS 9 for calculating expected credit losses, which requires lifetime expected losses to be recognised from initial recognition of the financial assets. The assessment is done on an individual basis.
- For all its other debt financial assets carried at amortised cost, the Group applies the general approach. In particular, the Group applies the three stage model for calculating impairment, which is based on changes in the credit quality of the financial asset since initial recognition. A financial instrument that is not credit -impaired on initial recognition is classified in Stage 1. The ECL of financial assets in Stage 1 is measured at an amount equal to the portion of lifetime ECL that results from default events possible within the next 12 months or until contractual maturity, if shorter. If the Group identifies a significant increase in credit risk ("SICR") since initial recognition, the asset is transferred to Stage 2 and its ECL is measured based on ECL on a lifetime basis, that is, up until its contractual maturity but considering expected prepayments, if any. Refer to Note 6, Credit risk section for a description of how the Group determines when a SICR has occurred. If the Group determines that a financial asset is credit-impaired, the asset is transferred to Stage 3 and its ECL is measured as a Lifetime ECL. The Group's definition of credit impaired assets and definition of default is explained in Note 6, Credit risk section.

Write-off. Financial assets are written-off, in whole or in part, when the Group has concluded that there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group and a failure to make contractual payments for a period of greater than 180 days past due. The Group may write-off financial assets that are still subject to enforcement activity when the Group seeks to recover amounts that are contractually due, however, there is no reasonable expectation of recovery. Subsequent recoveries of amounts previously written off are credited against 'selling and marketing costs' in the income statement.

Classification as trade receivables. Trade receivables are amounts due from customers for services performed in the ordinary course of business. If collection is expected in one year or less (or in a normal operating cycle of the business, if longer than one year) they are classified as current assets, if not, they are presented as non-current assets. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, in which case they are recognised at fair value. The Group holds its trade receivables with the objective to collect the contractual cash flows and their contractual cash flows represent solely payments of principal and interest and therefore measures them subsequently at amortised cost using the effective interest method, less provision for impairment.

Classification as loans and other receivables. These amounts generally arise from transactions outside the usual operating activities of the Group. These are held with the objective to collect their contractual cash flows and their contractual cash flows represent solely payments of principal and interest. Accordingly, these are measured at amortised cost using the effective interest method, less provision for impairment. Loans and other receivables are classified as current assets if they are due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current assets.

Notes to the consolidated financial statements

Classification as cash and cash equivalents. In the cash flow statement, cash and cash equivalents include cash in hand and deposits held at call with banks with original maturity of three months or less, less bank overdrafts, if any. Cash and cash equivalents are carried at amortised cost using the effective interest method, less provision for impairment. Bank overdrafts are shown within borrowings in the current liabilities on the balance sheet.

(b) Financial liabilities

Classification. The Group's financial liabilities are initially recognised at fair value and classified as subsequently measured at amortised cost.

Derecognition of financial liabilities. A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in income statement as other income or finance costs. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts, including costs or fees incurred for the modification, is recognised in profit or loss within finance costs. When the terms of the existing financial liability are not substantially modified, the existing liability is not derecognised and the gain/loss arising on the modification, including costs or fees incurred for the modification, is recognised in the income statement within finance costs.

Modifications. An exchange between the Group and its original lenders of debt instruments with substantially different terms, as well as substantial modifications of the terms and conditions of existing financial liabilities, are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. In addition, other qualitative factors, such as the currency that the instrument is denominated in, changes in the type of interest rate, new conversion features attached to the instrument and change in loan covenants are also considered.

If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability.

Modifications of liabilities that do not result in extinguishment are accounted for as a change in estimate using a cumulative catch up method, with any gain or loss recognised in profit or loss, unless the economic substance of the difference in carrying values is attributed to a capital transaction with owners.

Borrowings. Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the balance sheet date.

Borrowings are removed from the balance sheet when the obligation specified in the contract is extinguished (i.e., when the obligation specified in the contract is discharged, cancelled or expires). The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in the income statement as other income or finance costs.

Borrowing costs. Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use. Other borrowing costs are expensed in the period in which they are incurred.

Trade and other payables. Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Inventories

Group entities usually maintain a store of spare parts and servicing equipment. These are carried as inventory and recognised in the income statement as consumed, unless they meet the definition of property, plant and equipment in which case they are classified as such. Major spare parts are also recognised within property, plant and equipment when they meet the definition of property, plant and equipment. Spare parts in inventory as well as other inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average cost method. Net realisable value is the estimated selling price in the ordinary course of business less the cost of completion and applicable variable selling expenses and takes into account, amongst others, evidence of damage or obsolescence.

Cash flow statement

Cash flow statement is prepared under the indirect method. Purchases of property, plant and equipment, including prepayments for property, plant and equipment, are included within cash flows from investing activities and finance lease payments are included within cash flows from financing activities and are shown net of VAT. Related input VAT is included in movement in changes of working capital, within trade and other receivables.

When the Group enters into a sale and lease back arrangement which constitutes collateralised borrowing, the proceeds received are included within cash flows from financing activities. Receipts from finance lease receivables are included within cash flows from investing activities.

Share capital, share premium and treasury shares

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Any excess of the fair value of consideration received over the par value of shares issued is recognised as share premium. Share premium is the difference between the fair value of the consideration receivable for the issue of shares and the nominal value of the shares. Share premium account can only be resorted to for limited purposes, which do not include the distribution of dividends, and is otherwise subject to the provisions of the Cyprus Companies Law on reduction of share capital.

Where any Group company purchases the Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders within a separate reserve 'treasury shares' until the shares are cancelled or re-issued. Where such ordinary shares are subsequently re-issued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders within retained earnings. The consideration initially paid for treasury shares which are subsequently re-issued is transferred from "treasury shares" to retained earnings.

Capital contribution

Capital contribution constitutes contributions made by the Company's shareholders other than for the issue of shares by the Company in their capacity as equity owners of the Company for which the Company has no contractual obligation to repay them. Such contributions are recognised directly in equity as they constitute transactions with equity owners in their capacity as equity owners of the Company.

Provisions and contingent liabilities

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

Provisions are only used to cover those expenses which they had been set up for. Other possible or present obligations that arise from past events but it is not probable that an outflow of resources embodying economic benefit will be required to settle the obligations, or the amount cannot be measured with sufficient reliability, are disclosed in the notes to the financial statements as contingent liabilities.

Current and deferred income tax

The tax expense for the period comprises of current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity respectively.

Current income tax liabilities and assets for the current and prior periods are measured at the amount expected to be paid to or recovered from the taxation authorities using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretations and establishes provisions where appropriate on the basis of amounts expected to be paid to tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. In accounting for the tax effects of on-balance sheet leases, the Group considers the right-of-use asset and lease liability separately and recognises deferred tax on the net temporary difference.

Deferred tax is determined using tax rates and laws that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates except where the Group can control the timing of the reversal and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities, when the income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities when there is an intention to settle the balances on a net basis.

Uncertain tax positions

The Group's uncertain tax positions are reassessed by management at the end of each reporting period. Liabilities are recorded for income tax positions that are determined by management as more likely than not to result in additional taxes being levied if the positions were to be challenged by the tax authorities. The assessment is based on the interpretation of tax laws that have been enacted or substantively enacted by the end of the reporting period, and any known court or other rulings on such issues. Liabilities for penalties, interest and taxes other than on income are recognised based on management's best estimate of the expenditure required to settle the obligations at the end of the reporting period. Adjustments for uncertain income tax positions, other than interest and fines, are recorded within the income tax charge. Adjustments for uncertain income tax positions in respect of interest and fines are recorded within finance costs and other gains/(losses), net, respectively.

Notes to the consolidated financial statements

Russian Value Added Tax ("VAT")

Russian output value added tax related to sales is payable to tax authorities on the earlier of (a) collection of receivables from customers or (b) delivery of goods or services to customers. Input VAT is generally recoverable against output VAT upon receipt of the VAT invoice. The tax authorities permit the settlement of VAT on a net basis. VAT related to sales and purchases is recognised in the balance sheet on a gross basis and disclosed separately as an asset and liability. Where provision has been made for the impairment of receivables, the impairment loss is recorded for the gross amount of the debtor, including VAT.

Employee benefits

Wages, salaries, contributions to the state pension and social insurance funds, paid annual leave and sick leave, bonuses and other benefits (such as health services) are accrued in the year in which the associated services are rendered by the employees of the Group. These are included in staff costs and the Group has no further obligations once the contributions have been paid.

The Group recognises a liability and an expense for bonuses where contractually obliged or where there is a past practice that has created a constructive obligation.

Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the Group recognises costs for a restructuring that is within the scope of IAS 37 and involves the payment of terminations benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

Share based payment transactions

The Group operates a cash-settled share-based compensation plan. In accordance with compensation plan, key management personnel and selected employees of the Group are entitled to receive cash compensations based on the weighted average market quotations of the fixed number of global depository receipts ("GDR") of the Company. The fair value of the employee services received in exchange for the grant of the equivalent GDR instruments is recognised as an expense over the vesting period.

At each balance sheet date, if required by the terms of the compensation plan, the Group revises its estimates of the monetary equivalent of GDRs that are expected to vest. It recognises the impact of the revision of original estimates, including number of instruments expected to vest and fair values, in profit or loss, with a corresponding adjustment to share-based payment liability.

Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved and are no longer at the discretion of the Company. More specifically, interim dividends are recognised when approved by the Board of Directors whereas in case of final dividends, these are recognised at the time when they are approved by the Company's shareholders.

Prepayments

Prepayments are carried at cost less provision for impairment. A prepayment is classified as non-current when the goods or services relating to the prepayment are expected to be obtained after one year, or when the prepayment relates to an asset which will itself be classified as non-current upon initial recognition. Prepayments to acquire assets are transferred to the carrying amount of the asset once the Group has obtained control of the asset and it is probable that future economic benefits associated with the asset will flow to the Group. Other prepayments are written off to profit or loss when the goods or services relating to the prepayments are received. If there is an indication that the assets, goods or services relating to a prepayment will not be received, the carrying value of the prepayment is written down accordingly and a corresponding impairment loss is recognised in the income statement.

Other income

Other income generally represents amounts received from transactions that are outside the Group's principal activities. This is recognised in the income statement over the period it relates to, based on the terms of the arrangement. Other income that it is not linked to the Group's future performance and/or satisfaction of any future obligations is recognised in the period in which the Group is entitled to receive it.

5. New accounting pronouncements

The new standards, interpretations, and amendments to the existing standards effective for annual accounting periods commencing on 1 January 2023 are as follows:

IFRS 17 Insurance Contracts – (issued on 18 May 2017 and is effective for annual reporting periods beginning on or after 1 January 2023 with earlier application permitted as long as IFRS 9 is also applied). The IASB completed its project on insurance contracts with the issuance of IFRS 17 Insurance Contracts in May 2017. IFRS 17 replaces IFRS 4 and sets out principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of IFRS 17. IFRS 17 requires insurance liabilities to be measured at a current fulfilment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts.

Amendments to IFRS 17 Insurance Contracts – (issued on 25 June 2020 and is effective for annual reporting periods beginning on or after 1 January 2023). The main changes are:
- Deferral of the date of initial application of IFRS 17 by two years to annual periods beginning on or after 1 January 2023
- Additional scope exclusion for credit card contracts and similar contracts that provide insurance coverage as well as optional scope exclusion for loan contracts that transfer significant insurance risk
- Recognition of insurance acquisition cash flows relating to expected contract renewals, including transition provisions and guidance for insurance acquisition cash flows recognised in a business acquired in a business combination
- Clarification of the application of IFRS 17 in interim financial statements allowing an accounting policy choice at a reporting entity level
- Clarification of the application of contractual service margin ("CSM") attributable to investment-return service and investment-related service and changes to the corresponding disclosure requirements

Notes to the consolidated financial statements

- Extension of the risk mitigation option to include reinsurance contracts held and non-financial derivatives
- Amendments to require an entity that at initial recognition recognises losses on onerous insurance contracts issued to also recognise a gain on reinsurance contracts held
- Simplified presentation of insurance contracts in the statement of financial position so that entities would present insurance contract assets and liabilities in the statement of financial position determined using portfolios of insurance contracts rather than groups of insurance contracts
- Additional transition relief for business combinations and additional transition relief for the date of application of the risk mitigation option and the use of the fair value transition approach

  – Amendments to IAS 1 and IFRS Practice Statement 2 – Disclosure of Accounting Policies – (issued on 12 February 2021 and is effective for annual reporting periods beginning on or after 1 January 2023). The IASB concluded that the concept of materiality could be applied in making decisions about the disclosure of accounting policies. Therefore, the Board decided to amend IAS 1 to replace all instances of the term 'significant accounting policies' with 'material accounting policy information'. In the Board's view, accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The Board concluded that these amendments would help entities reduce immaterial accounting policy disclosures in their financial statements.
  – Amendments to IAS 8 – Definition of Accounting Estimates – (issued on 12 February 2021 and is effective for annual reporting periods beginning on or after 1 January 2023). The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not the correction of an error.
  – Amendments to IAS 12 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction – (issued on 7 May 2021 and is effective for annual reporting periods beginning on or after 1 January 2023). The IASB amends IAS 12 to provide a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences.

We understand that, based on management's assessment, none of the above new standards, interpretations and amendments to existing standards had any material effect on the Group/Company. Management's assessment will be considered during our audit.

Developments in auditing

ISA 600 (Revised 2022) – Audits of Group Financial Statements (Including the Work of Component Auditors), effective for audits of group financial statements for periods beginning on or after 15 December 2023. ISA 600 (Revised) includes new and revised requirements and application material that better aligns the standard with recently revised standards such as ISQM 1, ISA220 (Revised) and ISA 315 (Revised 2019). The new and revised requirements also strengthen the auditor's responsibilities related to professional skepticism, planning and performing a group audit, two-way communications between the group auditor and component auditors, and documentation.

The changes made to ISA 600 (Revised) are intended to:
- Encourage proactive management of quality at the group engagement level and the component level
- Keep the standard fit for purpose in a wide range of circumstances and in a developing environment
- Reinforce the need for robust communication and interactions during the group audit
- Foster an appropriately independent and challenging skeptical mindset of the auditor

The revisions aim to drive better quality and more consistent risk assessments, as well as promote the exercise of professional skepticism.

None of the new standards, amendments to existing standards or interpretations is expected to have a significant effect on the consolidated financial statements.

6. Financial risk management

Financial risks factors

The Group's activities exposed it to a variety of financial risks: market risk (including foreign exchange risk, cash flow and fair value interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial results.

Market risk

(a) Foreign exchange risk
Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in the currency different from the functional currency of each of the entities of the Group.

As of 31 December 2023, 100% of the Group's long-term borrowings are denominated in Russian Rouble. Further, a large proportion of the Group's expenses and revenues are denominated and settled in Russian Roubles. Risks related to liabilities denominated in foreign currency are partly compensated by assets and income denominated in foreign currency.

As of the end of December 2023 the Russian Rouble has decreased against the US Dollar from 70.3375 as of 31 December 2022 to 89.6883 Russian Roubles (27.5% decrease) and has decreased against the Euro from 75.6553 as of 31 December 2022 to 99.1919 Russian Roubles (31.1% decrease).

The Group is exposed to the effects of currency fluctuations between (i) the Russian Rouble and the US Dollars in relation to US Dollar denominated balances held in the Company and the Cypriot and Russian subsidiaries of the Group having the Russian Rouble as their functional currency; (ii) the Euro and the US Dollar for US Dollar denominated balances held in the Estonian subsidiaries of the Group which have the Euro as their functional currency and (iii) the Ukrainian Hryvnia and the US Dollar for the US Dollar denominated balances held in the Ukrainian subsidiary of the Group which has the Ukrainian Hryvnia as its functional currency.

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The carrying amounts of monetary assets and liabilities denominated in US Dollars as at 31 December 2023 and 31 December 2022 are as follows:

	2023 RUB'000	2022 RUB'000
Assets	29,478	1,046,653
Liabilities	232	29,070

Had US Dollar exchange rate strengthened/weakened by 20% against the Russian Rouble and all other variables remained unchanged, the post-tax profit of the Group for the year ended 31 December 2023, would have increased/decreased by RUB 4,937 thousand (2022: 20% change, effect RUB 158,706 thousand) and equity would have increased/decreased by RUB 4,937 thousand (2022: 20% change, effect RUB 491,067 thousand). This is mainly due to foreign exchange gains and losses arising upon retranslation of cash and cash equivalents and accounts payable denominated in US Dollars for the Group entities with Russian Rouble being their functional currency. The impact on equity is mainly due to foreign exchange gains and losses arising upon retranslation of intercompany loans being recognised as part of net investment in the foreign operation denominated in US Dollars for the Ukrainian subsidiary of the Group.

Had Euro exchange rate strengthened/weakened by 30% against the US Dollar and all other variables remained unchanged, the post-tax profit of the Group for the year ended 31 December 2023, would have increased /decreased by RUB NIL thousand (2022: 30% change, effect RUB 32,836 thousand). This is mainly due to foreign exchange gains and losses arising upon retranslation of payable balances and cash and cash equivalents and accounts receivable denominated in US Dollars for the Estonian subsidiaries of the Group.

The Group does not have formal arrangements for hedging foreign exchange risk, with the exception of application of hedge accounting to hedge foreign currency risk associated with highly probable dividend payments and associated dividend payable until their settlement, as set out in the accounting policy for hedging activities in Note 4 to these financial statements.

The impact of application of hedge accounting has been to disclose in the cash flow statement "Dividends paid to the owners of the Company" net-off RUB NIL thousand (2022: RUB NIL thousand) foreign exchange losses and the "Exchange (losses)/gains on cash and cash equivalents" does not include the equivalent impact from the relevant cash deposits used for hedging. Furthermore, in the income statement the amounts included in "Finance income and costs" within "Net foreign exchange transaction (losses)/gains on cash and cash equivalents and other monetary assets" and "Net foreign exchange transaction gains/(losses) on borrowings and other liabilities" are disclosed after application of hedge accounting (i.e., excluding the foreign currency gains/losses arising for the hedging of RUB NIL thousand (2022: RUB NIL thousand)).

(b) Cash flow and fair value interest rate risk

The Group's income and operating cash flows are exposed to changes in market interest rates arising mainly from floating rate borrowings. In addition, the Group is exposed to fair value interest rate risk through market value fluctuations of borrowings and bank deposits with fixed interest rates. However, any potential change in the market rates of interest will not have an impact on the carrying amount of the fixed rate financial instruments and hence on the Group's post tax profit or equity as these instruments are carried at amortised cost.

Long-term borrowing contracts of the Group are concluded to finance the purchase of rolling stock. While analysing new investment projects and concluding credit facility agreements, loan agreements and lease contracts, issues of bonds and various scenarios are developed taking into account terms of refinancing and alternative financing sources. Based on these scenarios the Group measures the impact of a definite change in interest rate on profit or loss and selects the financing model that allows maximizing the estimated future profit.

As at 31 December 2023 and 31 December 2022, the Group did not have any credit facilities at floating interest rates, therefore any reasonably possible change in market interest rates would not have any significant impact on the post-tax profit or equity of the Group.

The Group obtains borrowings at current market interest rates and does not use any hedging instruments to manage interest rate risk. Management monitors changes in interest rates and takes steps to mitigate these risks as far as practicable.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to meet an obligation. Credit risk arises from cash and cash equivalents, trade receivables, loans and other receivables as well as finance lease receivables.

(i) Risk management

The Group has policies in place to ensure that sales of goods and services are made to customers with an appropriate credit history. Management assesses the credit quality of the Group's customers, taking into account their financial position, past experience and other factors. These policies allow the Group to reduce its credit risk. However, the Group's business is heavily dependent on a few large key customers, with the top ten customers accounting for 78.89% of the Group's trade receivables as at 31 December 2023 (2022: 78.83%).

For banks and financial institutions, the Group has established policies whereby the majority of bank balances are held with independently rated parties with a minimum rating of 'Baa2'. These policies enable the Group to reduce its credit risk significantly.

(ii) Impairment of financial assets

The Group has four types of assets that are subject to the expected credit loss model:
- trade receivables;
- finance lease receivables;
- loans and other receivables; and
- cash and cash equivalents.

The impairment methodology applied by the Group for calculating expected credit losses depends on the type of assets assessed for impairment. All assets are assessed for impairment on an individual basis. Specifically:
- For trade receivables and finance lease receivables the Group applies the simplified approach permitted by IFRS 9 for calculating expected credit losses, which requires lifetime expected credit losses to be recognised from initial recognition of the financial assets.
- For loans and other receivables and cash and cash equivalents, the Group applies the general approach. In particular, the Group applies the three-stage model for calculating impairment, which is based on changes in the credit quality of the financial asset since initial recognition. A financial instrument that is not credit-impaired on initial recognition is classified in Stage 1. The ECL of financial assets in Stage 1 is measured at an amount equal to the portion of lifetime ECL that results from default events possible within the next 12 months or until contractual maturity, if shorter. If the Group identifies a significant increase in credit risk since initial recognition, the asset is transferred to Stage 2 and its ECL is measured based on ECL on a lifetime basis, that is, up until its contractual maturity but considering expected prepayments, if any. If the Group determines that a financial asset is credit-impaired, the asset is transferred to Stage 3 and its ECL is measured as a Lifetime ECL.

Notes to the consolidated financial statements

Significant increase in credit risk. The Group considers the probability of default upon initial recognition of an asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. In making this assessment, the Group considers available reasonable and supportive forwarding-looking information.

Especially the following indicators are incorporated:
- internal credit rating
- external credit rating (as far as available)
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's/counterparty's ability to meet its obligations
- actual or expected significant changes in the operating results of the borrower/counterparty
- significant increases in credit risk on other financial instruments of the same borrower/counterparty
- significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements
- significant changes in the expected performance and behaviour of the borrower/counterparty, including changes in the payment status of counterparty in the group and changes in the operating results of the borrower.

Macroeconomic information (such as market interest rates or growth rates) is incorporated as part of the internal rating model. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivable balances. Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days past due in making a contractual payment.

Default and credit-impaired. A default on a financial asset is when the financial asset meets one or more of the following criteria: (i) the borrower is more than 90 days past due on its contractual payments, (ii) the borrower is assessed as unlikely to pay its credit obligations in full without realisation of collateral, regardless of the existence of any past-due amount or of the number of days past due, (iii) the Group, for economic or contractual reasons relating to the borrower's financial difficulty, granted to the borrower a concession(s) that it would not otherwise consider. The Group considers defaulted assets to be credit-impaired so that Stage 3 represents all debt financial assets which are considered defaulted.

Write-off. Assets are written-off, in whole or in part, when the Group has concluded that there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group and a failure to make contractual payments for a period of greater than 180 days past due. The Group may write-off financial assets that are still subject to enforcement activity when the Group seeks to recover amounts that are contractually due, however, there is no reasonable expectation of recovery. Subsequent recoveries of amounts previously written off are credited against 'selling and marketing costs' in the income statement.

The Group does not have any material debt financial assets that are subject to the impairment requirements of IFRS 9 and their contractual cash flows have been modified.

The Group's exposure to credit risk for each class of asset subject to the expected credit loss model is set out below:

Trade receivables and finance lease receivables

The Group assesses, on an individual basis, its exposure to credit risk arising from trade receivables and finance lease receivables. This assessment is based on the credit history of the customers with the Group as well as the period the trade receivable or finance lease receivable is past due (in days).

The following table contains an analysis of the gross carrying amount of the Group's trade receivables and finance lease receivables by reference to the days past due. This basis is aligned with the Group's internal credit risk grades for these assets.

	Trade receivables	Finance lease receivables
	RUB'000	RUB'000
As at 31 December 2023		
Current (not past due)	3,748,020	138,760
1-30 days past due	678,363	-
31-90 days past due	205,866	-
more than 90 days past due	10,348	-
Total	**4,642,597**	**138,760**

	Trade receivables	Finance lease receivables
	RUB'000	RUB'000
As at 31 December 2022		
Current (not past due)	3,134,198	149,746
1-30 days past due	589,065	-
31-90 days past due	26,111	-
more than 90 days past due	11,402	-
Total	**3,760,776**	**149,746**

The gross carrying amounts, as per above, represent the Group's maximum exposure to credit risk on these assets as at 31 December 2023 and as at 31 December 2022 without taking into account any collateral held. The Group does not hold any collateral as security for any trade receivable balances. Finance lease receivables are effectively secured as the rights to the leased asset revert to the Group in the event of default.

Notes to the consolidated financial statements

The movement in the credit loss allowance for trade receivables during the years 2023 and 2022 is presented in the table below:

	Trade receivables	
	2023	2022
	RUB'000	RUB'000
Opening balance as at 1 January	(10,343)	(98,955)
Net loss allowance of financial assets at the start of the year	(7,490)	(2,736)
Assets written off during the year as uncollectible	135	23,874
Unused amounts reversed	-	66,606
Recoveries	2,498	868
Other	-	-
Closing balance as at 31 December	**(15,200)**	**(10,343)**

The estimated expected credit loss allowance on finance lease receivables as at 31 December 2023 and as at 31 December 2022 was immaterial. This assessment takes into consideration the presence of the leased asset, which acts as a collateral for the finance lease receivable.

Loans and other receivables

The Group assesses, on an individual basis, its exposure to credit risk arising from loans and other receivables. This assessment takes into account, amongst others, the period the loan receivable or other receivable balance is past due (in days) and history of defaults in the past, adjusted for forward looking information.

The following table contains an analysis of the credit risk exposure other receivables on the basis of the Group's internal credit risk rating grades. The gross carrying amounts below represent the Group's maximum exposure to credit risk on these assets as at 31 December 2023 and 2022:

Internal credit risk rating grade	Company definition of category	2023	2022
		RUB'000	RUB'000
Performing	Stage 1 – Counterparties have a low risk of default and a strong capacity to meet contractual cash flows	261,446	22,155
Under-performing	Stage 2 – Customers for which there is a significant increase in credit risk; as significant increase in credit risk is presumed if interest and/or principal repayments are 30 days past due	10,881	9,762
Non-performing or Credit-impaired	Stage 3 – Interest and/or principal repayments are more than 90 days past due	25,632	4,602

The gross carrying amounts, as per above, represent the Group's maximum exposure to credit risk on these assets as at 31 December 2023 and as at 31 December 2022 without taking into account any collateral held. The Group does not hold any collateral as security for any loans receivable or other receivable balances.

The movement in the credit loss allowance for other receivables during the years 2023 and 2022 is presented in the table below:

	Non-performing	
	2023	2022
	RUB'000	RUB'000
Opening balance as at 1 January	(4,602)	(6,141)
Assets written off during the year as uncollectible	202	1,707
Other	(21,232)	(168)
Closing balance as at 31 December	**(25,632)**	**(4,602)**

The estimated expected credit loss allowance on loans receivable as at 31 December 2022 was immaterial.

Cash and cash equivalents

The Group assesses, on an individual basis, its exposure to credit risk arising from cash at bank based on ratings from external credit rating institutions and internal ratings if external are not available.

The following table contains an analysis of the gross carrying amount of the Group's cash at bank by reference to the credit risk ratings assigned by external credit rating agencies. The gross carrying amounts below represent the Group's maximum exposure to credit risk on these assets as at 31 December 2023 and 2022:

		2023	2022
	Rating	RUB'000	RUB'000
Moody's[1]	A2 - A1	859,279	4,187,545
Moody's[1]	Baa3 – Baa1	79,065	127,458
Moody's[1]	B1	-	1,337
ACRA[2]	AAA(RU) - A(RU)	41,723,686	11,600,969
ACRA[2]	BBB+(RU)	414	-
Expert RA[3]	ruA+ - ruA	114,005	28,926
Other external non-rated banks – satisfactory credit quality (performing)		-	95,360
Total cash at bank and bank deposits[4]		42,776,449	16,041,595

The Group does not hold any collateral as security for any of the above balances.

The estimated expected credit loss allowance on cash and cash equivalents as at 31 December 2023 and as at 31 December 2022 based on the general approach of IFRS 9, was immaterial. All cash and cash equivalents were performing (Stage 1) as at 31 December 2023 and as at 31 December 2022.

[1] International rating agency Moody's Investors Service.
[2] Russian authorized credit rating agency ACRA.
[3] Russian authorized credit rating agency Expert RA.
[4] The rest of the balance sheet item 'cash and cash equivalents' is cash on hand.

Notes to the consolidated financial statements

Liquidity risk

The Group has an excess of current assets over current liabilites of RUB 39,017,720 thousand as at 31 December 2023 (2022: excess of current assets over current liabilites RUB 4,946,447 thousand).

The Group has predictable cash flows which allow the Group to repay its liabilities when they fall due. The Group also has successful credit and refinancing history and maintains enough flexibility ensuring the ability to attract necessary funds through committed credit facilities. Due to availability of undrawn borrowing facilities amounting to RUB 29,000,000 thousand as of 31 December 2023 (2022: RUB 42,783,333 thousand), together with long-term borrowings (Note 28) the Group has the ability to meet its liabilities as they fall due and mitigate risks of adverse changes in the financial markets environment.

Management controls current liquidity based on expected cash flows and expected revenue receipts. In the long-term perspective, the liquidity risk is determined by forecasting future cash flows at the moment of signing new credit, loan or lease agreements and by budgeting procedures.

The table below summarises the analysis of financial liabilities of the Group by maturity as of 31 December 2023 and 31 December 2022. The amounts in the table are contractual undiscounted cash flows. Trade and other payables balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Less than one month	Between one month and three months	Between three and six months	Between 6 months and less than one year	Between 1 and 2 years	Between 2 and 5 years	Over five years	Total
	RUB'000	RUB'000	RUB'000	RUB'000	RUB'000	RUB'000	RUB'000	RUB'000
31 December 2023								
Borrowings	990,107	2,697,528	2,086,700	2,997,037	4,208,639	4,578,954	-	17,558,965
Trade and other payables	581,157	12,005	-	-	-	-	-	593,162
Other lease liabilities	286,184	557,783	719,938	950,674	554,005	562,276	1,658	3,632,518
	1,857,448	3,267,316	2,806,638	3,947,711	4,762,644	5,141,230	1,658	21,784,645
31 December 2022								
Borrowings	1,240,580	3,761,571	2,200,301	5,437,567	6,693,045	3,216,301	-	22,549,365
Trade and other payables	402,763	1,210,094	-	-	-	-	-	1,612,857
Other lease liabilities	230,754	447,630	685,969	1,371,635	1,792,351	102,732	3,433	4,634,504
	1,874,097	5,419,295	2,886,270	6,809,202	8,485,396	3,319,033	3,433	28,796,726

Note: statutory liabilities are excluded as the analysis is provided for financial liabilities only.

(a) Capital risk management

The Group's main objective when managing capital is to maintain the ability to continue as a going concern in order to ensure the required profitability of the Group, maintain optimum equity structure and reduce its cost of capital.

Defining capital, the Group uses the amount of net assets attributable to the Company's equity owners and the Group's borrowings.

The Group manages the capital based on borrowings to total capitalisation ratio. Borrowings include loan liabilities. To maintain or change its equity structure, the Company may vary the amount of dividend paid or sell assets in order to reduce debts.

Total capitalisation is calculated as the sum of the total Group borrowings and total equity attributable to the equity owners of the Company. The management does not currently have any specific target for the rate of borrowings to total capitalisation.

The rate of borrowings to total capitalisation as at 31 December 2023 and 31 December 2022 are as follows:

	2023	2022
	RUB'000	RUB'000
Total borrowings	15,377,104	20,648,650
Total capitalisation	115,230,460	88,126,351
Total borrowings to total capitalisation ratio (percentage)	13.34%	23.43%

External requirements are imposed on the capital of the Group as defined by management in relation to long-term loans provided by financial institutions to the Company and certain subsidiaries of the Company. The Group analyses compliance with external requirements to the capital at each reporting date and when entering into new loan agreements and lease contracts. There were no instances of non-compliance with externally imposed capital requirements during 2023 and 2022. Management believes that the Group will be able to comply with its external requirements to the capital during the whole term of agreements.

Fair value estimation

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The best evidence of fair value is price in an active market. An active market is one in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

The estimated fair values of financial instruments have been determined by the Group, using available market information, where it exists, appropriate valuation methodologies and assistance of experts. However, judgement is necessarily required to interpret market data to determine the estimated fair value. The Russian Federation continues to display some characteristics of an emerging market and economic conditions continue to limit the volume of activity in the financial markets. Market quotations may be outdated or reflect distress sale transactions and therefore do not always represent the fair values of financial instruments. The Group has used all available market information in estimating the fair value of financial instruments.

Fair value measurements are analysed by level in the fair value hierarchy as follows: (i) level one are measurements at quoted prices (unadjusted) in active markets for identical assets or liabilities, (ii) level two measurements are valuations techniques with all material inputs observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices), and (iii) level three measurements are valuations not based on observable market data (that is, unobservable inputs). Management applies judgement in categorising financial instruments using the fair value hierarchy. If a fair value measurement uses observable inputs that require significant adjustment, that measurement is a Level 3 measurement. The significance of a valuation input is assessed against the fair value measurement in its entirety.

The fair values in level 2 and level 3 of fair value hierarchy were estimated using discounted cash flows valuation techniques. The fair value of unquoted fixed and floating interest rate instruments which are not quoted in an active market was estimated based on estimated future cash flows expected to be received discounted at current interest rates for new instruments with similar credit risk and remaining maturity.

Financial assets at amortised cost. The fair value of floating rate instruments is normally their carrying amount. The estimated fair value of fixed interest rate instruments is based on estimated future cash flows expected to be received, discounted at current interest rates for new instruments with similar credit risk and remaining maturity. Discount rates used depend on credit risk of the counterparty.

The fair values of financial assets do not materially differ from their carrying amounts as the impact of discounting is not significant.

Financial liabilities carried at amortised cost. Fair values of borrowings and other liabilities were determined using valuation techniques.

As at 31 December 2023 and 31 December 2022 there were no fixed or floating interest rate instruments with stated maturity denominated in a currency other than the Russian Rouble.

The fair value as at 31 December 2023 and 31 December 2022 of fixed interest rate instruments with stated maturity denominated in Russian Rouble was estimated based on expected cash flows discounted using the rate of similar Russian Rouble denominated instruments entered into by the Group close to 31 December 2023 and 31 December 2022, respectively. The discount rate used was 18.5% p.a. (2022: 11.1% p.a.) (Note 28). The fair value as at 31 December 2023 and 31 December 2022 of the fixed interest rate non-convertible bonds was equal to their quoted price and the resulting fair value measurement is within level 1.

The fair value of liabilities repayable on demand or after a notice period ("demandable liabilities") is estimated as the amount payable on demand, discounted from the first date on which the amount could be required to be paid.

7. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

i) Tax legislation

Russian tax, currency and customs legislation is subject to varying interpretations (Note 33).

(b) Critical judgements in applying in Group's accounting policies

The Group also makes certain judgements, apart from those involving estimations, in the process of applying the accounting policies. Judgements that have the most significant effect on the amounts recognised in the financial statements and estimates that can cause a significant adjustment to the carrying amount of assets and liabilities within the next financial year are discussed below:

Revenue recognition

The assessment of the accounting treatment of certain of the Group's revenue contracts requires management to make certain critical judgments. The judgments that had the most significant effect on management's conclusion are the following:

- Identification of performance obligations

Operator's services contracts involve the provision by the Group of a wide range of services. Management believes that, although some of these services can be obtained by the clients from the market separately and different combinations of services can be provided to different customers, in the context of each individual contract with a customer, the services provided by the Group are highly dependent and interrelated with each other and, therefore, are not distinct. In making this assessment, management noted that, despite the fact that the Group's contracts contain a promise to deliver multiple services, the nature of the promise within the context of the contracts and the economic substance of the transaction is that the customers are purchasing integrated operator's services to which the individual services promised are inputs rather than separate services and consequently this is considered to constitute a single performance obligation.

- Assessment as to whether the Group is acting as an agent or principal for certain operator's services contracts

Operator's services are rendered using own or leased rolling stock. In those cases when the Group's customers do not interact with providers of infrastructure tariff, a full service is charged by the Group to its customers and the infrastructure tariff is borne by the Group with or without further recharge to its customers. There are certain characteristics indicating that the Group is acting as an agent in these arrangements, particularly the fact that infrastructure tariffs are available to the public and therefore are known to the customer. However, the services are rendered with the use of own or leased rolling stock and the Group bears the infrastructure tariff to bring the rolling stock back or to the next destination. The Group is independent in its pricing policy and considers its potential loss for empty run tariff.

Management's position is that the Group acts as a principal in these arrangements and the Group accounts for full receipts from customers as sales revenue and the infrastructure tariff is also included in cost of sales. Management believes that the Group is acting as a principal in these arrangements as it is the party that controls the services prior these are transferred to the customers and, through separate arrangements with providers of infrastructure tariff, obtains the right to direct them to provide services on its behalf.

Had the infrastructure tariff directly attributable to such services been excluded from revenues and cost of sales for the year ended 31 December 2023 both would have decreased by RUB 12,963,846 thousand (2022: RUB 10,957,305 thousand).

8. Segmental information

The chief operating decision-maker has been identified as the Board of Directors of the Company. The Board reviews the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

The Board considers the business from two perspectives: by type of activity and by type of rolling stock used. From a type of activity perspective, the Board reviews revenues with no further analysis of the underlying cost components. From the type of rolling stock used perspective, the Board assesses the performance of each type of rolling stock at the level of adjusted revenue. In particular, the Board reviews discrete financial information for gondola cars and rail tank cars, whereas all other types of rolling stock (such as hopper cars and platforms) are reviewed together.

Adjusted revenue for reportable segments is the measure of profit looked at by the chief operating decision-maker and this includes the revenues derived from the relating type of rolling stock used less infrastructure tariff paid for the loaded trips of the relevant rolling stock and services provided by other transportation organisations. Further, the Board receives information in respect of depreciation charges for rolling stock and right-of-use assets relating to rolling stock, amortisation charges for customer relationships, impairment charges/reversals of impairment in respect of rolling stock, right-of-use assets relating to rolling stock and customer relationships and loss on derecognition arising on capital repairs. All other information provided to the Board is measured in a manner consistent with that in the financial statements.

The Board also reviews additions to segment assets. Segment assets consist of rolling stock, right-of-assets relating to rolling stock and customer relationships. Unallocated assets comprise all the assets of the Group except for rolling stock, right-of-assets relating to rolling stock and customer relationships, as included within segment assets. Liabilities are not segmented since they are not reviewed from that perspective by the chief operating decision maker. Capital expenditure comprises additions of rolling stock to property, plant and equipment and additions of right-of-use assets relating to rolling stock.

The Group does not have transactions between different business segments.

	Gondola cars	Rail tank cars	Other railcars	Total
	RUB'000	RUB'000	RUB'000	RUB'000
Year ended 31 December 2023				
Total revenue – operator's services	64,542,462	35,043,375	311	99,586,148
Total revenue – operating lease	282,535	3,414,292	841,363	4,538,190
Revenue (from external customers)	64,824,997	38,457,667	841,674	104,124,338
less Infrastructure and locomotive tariffs – loaded trips	(6,283,602)	(6,731,050)	-	(13,014,652)
less Services provided by other transportation organisations	(3,538,931)	(806,446)	-	(4,345,377)
Adjusted revenue for reportable segments	**55,002,464**	**30,920,171**	**841,674**	**86,764,309**
Depreciation and amortisation	(8,188,938)	(2,608,828)	(248,909)	(11,046,675)
Impairment of property, plant and equipment	30,163	(8,111)	-	22,052
Loss on derecognition arising on capital repairs	(249,618)	(34,822)	(8)	(284,448)
Additions to non-current assets (included in reportable segment assets)	7,039,168	2,393,800	23,924	9,456,892
Reportable segment assets	**51,913,859**	**21,357,916**	**2,971,154**	**76,242,929**

	Gondola cars	Rail tank cars	Other railcars	Total
	RUB'000	RUB'000	RUB'000	RUB'000
Year ended 31 December 2022				
Total revenue – operator's services	59,447,945	31,077,753	12,299	90,537,997
Total revenue – operating lease	437,427	2,048,795	885,958	3,372,180
Revenue (from external customers)	59,885,372	33,126,548	898,257	93,910,177
less Infrastructure and locomotive tariffs – loaded trips	(4,266,905)	(6,193,899)	(4,091)	(10,464,895)
less Services provided by other transportation organisations	(2,051,228)	(348,001)	-	(2,399,229)
Adjusted revenue for reportable segments	**53,567,239**	**26,584,648**	**894,166**	**81,046,053**
Depreciation and amortisation	(6,804,486)	(2,011,804)	(241,882)	(9,058,172)
Impairment of property, plant and equipment	(3,814,843)	(74,990)	(43,000)	(3,932,833)
Loss on derecognition arising on capital repairs	(192,293)	(117,581)	(4)	(309,878)
Additions to non-current assets (included in reportable segment assets)	9,286,205	4,324,926	17,961	13,629,092
Reportable segment assets	**47,459,256**	**29,754,578**	**3,233,340**	**80,447,174**

Notes to the consolidated financial statements

A reconciliation of total adjusted revenue to total profit before income tax is provided as follows:

	2023 RUB'000	2022 RUB'000
Adjusted revenue for reportable segments	86,764,309	81,046,053
Other adjusted revenues	623,685	563,855
Total adjusted revenue	87,387,994	81,609,908
Cost of sales (excl. Infrastructure and locomotive tariffs - loaded trips, services provided by other transportation organisations, reversal of impairment/(impairment) of property, plant and equipment, depreciation of property, plant and equipment and right-of-use assets, amortisation of intangible assets and loss on derecognition arising on capital repairs)	(29,167,495)	(27,695,998)
Selling, marketing and administrative expenses (excl. depreciation, amortisation and impairments)	(5,600,994)	(4,664,457)
Depreciation and amortisation	(11,298,975)	(9,349,704)
Net impairment losses on trade and other receivables	(50,258)	(20,535)
Reversal of impairment/(impairment) of property, plant and equipment	22,052	(3,932,833)
Loss on derecognition arising on capital repairs	(284,448)	(309,878)
Other gains – net	3,116,826	(1,334,901)
	44,124,702	34,301,602
Finance income	2,173,246	811,588
Finance costs	(2,405,410)	(2,602,339)
Net foreign exchange transaction (losses)/gains on financing activities	3,194,185	641,196
Profit before income tax	47,086,723	33,152,047

Segment assets and liabilities are reconciled to the Group assets and liabilities as follows:

	2023		2022	
	Assets RUB'000	Liabilities RUB'000	Assets RUB'000	Liabilities RUB'000
Segment assets/ liabilities	76,242,929	-	80,447,174	-
Unallocated:				
Deferred tax liabilities	-	8,734,998	-	9,081,239
Current income tax assets/ liabilities	149,107	75,280	613,758	1,555,014
Property, plant and equipment	1,166,593	-	834,936	-
Right-of-use assets	541,070	-	162,843	-
Intangible assets	2,076	-	1,760	-
Other assets	3,464,737	-	7,059,141	-
Trade receivables	4,627,397	-	3,750,433	-
Loans and other receivables	272,353	-	433,091	-
Inventories	1,142,672	-	798,621	-
Cash and cash equivalents	42,776,832	-	16,052,345	-
Borrowings	-	15,377,104	-	20,648,650
Other lease liabilities	-	3,096,087	-	4,194,796
Trade and other payables	-	2,438,472	-	6,384,348
Contract liabilities	-	810,469	-	827,860
Total	**130,385,766**	**30,532,410**	**110,154,102**	**42,691,907**

Notes to the consolidated financial statements

Geographic information

Revenues from external customers

	2023 RUB'000	2022 RUB'000
Revenue		
Russia	104,714,413	92,677,592
Estonia	33,610	1,701,153
Ukraine	-	95,287
	104,748,023	94,474,032

The revenue information above is based on the location where the sale has originated, i.e., on the location of the respective subsidiary of the Group.

In the periods set out below, certain customers, included within the revenue generated in Russia, accounted for greater than 10% of the Group's total revenues:

	2023		2022	
	RUB'000	% revenue	RUB'000	% revenue
Revenue				
Customer A – rail tank cars segment	21,732,232	21	21,234,661	22
Customer B – gondola cars segment	20,142,950	19	15,126,672	16
Customer C – gondola cars segment	11,492,224	11	11,046,722	12

The table below presents the Group's non-current assets, other than financial instruments, deferred tax assets, post-employment benefit assets, and rights arising under insurance contracts:

	2023 RUB'000	2022 RUB'000
Non-current assets		
Russia	76,934,090	81,174,663
Estonia	1,172,242	1,175,214
Cyprus	9,268	12,105
	78,115,600	82,361,982

9. Non-IFRS financial information

In addition to financial information under IFRS, the Group also use certain measures not recognised by EU IFRS or IFRS (referred to as "non-IFRS measures") as supplemental measures of the Group's operating and financial 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. These might not be consistent with measures (of similar description) used by other entities.

Adjusted Revenue

Adjusted Revenue is 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 to providers of of infrastructure tariff, 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 following table provides details of Adjusted revenue for 2023 and 2022 and its reconciliation to Total revenue.

	2023 RUB'000	2022 RUB'000
Total revenue	104,748,023	94,474,032
Minus "pass through" items		
Infrastructure and locomotive tariffs: loaded trips	(13,014,652)	(10,464,895)
Services provided by other transportation organisations	(4,345,377)	(2,399,229)
Adjusted Revenue	87,387,994	81,609,908

Total Operating Cash Costs and Non-cash Costs

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 into Operating Cash Costs and Operating Non-cash Costs.

Total Operating Cash Costs 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", "Depreciation of right-of-use assets", "Amortisation of intangible assets", "Net impairment losses on trade and other receivables", "Reversal of impairment/(impairment) of property, plant and equipment", "Net gain/(loss) on sale of property, plant and equipment" and "Loss on derecognition arising on capital repairs".

Notes to the consolidated financial statements

Total Operating Non-cash Costs include cost items such as “Depreciation of property, plant and equipment”, “Depreciation of right-of-use assets”, “Amortisation of intangible assets”, “Loss on derecognition arising on capital repairs”, “Net impairment losses on trade and other receivables” “Reversal of impairment/(impairment) of property, plant and equipment” and “Net gain/(loss) on sale of property, plant and equipment”.

Other Operating Cash Costs include cost items such as “Advertising and promotion”, “Auditors’ remuneration”, “Communication costs”, “Information services”, “Legal, consulting and other professional fees”, “Expense relating to short-term leases – office”, “Taxes (other than income tax and value added taxes)” and “Other expenses”.

	2023 RUB’000	2022 RUB’000
“Pass through” cost items	**(17,360,029)**	**(12,864,124)**
Infrastructure and locomotive tariffs: loaded trips	(13,014,652)	(10,464,895)
Services provided by other transportation organisations	(4,345,377)	(2,399,229)
Total cost of sales, selling and marketing costs and administrative expenses (adjusted for “pass through” cost items)	**(46,380,118)**	**(45,973,405)**
Total Operating Cash Costs	**(35,048,708)**	**(32,373,079)**
Infrastructure and locomotive tariffs – empty runs and other tariffs	(19,489,606)	(18,540,527)
Repairs and maintenance	(4,273,915)	(3,942,968)
Employee benefit expense	(8,173,564)	(6,780,615)
Expense relating to short-term leases – rolling stock	(58,860)	(34,798)
Fuel and spare parts – locomotives	(1,957,931)	(2,016,665)
Engagement of locomotive crews	(93,812)	(116,042)
Other Operating Cash Costs	(1,001,020)	(941,464)
Advertising and promotion	(57,167)	(41,260)
Auditors’ remuneration	(49,997)	(46,187)
Communication costs	(25,437)	(24,676)
Information services	(18,582)	(15,230)
Legal, consulting and other professional fees	(114,467)	(94,298)
Expense relating to short-term leases – office	(94,052)	(92,990)
Taxes (other than on income and value added taxes)	(13,534)	(23,721)
Other expenses	(627,784)	(603,102)
Total Operating Non-Cash Costs	**(11,331,410)**	**(13,600,326)**
Depreciation of property, plant and equipment	(8,852,851)	(6,752,811)
Depreciation of right-of-use assets	(2,445,695)	(2,596,568)
Amortisation of intangible assets	(429)	(325)
Loss on derecognition arising on capital repairs	(284,448)	(309,878)
Net impairment losses on trade and other receivables	(50,258)	(20,535)
Reversal of impairment/(impairment) of property, plant and equipment	22,052	(3,932,833)
Gain on sale of property, plant and equipment	280,219	12,624
Total cost of sales, selling and marketing costs and administrative expenses	**(63,740,147)**	**(58,837,529)**

Adjusted EBITDA

Adjusted EBITDA represents EBITDA excluding “Net foreign exchange transaction (losses)/gains from financing activities”, “Share of loss of associate”, “Other gains – net”, “Net (gain)/loss on sale of property, plant and equipment”, “Reversal of impairment/(impairment) of property, plant and equipment”, “Loss on derecognition arising on capital repairs” and “Reversal of impairment of intangible assets”.

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

The following table provides details on Adjusted EBITDA for 2023 and 2022 and its reconciliation to EBITDA and Profit for the year:

	2023 RUB’000	2022 RUB’000
Profit for the year	**38,617,605**	**24,919,886**
Plus (Minus)		
Income tax expense	8,469,118	8,232,161
Finance costs – net	(2,962,021)	1,149,555
Net foreign exchange transaction (losses)/gains on financing activities	3,194,185	641,196
Amortisation of intangible assets	429	325
Depreciation of right-of-use assets	2,445,695	2,596,568
Depreciation of property, plant and equipment	8,852,851	6,752,811
EBITDA	**58,617,862**	**44,292,502**
Plus (Minus)		
Loss on derecognition arising on capital repairs	284,448	309,878
Net foreign exchange transaction (losses)/gains on financing activities	(3,194,185)	(641,196)
Other gains/(losses) – net	283,221	1,334,901
Profit from sale of subsidiaries	(3,400,047)	-
Gain on sale of property, plant and equipment	(280,219)	(12,624)
Reversal of impairment/(impairment) of property, plant and equipment	(22,052)	3,932,833
Adjusted EBITDA	**52,289,028**	**49,216,294**

Free Cash Flow

Free Cash Flow is calculated as “Cash generated from operations” (after “Changes in working capital”) less “Tax paid”, “Interest paid on bank borrowings and non-convertible unsecured bonds”, “Interest paid on leases with financial institutions”, “Interest paid on other lease liabilities”, “Purchases of property, plant and equipment”, “Purchases of intangible assets”, “Acquisition of subsidiary undertakings – net of cash acquired”, “Acquisition of non-controlling interest”, “Principal elements of lease payments for other lease liabilities” plus “Cash inflow from disposal of subsidiary undertakings – net of cash disposed of”.

Notes to the consolidated financial statements

Total CAPEX calculated on a cash basis as the sum of "Purchases of property, plant and equipment", "Purchases of intangible assets" and "Acquisition of subsidiary undertakings – net of cash acquired".

Total CAPEX adjusted for M&A (a non-IFRS financial measure) is calculated as a combination of Total CAPEX (which includes maintenance CAPEX) and cash inflows and outflows from acquisitions and disposals.

The Attributable Free Cash Flow means Free Cash Flow less Adjusted profit attributable to non-controlling interests.

Adjusted Profit Attributable to Non-controlling Interests 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.

The following table sets out details on Free Cash Flow and Attributable Free Cash Flow for 2023 and 2022, and its reconciliation to Cash generated from operations.

	2023 RUB'000	2022 RUB'000
Cash generated from operations	49,193,570	48,630,943
Tax paid	(8,267,084)	(8,455,068)
Interest paid on bank borrowings and non-convertible unsecured bonds	(2,051,443)	(1,938,619)
Interest paid on other lease liabilities	(460,093)	(786,304)
Purchases of property, plant and equipment	(8,259,858)	(11,421,671)
Payment for Rolling stock to disposed subsidiary	(6,603,141)	-
Purchases of intangible assets	(745)	(2,000)
Principal elements of other lease payments	(2,477,780)	(2,402,700)
Cash inflow from disposal of subsidiary undertakings – net of cash disposed of	4,771,748	-
Acquisition of non-controlling interest	-	(8,800,000)
Total CAPEX	**(8,260,603)**	**(11,423,671)**
Total CAPEX adjusted for M&A	**(10,091,996)**	**(20,223,671)**
Free Cash Flow	**25,845,174**	**14,824,581**
Attributable Free Cash Flow	**25,847,838**	**15,098,115**

Net Debt and Net Debt to Adjusted EBITDA

Net Debt is defined as the sum of total borrowings (including interest accrued) less "Cash and cash equivalents".

Total Debt is defined as total borrowings (including interest accrued)

The following table sets out the details on the Group's Net Debt and Net Debt to Adjusted EBITDA at 31 December 2023 and 2022, and reconciliation of Net Debt to Total Debt.

	2023 RUB'000	2022 RUB'000
Total debt	15,377,104	20,648,650
Minus		
Cash and cash equivalents	42,776,832	16,052,345
Net Debt	**(27,399,728)**	**4,596,305**
Net Debt to Adjusted EBITDA	**-0.52x**	**0.09x**

Notes to the consolidated financial statements

10. Revenue

(a) Disaggregation of revenue

	2023 RUB'000	2022 RUB'000
Railway transportation – operator's services (tariff borne by the Group)	36,655,751	30,340,686
Railway transportation – operator's services (tariff borne by the client)	62,930,397	60,197,311
Other	623,685	563,855
Total revenue from contracts with customers recognised over time	100,209,833	91,101,852
Operating lease of rolling stock	4,538,190	3,372,180
Total revenue	**104,748,023**	**94,474,032**

Note: Revenue from railway transportation – operators services (tariff borne by the Group) includes infrastructure and locomotive tariffs for loaded trips for the year ended 31 December 2023 amounting to RUB 13,014,652 thousand (for the year ended 31 December 2022: RUB 10,464,895 thousand) and the cost of engaging the fleet from third parties recharged to clients of the Group amounting to RUB 4,345,377 thousand (2022: RUB 2,399,229 thousand).

(b) Liabilities related to contracts with customers

The Group has recognised the following liabilities related to contracts with customers as of 31 December 2022 and 31 December 2023:

	31 December 2023 RUB'000	31 December 2022 RUB'000	1 January 2022 RUB'000
Current			
Contract liabilities relating to railway transportation contracts – Third parties	791,215	811,178	1,369,599
Contract liabilities relating to railway transportation contracts – Related parties (Note 35)	1,467	2,228	1,425
	792,682	813,406	1,371,024
Non-current			
Contract liabilities relating to railway transportation contracts – Third parties	12,909	9,575	9,140
Contract liabilities relating to railway transportation contracts – Related parties (Note 35)	4,878	4,879	4,879
	17,787	14,454	14,019
Total contract liabilities	**810,469**	**827,860**	**1,385,043**

Contract liabilities represent advances from customers for transportation services.

(c) Revenue recognised in relation to contract liabilities

The Group's revenue for the year ended 31 December 2023 includes RUB 810,821 thousand that were included in the balance of the contract liability as of 1 January 2023 (year ended 31 December 2022: RUB 1,346,417 as of 1 January 2022).

The Group does not have any contracts where the period of provision of the services (that is, the period between the start and completion of a trip) exceeds one year. As permitted under IFRS 15, the transaction price allocated to unsatisfied (or partially unsatisfied) performance obligations as of the balance sheet date is not disclosed.

Notes to the consolidated financial statements

11. Expenses by nature

	2023 RUB'000	2022 RUB'000
Cost of sales		
Infrastructure and locomotive tariffs: loaded trips	13,014,652	10,464,895
Infrastructure and locomotive tariffs: empty run trips and other tariffs	19,489,606	18,540,527
Services provided by other transportation organisations	4,345,377	2,399,229
Expense relating to short-term leases (rolling stock)	58,860	34,798
Employee benefit expense	3,381,556	2,847,269
Repairs and maintenance	4,273,915	3,942,968
Depreciation of property, plant and equipment	8,788,362	6,662,020
Depreciation of right-of-use assets	2,320,501	2,464,331
Loss on derecognition arising on capital repairs	284,448	309,878
Amortisation of intangible assets	414	310
Fuel and spare parts – locomotives	1,957,931	2,016,665
Engagement of locomotive crews	93,812	116,042
Gain on sale of property, plant and equipment	(275,960)	(7,470)
(Reversal of impairment)/impairment of property, plant and equipment	(22,052)	3,932,833
Other expenses	187,775	205,199
Total cost of sales	**57,899,197**	**53,929,494**
Selling, marketing and administrative expenses		
Depreciation of property, plant and equipment	64,489	90,791
Depreciation of right-of-use assets	125,194	132,237
Amortisation of intangible assets	15	15
Gain on sale of property, plant and equipment	(4,259)	(5,154)
Employee benefit expense	4,792,008	3,933,346
Net impairment losses on trade and other receivables	50,258	20,535
Expense relating to short-term leases (office)	94,052	92,990
Auditors' remuneration	49,997	46,187
Legal, consulting and other professional fees	114,467	94,298
Advertising and promotion	57,167	41,260
Communication costs	25,437	24,676
Information services	18,582	15,230
Taxes (other than income tax and value added taxes)	13,534	23,721
Other expenses	440,009	397,903
Total selling, marketing and administrative expenses	**5,840,950**	**4,908,035**

	2023 RUB'000	2022 RUB'000
Total expenses		
Depreciation of property, plant and equipment (Note 17)	8,852,851	6,752,811
Depreciation of right-of-use assets (Note 18)	2,445,695	2,596,568
Loss on derecognition arising on capital repairs (Note 17)	284,448	309,878
Amortisation of intangible assets (Note 19)	429	325
(Reversal of impairment)/impairment of property, plant and equipment (Note 17)	(22,052)	3,932,833
Gain on sale of property, plant and equipment (Note 17)	(280,219)	(12,624)
Employee benefit expense (Note 13)	8,173,564	6,780,615
Net impairment losses on trade and other receivables	50,258	20,535
Expense relating to short-term leases (rolling stock)	58,860	34,798
Expense relating to short-term leases (office)	94,052	92,990
Repairs and maintenance	4,273,915	3,942,968
Fuel and spare parts – locomotives	1,957,931	2,016,665
Engagement of locomotive crews	93,812	116,042
Infrastructure and locomotive tariffs: loaded trips	13,014,652	10,464,895
Infrastructure and locomotive tariffs: empty run trips and other tariffs	19,489,606	18,540,527
Services provided by other transportation organisations	4,345,377	2,399,229
Auditors' remuneration	49,997	46,187
Legal, consulting and other professional fees	114,467	94,298
Advertising and promotion	57,167	41,260
Communication costs	25,437	24,676
Information services	18,582	15,230
Taxes (other than income tax and value added taxes)	13,534	23,721
Other expenses	627,784	603,102
Total cost of sales, selling and marketing costs and administrative expenses	**63,740,147**	**58,837,529**

Note: The auditors' remuneration stated above includes fees of RUB 11,686 thousand (2022: RUB 7,722 thousand) for statutory audit services and 4,308 (2022: RUB 5,398 thousand) for other assurance services charged by the Company's statutory audit firm. The rest of the auditors' remuneration relates to fees for audit services charged by the auditors of the subsidiaries of the Company.

Legal, consulting and other professional fees include RUB NIL thousand for the year 2023 (RUB NIL thousand for the year 2022) in relation to fees paid to the Company's statutory audit firm for tax consultancy services.

Notes to the consolidated financial statements

12. Other gains/(losses) – net

	2023 RUB'000	2022 RUB'000
Other gains	338,368	320,248
Other losses	(628,581)	(448,484)
Net foreign exchange (losses) / gains (Note 16)	6,992	(1,187,428)
Gain from sale of subsidiaries (Note 20)	3,400,047	-
Other impairment	-	(19,237)
Total other gains/(losses) – net	**3,116,826**	**(1,334,901)**

13. Employee benefit expense

	2023 RUB'000	2022 RUB'000
Wages and salaries	3,282,401	2,925,075
Termination benefits	3,397	8,744
Bonuses	3,553,688	2,611,365
Share based payment expense (Note 21)	-	125,737
Social insurance costs	1,334,078	1,109,694
Total employee benefit expense	**8,173,564**	**6,780,615**
Average number of employees during the year	1,771	1,781

14. Finance income/(costs) - net

	2023 RUB'000	2022 RUB'000
Interest expense:		
Bank borrowings	(1,733,788)	(1,258,143)
Non-convertible bonds	(204,879)	(561,448)
Total interest expense calculated using the effective interest rate method	(1,938,667)	(1,819,591)
Other lease liabilities	(464,560)	(780,601)
Total interest expense	(2,403,227)	(2,600,192)
Other finance costs	(2,183)	(2,147)
Total finance costs	(2,405,410)	(2,602,339)
Interest income:		
Bank balances	1,654,015	520,642
Short term deposits	492,734	222,453
Loans to related parties (Note 35)	9,666	18,033
Loans to third parties	2,726	-
Total interest income calculated using the effective interest rate method	2,159,141	761,128
Finance leases – related parties (Note 35)	609	1,609
Finance leases – third parties	13,496	16,531
Total interest income	2,173,246	779,268
Other finance income	-	32,320
Total finance income	2,173,246	811,588
Net foreign exchange transaction (losses)/gains on borrowings and other liabilities	(70,925)	-
Net foreign exchange transaction (losses)/gains on cash and cash equivalents and other monetary assets	3,265,110	641,196
Net foreign exchange transaction (losses)/gains on financing activities (Note 16)	3,194,185	641,196
Net finance income/(costs)	**2,962,021**	**(1,149,555)**

Notes to the consolidated financial statements

15. Income tax expense

	2023 RUB'000	2022 RUB'000
Current tax:		
Corporation tax	8,111,952	8,763,224
Withholding tax on dividends	702,849	122,696
Withholding tax on interest payments	558	11,997
Total current tax	8,815,359	8,897,917
Deferred tax (Note 30):		
Origination and reversal of temporary differences	(346,241)	(665,756)
Total deferred tax	(346,241)	(665,756)
Income tax expense	8,469,118	8,232,161

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the applicable tax rates as follows:

	2023 RUB'000	2022 RUB'000
Profit before tax	47,086,723	33,152,047
Tax calculated at domestic tax rates applicable to profits in the respective countries	10,699,255	8,940,987
Tax effects of:		
Expenses not deductible for tax purposes	(218,447)	29,216
Allowances and income not subject to tax	132,196	119,070
Tax effect of tax losses for which no deferred tax asset was recognised	(4,629)	(119,649)
Withholding taxes:		
Estonian income tax arising on distribution[1]	(497,474)	1,772,393
Dividend tax provision in relation to intended dividend distribution of subsidiaries	(1,744,903)	(2,354,808)
Withholding tax on interest payments	558	190
Over provision of current and deferred tax in prior years	(131,004)	(155,238)
Windfall tax	233,566	-
Tax charge	8,469,118	8,232,161

As of 31 December 2023 the Company was subject to income tax on taxable profits at the rate 12.5%. Brought forward losses of the Company of only five years may be utilised.

Under certain conditions, interest may be exempt from income tax and be subject only to special contribution for defence at the rate of 30%. In certain cases dividends received from abroad may be subject to special contribution for defence at the rate of 17%. Further, in certain cases dividends received by the Company from other Cyprus tax resident companies may also be subject to special contribution for defence. Gains on disposal of qualifying titles (including shares, bonds, debentures, rights thereon etc.) are exempt from Cyprus income tax.

For Russian subsidiaries, the annual profit is taxed at 20%. Withholding tax is applied to dividends distributed to the Company by its Russian subsidiaries at the rate of 5% on gross dividends declared; such tax is withheld at source by the respective subsidiary and is paid to the Russian tax authorities at the same time when the payment of dividend is effected. Dividend withholding tax provision is recognised in the respective periods for the withholding taxes that will be payable by Russian subsidiaries where there is an intention that earnings will be distributed to the Company in the form of dividends.

For subsidiaries in Estonia, the annual profit earned by enterprises is not taxed and thus no income tax arise. Instead of taxing the net profit, the distribution of statutory retained earnings is subject to a tax rate of 20% of net dividend paid which, under certain conditions, can decrease to 14%. Provision for taxes is recognised in the respective periods for the income tax that will be payable by the Estonian subsidiaries where there is an intention that the net profits will be distributed in the form of dividends.

For the subsidiary in Ukraine the annual profit was taxed at a tax rate of 18%.

The Group has not recognised any tax in relation to other comprehensive income as all elements of other comprehensive income are not subject to tax.

16. Net foreign exchange (losses) / gains

The exchange differences credited to the income statement are included as follows:

	2023 RUB'000	2022 RUB'000
Finance income and costs (Note 14)	3,194,185	641,196
Other (losses) / gains – net (Note 12)	6,992	(1,187,428)
	3,201,177	(546,232)

[1] Estonian tax law calls for profits to be taxed at the time of distribution and not during the year in which they arise. During the years 2023 and 2022, the Group incurred taxes on distributions from Estonian subsidiaries.

Notes to the consolidated financial statements

17. Property, plant and equipment

	Rolling stock	Land and buildings	Motor vehicles	Other	Total
	RUB'000	RUB'000	RUB'000	RUB'000	RUB'000
At 1 January 2022					
Cost	125,742,564	410,314	231,770	962,979	127,347,627
Accumulated depreciation	(45,463,304)	(134,186)	(120,121)	(528,832)	(46,246,443)
Net book amount	80,279,260	276,128	111,649	434,147	81,101,184
Year ended 31 December 2022					
Opening net book amount	80,279,260	276,128	111,649	434,147	81,101,184
Additions	11,003,172	39,063	39,422	104,841	11,186,498
Disposals	(263,571)	-	(2,942)	(2,359)	(268,872)
Disposed through disposals of subsidiaries					
Depreciation charge (Note 11)	(6,594,915)	(16,170)	(40,968)	(100,758)	(6,752,811)
Transfers	1,792	-	-	(1,792)	-
Impairment charge	(4,085,082)	-	-	(283)	(4,085,365)
Reversal of impairment	152,532	-	-	-	152,532
Transfer to inventories	(681,307)	-	-	(87)	(681,394)
Derecognition arising on capital repairs	(309,878)	-	-	-	(309,878)
Currency translation differences	(2,730,013)	(1,374)	(3,181)	(400)	(2,734,968)
Closing net book amount	76,771,990	297,647	103,980	433,309	77,606,926
At 31 December 2022					
Cost	128,806,367	447,195	247,323	1,046,626	130,547,511
Accumulated depreciation	(52,034,377)	(149,548)	(143,343)	(613,317)	(52,940,585)
Net book amount	76,771,990	297,647	103,980	433,309	77,606,926

	Rolling stock	Land and buildings	Motor vehicles	Other	Total
	RUB'000	RUB'000	RUB'000	RUB'000	RUB'000
At 1 January 2023					
Cost	128,806,367	447,195	247,323	1,046,626	130,547,511
Accumulated depreciation	(52,034,377)	(149,548)	(143,343)	(613,317)	(52,940,585)
Net book amount	76,771,990	297,647	103,980	433,309	77,606,926
Year ended 31 December 2023					
Opening net book amount	76,771,990	297,647	103,980	433,309	77,606,926
Additions	8,566,804	298,653	66,086	138,444	9,069,987
Disposals	(368,595)	-	(9,215)	(9,637)	(387,447)
Disposed through disposals of subsidiaries	(1,135,154)	(12,377)	(15,245)	(1,039)	(1,163,815)
Depreciation charge (Note 11)	(8,729,125)	(16,660)	(20,982)	(86,084)	(8,852,851)
Transfers	164	69,399	-	(69,563)	-
Impairment charge	(8,111)	-	-	-	(8,111)
Reversal of impairment	30,163	-	-	-	30,163
Transfer to inventories	(800,263)	(33)	-	(206)	(800,502)
Derecognition arising on capital repairs	(284,448)	-	-	-	(284,448)
Currency translation differences	1,660	18	21	77	1,776
Closing net book amount	74,045,085	636,647	124,645	405,301	75,211,678
At 31 December 2023					
Cost	130,579,728	795,400	255,216	1,060,247	132,690,591
Accumulated depreciation	(56,534,643)	(158,753)	(130,571)	(654,946)	(57,478,913)
Net book amount	74,045,085	636,647	124,645	405,301	75,211,678

Borrowing costs amounting to RUB NIL thousand were capitalised within rolling stock during the year 2023 (2022: RUB 4,053 thousand).

Notes to the consolidated financial statements

Useful lives of rolling stock

The estimation of the useful lives of items of rolling stock is a matter of judgment based on the experience with similar assets. The future economic benefits embodied in the assets are consumed principally through use. However, other factors, such as technical or commercial obsolescence and wear and tear, often result in the diminution of the economic benefits embodied in the assets. The Group assesses the remaining useful lives of its rolling stock as of each balance sheet date taking into account the current technical conditions of the assets and estimated period during which the assets are expected to earn benefits for the Group. The following primary factors are considered: (a) the expected usage of the assets; (b) the expected physical wear and tear, which depends on operational factors and maintenance programme; and (c) the technical or commercial obsolescence arising from changes in market conditions.

Based on management's assessment, the useful economic life of the Group's rolling stock as of 31 December 2023 is considered appropriate.

Residual values of rolling stock

The Group reviews and adjusts the residual values of its rolling stock and wheel pairs as of each balance sheet date, taking into account, among others, the price of scrap metal as of the assessment date. Management has revised the residual value of the Group's rolling stock and wheel pairs as of 1 January 2023, following a significant decrease in market prices of scrap metal. In making this assessment, management took into account actual scrap prices achieved by the Group near the assessment date and available market information on the level of scrap metal as at that date.

As a result of the revision of the residual values of the Group's rolling stock and wheel pairs, the depreciation charged in the income statement for the year ended 31 December 2023 is RUB 915,451 thousand higher than the one that would have been charged for the same period if there was no revision in residual values. A reasonable change in the inputs used by management would not result in material differences.

Based on management's assessment, the residual values of the Group's rolling stock as of 31 December 2023 are considered appropriate.

Impairment assessment of rolling stock

The Group assesses at each balance sheet date whether there are indications for impairment of the Group's property, plant and equipment, in accordance with its accounting policy for impairment of non-financial assets, as set out in Note 4.

As of 31 December 2022, the management considered the deterioration of the economic environment, the weak prevailing industry conditions, conflict between Russia and Ukraine and the COVID-19 pandemic related uncertainties as indications of impairment of the Group's cash generating units ("CGUs") and proceeded to perform impairment assessments to determine if there is an impairment loss.

As a result of the impairment assessment, the Group recognised impairment losses in amount RUB 3,932,833 thousand related to the impairment of about 3.8 thousand units of rolling stock (mostly gondola cars) blocked in Ukraine (Note 11).

No other impairment indicators or losses were noted. The impairment testing for all the CGUs, indicated a significant headroom in the recoverable amount over the carrying amount of these CGUs.

In the cash flow statement, proceeds from sale of property, plant and equipment comprise:

	2023 RUB'000	2022 RUB'000
Net book amount	387,447	268,872
Gains on sale of property, plant and equipment (Note 11)	280,219	12,624
Consideration from sale of property, plant and equipment	667,666	281,496

The consideration from sale of property, plant and equipment is further analysed as follows:

	2023 RUB'000	2022 RUB'000
Cash consideration received within year	626,548	238,377
Movement in advances received for sales of property, plant and equipment	41,118	43,119
	667,666	281,496

The total net book value of pledged property, plant and equipment (included above) which are held as collateral for the borrowings and loans are as follows (Note 28):

	2023 RUB'000	2022 RUB'000
Rolling stock	13,649,738	11,529,299
	13,649,738	11,529,299

Depreciation expense of RUB 8,788,362 thousand in 2023 (2022: RUB 6,662,020 thousand) has been charged to "cost of sales" and RUB 64,489 thousand in 2023 (2022: RUB 90,791 thousand) has been charged to "selling, marketing and administrative expenses" (Note 11).

18. Right-of-use assets

	Rolling stock RUB'000	Land and buildings RUB'000	Other RUB'000	Total RUB'000
Year ended 31 December 2022				
Opening net book amount	5,286,718	320,127	-	5,606,845
Additions	2,625,920	8,711	-	2,634,631
Disposals	(1,413,726)	(11,457)	-	(1,425,183)
Change of terms of leases	(360,471)	(19,465)	-	(379,936)
Depreciation charge (Note 11)	(2,463,257)	(133,311)	-	(2,596,568)
Currency translation differences	-	(1,762)	-	(1,762)
As at 31 December 2023	**3,675,184**	**162,843**	**-**	**3,838,027**
Year ended 31 December 2023				
Opening net book amount	3,675,184	162,843	-	3,838,027
Additions	890,088	19,146	-	909,234
Disposals	(189,047)	-	-	(189,047)
Disposals through subleases	-	(38,136)	-	(38,136)
Change of terms of leases	139,169	533,781	-	672,950
Depreciation charge (Note 11)	(2,317,550)	(128,145)	-	(2,445,695)
Currency translation differences	-	7	-	7
Disposed through disposals of subsidiaries	-	(8,426)	-	(8,426)
As at 31 December 2023	**2,197,844**	**541,070**	**-**	**2,738,914**

Summarised information for the Group's right-of-use assets

In accordance with the Group's accounting policy for leases as disclosed in Note 4, right-of-use assets and associated lease liabilities are presented as separate lines on the face of the balance sheet, except for right-of-use assets and associated lease liabilities arising from leases with financial institutions that include purchase options that are reasonably certain to be exercised due to the exercise price being a nominal amount compared to the fair value of the leased asset on the exercise date. The latter are presented within the same line item as the corresponding underlying assets would be presented if they were owned and within borrowings, respectively. Management believes that this presentation best reflects the substance of the leases with financial institutions, being similar to that of purchases via collateralised borrowings.

As at 31 December 2022 and 31 December 2023, there were no right-of-use assets and associated lease liabilities arising from leases with financial institutions that were presented within property, plant and equipment and borrowings, respectively.

The total cash outflow for leases in 2023 was RUB 2,937,873 thousand (2022: RUB 3,189,004 thousand).

19. Intangible assets

	Computer software RUB'000	Customer relationships RUB'000	Total RUB'000
At 1 January 2022			
Cost	10,934	-	10,934
Accumulated amortisation	(10,849)	-	(10,849)
Net book amount	**85**	**-**	**85**
Year ended 31 December 2022			
Opening net book amount	85	-	85
Additions	2,000		2,000
Amortisation charge (Note 11)	(325)	-	(325)
Closing net book amount	1,760	-	1,760
At 31 December 2022			
Cost	12,934	-	12,934
Accumulated amortisation	(11,174)	-	(11,174)
Net book amount	**1,760**	**-**	**1,760**
Year ended 31 December 2023			
Opening net book amount	1,760	-	1,760
Additions	745		745
Amortisation charge (Note 11)	(429)	-	(429)
Closing net book amount	2,076	-	2,076
At 31 December 2023			
Cost	2,907	-	2,907
Accumulated amortisation	(831)	-	(831)
Net book amount	**2,076**	**-**	**2,076**

Amortisation of RUB 414 thousand (2022: RUB 310 thousand) has been charged to "cost of sales" in the income statement and RUB 15 thousand (2022: RUB 15 thousand) to "selling, marketing and administrative expenses" (Note 11).

Notes to the consolidated financial statements

20. Principal subsidiaries

The Company had the following subsidiaries at 31 December 2023 and 31 December 2022:

Name	Place of business/ country of incorporation	Principal activities	Proportion of ordinary shares held by the Company (%)		Proportion of ordinary shares held by the Group (%)		Proportion of ordinary shares held by non- controlling interest (%)	
			2023	2022	2023	2022	2023	2022
New Forwarding Company, AO	Russia	Railway transportation	100	100	100	100	-	-
GTI Management, OOO	Russia	Railway transportation	100	100	100	100	-	-
Ural Wagonrepair Company, AO	Russia	Repair and maintenance of rolling stock	100	100	100	100	-	-
Ukrainian New Forwarding Company OOO	Ukraine	Railway transportation	100	100	100	100	-	-
BaltTransServis, OOO	Russia	Railway transportation	100	100	100	100	-	-
BTS-Locomotive Solutions OOO[1]	Russia	Support activities for locomotive traction	-	-	100	100	-	-
RemTransServis, OOO[2]	Russia	Repair and maintenance of rolling stock	-	-	100	100	-	-
Spacecom AS	Estonia	Operating lease of rolling stock	-	65.25	-	65.25	-	34.75
Spacecom Trans AS[3]	Estonia	Operating lease of rolling stock	-	-	-	65.25	-	34.75
GLTR Cyprus Limited	Cyprus	Operation in Cyprus	100	-	100	-	-	-

All subsidiary undertakings are included in the consolidation. The proportion of the voting rights in the subsidiary undertakings held directly by the parent company do not differ from the proportion of ordinary shares held.

The accumulated non-controlling interest as of 31 December 2023 and 31 December 2022 comprised the following:

	2023 RUB'000	2022 RUB'000
Spacecom AS (including Spacecom Trans AS)	-	(15,506)
Total	-	(15,506)

Acquisition of the 40% non-controlling interest in BaltTransServis, OOO

In February 2022 the Company acquired 40% non-controlling interest in BaltTransServis, OOO following receipt by the Company of the approval from the Federal Antimonopoly Service of the Russian Federation and satisfaction of the remaining pre-conditions, including settlement of the remaining RUB 8,800,000 thousand of the purchase consideration.

In January 2023 the Group disposed of its shareholding 65.25% in Spacecom AS for EUR 65,300,000.

In September 2023 the Group incorporated a new Cyprus company and holds 100% shares.

Significant restrictions

There are no significant restrictions, statutory, contractual, regulatory, or arising from protective rights of non-controlling interests, on the ability of the Group to access or use the assets and settle the liabilities of the Group.

Summarised financial information of subsidiaries with material non-controlling interests

Set out below are the summarised financial information for each subsidiary that has non-controlling interests that are material to the Group. The financial information of Spacecom AS includes Spacecom Trans AS and Ekolinja Oy and the financial information of BaltTransServis, OOO includes RemTransServis, OOO. No summarised financial information is presented for SyntezRail, OOO and SyntezRail Limited as their operations and financial position are not material to the Group.

[1] BTS-Locomotive Solutions, OOO is a 100% subsidiary of BaltTransServis.
[2] RemTransServis, OOO is a 100% subsidiary of BaltTransServis, OOO.
[3] Spacecom Trans AS is 100% subsidiary of Spacecom AS.

Notes to the consolidated financial statements

Summarised balance sheet

	Spacecom AS	
	2023 RUB'000	2022 RUB'000
Current		
Assets	-	10,040,495
Liabilities	-	5,025,524
Total current net assets	**-**	**5,014,971**
Non-current		
Assets	-	1,127,303
Liabilities	-	3,379
Total non-current net assets	**-**	**1,123,924**
Net assets	-	6,138,895

Summarised income statement

	Spacecom AS	
	2023 RUB'000	2022 RUB'000
Revenue	33,610	1,701,153
Profit before income tax	(7,312)	6,095,012
Income tax expense	-	(1,740,042)
Post-tax profit from continuing operations	(7,312)	4,354,970
Other comprehensive income	(6,944,213)	(1,984,219)
Total comprehensive income	(6,951,525)	2,370,751
Total comprehensive income allocated to non-controlling interests	(2,541)	1,513,352
Dividends paid to non-controlling interest	-	(2,759,806)

Summarised cash flow statements

	Spacecom AS	
	2023 RUB'000	2022 RUB'000
Cash flows from operating activities		
Cash generated from/(used in) operations	921,130	(1,170,770)
Income tax paid	-	(368,772)
Net cash generated from/(used in) operating activities	921,130	(1,539,542)
Net cash generated from/(used in) investing activities	(3,175)	6,671,629
Net cash used in financing activities	(962,408)	(4,978,418)
Net increase/(decrease) in cash and cash equivalents	(44,453)	153,669
Cash and cash equivalents at beginning of year	222,442	71,069
Exchange differences on cash and cash equivalents	(1,310)	(2,296)
Cash and cash equivalents at end of year	176,679	222,442

The information above includes the amounts before inter-company eliminations.

21. Share-based payments

The Group maintains a remuneration program for some of the members of management, including members of key management of the Group. This includes, amongst other things, a three-year compensation scheme in accordance to which, members of management receive a yearly cash compensation calculated based on the weighted average market quotations of the GDRs of the Company. This compensation is set for a three-year period and is divided on three instalments to be paid after the end of each assessment period which equals to one year. The award is conditional on the performance of the participants and on meeting certain key performance indicators ("KPIs") each year during the three years vesting period. The scheme matured by 31 December 2020 and was renewed on 1 January 2021 for another three-year period.

The scheme falls within the scope of IFRS 2 "Share-based payment" and has therefore been classified as a cash-settled share-based payment arrangement.

In accordance with the terms of the remuneration program, the compensation is calculated based on the weighted average fair value of the Company's GDRs, quoted in US Dollar multiplied by the weighted average RUB/USD exchange rate for each period.

The Group recognised an employee benefit expense of RUB NIL thousand in this respect for the year ended 31 December 2023 (2022: RUB 125,737 thousand) and the Group's liability in respect of this amounted to RUB NIL thousand as of 31 December 2023 (2022: RUB 125,737 thousand).

The share-based payment liability as of 31 December 2023 was determined based on the assumption that all participants will remain with the Group and all KPIs will be met and that there will be no significant fluctuation in the value of the Company's GDRs during the vesting period. The significant inputs into the valuation were the weighted average fair value of the Company's GDRs and the weighted average USD/RUB exchange.

22. Financial assets

(a) Trade receivables

	2023 RUB'000	2022 RUB'000
Trade receivables – third parties	4,641,832	3,760,501
Trade receivables – related parties (Note 35)	765	275
Less: Provision for impairment of trade receivables	(15,200)	(10,343)
Trade receivables – net	4,627,397	3,750,433
Current portion	4,627,397	3,750,433

The carrying amounts of the Group's trade receivables are denominated in the following currencies:

	2023 RUB'000	2022 RUB'000
Currency:		
US Dollar	-	32,859
Russian Roubles	4,627,397	3,693,691
Euro	-	23,883
	4,627,397	3,750,433

According to the management's estimates, the fair values of trade receivables do not materially differ from their carrying amounts as the impact of discounting is not significant.

(b) Loans and other receivables

	2023 RUB'000	2022 RUB'000
Loans receivables – related parties (Note 35)	-	401,151
Other receivables – third parties	297,959	36,519
Other receivables – related parties (Note 35)	26	23
Less: Provision for impairment of other receivables	(25,632)	(4,602)
Loans and other receivables – net	272,353	433,091
Less non-current portion:		
Other receivables - third parties	-	-
Total non-current portion	-	-
Current portion	272,353	433,091

The carrying amounts of the Group's loans and other receivables are denominated in the following currencies:

	2023 RUB'000	2022 RUB'000
Currency:		
Russian Roubles	272,353	433,089
Euro	-	2
	272,353	433,091

According to the management's estimates, the fair values of loans and other receivables do not materially differ from their carrying amounts as the impact of discounting is not significant.

23. Other assets

	2023 RUB'000	2022 RUB'000
Prepayments – third parties	3,283,283	3,889,771
Finance leases to third parties	137,801	137,914
Finance leases to related parties	959	11,832
VAT recoverable	42,694	3,019,624
Other assets	3,464,737	7,059,141
Less non-current portion:		
Finance leases to third parties	33,378	95,748
Finance leases to related parties (Note 35)	-	953
Prepayments for property, plant and equipment	162,932	915,269
Total non-current portion	196,310	1,011,970
Current portion	3,268,427	6,047,171

The Group's finance leases as at 31 December 2023 and 31 December 2022 are denominated in Russian Roubles. The finance lease receivables are scheduled as follows:

	Less than one year RUB'000	Between 1 to 5 years RUB'000	Over 5 years RUB'000	Total RUB'000
At 31 December 2023				
Minimum lease receivable	118,819	50,174	1,179	170,172
Less: Unearned finance income	(13,437)	(17,954)	(21)	(31,412)
Present value of minimum lease receivables	105,382	32,220	1,158	138,760
At 31 December 2022				
Minimum lease receivable	66,018	98,363	-	164,381
Less: Unearned finance income	(12,973)	(1,662)	-	(14,635)
Present value of minimum lease receivables	53,045	96,701	-	149,746

According to the management's estimates, the fair values of finance lease receivables do not materially differ from their carrying amounts as the impact of discounting is not significant.

The effective interest rates on finance lease receivables at the balance sheet were as follows:

	2023 %	2022 %
Finance leases to third parties	16.05	10.43

24. Inventories

	2023 RUB'000	2022 RUB'000
Raw materials, spare parts and consumables	1,142,672	798,621
	1,142,672	798,621

All inventories are stated at cost.

25. Cash and cash equivalents

	2023 RUB'000	2022 RUB'000
Cash at bank and in hand	42,617,451	14,997,495
Short term bank deposits	159,381	1,054,850
Total cash and cash equivalents	42,776,832	16,052,345

The weighted average effective interest rate on short-term deposits was 10.5-12.87% in 2023 (2022: 5.18-8.76%) and these deposits have a maturity of 1 to 12 days (2022: 1 to 18 days).

Cash and cash equivalents include the following for the purposes of the cash flow statement:

	2023 RUB'000	2022 RUB'000
Cash and cash equivalents	42,776,832	16,052,345
Total cash and cash equivalents	42,776,832	16,052,345

Cash and cash equivalents are denominated in the following currencies:

	2023 RUB'000	2022 RUB'000
Russian Rouble	41,902,714	11,616,051
US Dollar	29,478	1,013,793
Euro	844,640	3,422,501
Total cash and cash equivalents	42,776,832	16,052,345

The carrying value of cash and cash equivalents approximates their fair value.

Notes to the consolidated financial statements

26. Share capital, share premium and treasury shares

	Number of shares	Share capital USD'000	Share premium USD'000	Total USD'000
At 1 January 2022/31 December 2022/1 January 2023	178,740,916	17,875	949,471	967,346
At 31 December 2023	178,318,259	17,832	949,471	967,303

	Number of shares	Share capital RUB'000	Share premium RUB'000	Total RUB'000
At 1 January 2022/31 December 2022/1 January 2023	178,740,916	516,957	27,929,478	28,446,435
Cancellation of treasury shares	(422,657)	(1,222)	-	(1,222)
At 31 December 2023	178,318,259	515,735	27,929,478	28,445,213

The total authorised number of ordinary shares at 31 December 2023 was 233,495,471 shares with a par value of US$0.10 per share (31 December 2022: 233,918,128 shares with a par value of US$0.10 per share). All issued shares are fully paid.

In accordance with the decision of the Extraordinary General Meeting which took place on 12 May 2020, the Company started a GDRs buyback program. The buyback programme is for the Company's Global Depositary Receipts ("GDRs) and will run till the earlier of the close of the Annual General Meeting of the Company to be held in 2021 and May 2021. The total number of purchased GDRs shall not exceed 5% of the Company's share capital (equivalent to 8,937,046 shares, with each GDR representing one ordinary share). The shareholders of the Company at the Annual General Meeting which took place on 29 April 2022 approved the prolongation of the term of the buyback program until the earlier of the close of the Annual General Meeting of the Company to be held in 2023 or 12 months from the date of the approval.

During the year 2020, the Company purchased a total of 76,877 GDRs, which are held in treasury for a total consideration of 422 thousand US Dollars (equivalent to RUB 31,496 thousand). No further acquisitions took place within the year 2021.

During the first six months of 2022, the Company purchased a total of 345,780 GDRs, which are held in treasury for a total consideration of 832 thousand US Dollars (equivalent to RUB 114,497 thousand). No further acquisitions took place within the last six months of 2022.

As of 31 December 2023 the Company didn't have treasury shares (31 December 2022 – 422,657 GDRs which were held in treasury for a total consideration of 1.254 thousand US Dollars (equivalent to RUB 145,993 thousand).

27. Dividends

During the years ended 31 December 2023 and 2022, the Group declared and paid dividends in favour of the equity holders of the Company and the non-controlling interests as detailed in the table below.

	2023 RUB'000	2022 RUB'000
Dividends declared to non-controlling interest	-	2,759,806
Dividends paid to non-controlling interest	334,268	1,728,073

28. Borrowings

	2023 RUB'000	2022 RUB'000
Current		
Bank borrowings	6,423,132	7,690,301
Non-convertible unsecured bonds	1,291,000	3,905,571
Total current borrowings	7,714,132	11,595,872
Non-current		
Bank borrowings	7,662,972	7,802,778
Non-convertible unsecured bonds	-	1,250,000
Total non-current borrowings	7,662,972	9,052,778
Total borrowings	15,377,104	20,648,650
Maturity of non-current borrowings		
Between 1 and 2 years	3,559,959	6,165,311
Between 2 and 5 years	4,103,013	2,887,467
	7,662,972	9,052,778

Bank borrowings

Bank borrowings mature by 2028 (2022: by 2027) and bear average interest of 10.2% per annum (2022: 7.9% per annum).

There were no defaults or breaches of loan terms during the years ended 31 December 2023 and 31 December 2022.

The current and non-current bank borrowings amounting to RUB 6,423,132 thousand and RUB 7,662,972 thousand respectively (2022: RUB 7,356,968 thousand and RUB 5,056,405 thousand respectively) are secured by pledge of rolling stock with a total carrying net book value of RUB 13,649,738 thousand (2022: RUB 11,529,299 thousand) (Note 17).

Notes to the consolidated financial statements

Non-convertible bonds

New Forwarding Company AO issued non-convertible Russian Rouble denominated bonds for amount of RUB 5 billion in 2018, priced at a coupon rate of 7.25% p.a. and with maturity in 2023 and for amount of RUB 5 billion in 2020, priced at a coupon rate of 8.8% p.a. and with maturity in 2024 out of a total RUB 100 billion registered program.

The Company acts as the guarantor for the bond issue.

The exposure of the Group's borrowings to interest rate changes and the contractual re-pricing dates at the balance sheet dates are as follows:

	2023 RUB'000	2022 RUB'000
6 months or less	5,204,824	6,700,884
6 to 12 months	2,509,309	4,894,988
1 to 5 years	7,662,971	9,052,778
	15,377,104	20,648,650

Note: The amounts above are based on the earliest of their contractual re-pricing dates and maturity dates

Movements in borrowings are analysed as follows:

	Bank borrowings and loans (excl. overdrafts) RUB'000	Lease liabilities with financial institutions RUB'000	Other lease liabilities RUB'000	Non-convertible unsecured bonds RUB'000	Total RUB'000
Year ended 31 December 2022					
Opening amount as at 1 January 2022	22,309,598	-	5,841,573	9,008,872	37,160,043
Cash flows:					
Amounts advanced	2,750,000	-	-	-	2,750,000
Repayments of borrowings	(9,549,396)	-	(2,402,700)	(3,750,000)	(15,702,096)
Interest paid	(1,273,870)	-	(786,304)	(664,749)	(2,724,923)
Non-cash changes:					
Interest charged	1,262,196	-	780,601	561,448	2,604,245
Net foreign exchange	-	-	(2,755)	-	(2,755)
Other lease liability	-	-	2,569,659	-	2,569,659
Change of terms of leases			(1,805,278)		(1,805,278)
Other	(5,449)	-	-	-	(5,449)
Closing amount as at 31 December 2022	15,493,079	-	4,194,796	5,155,571	24,843,446

	Bank borrowings and loans (excl. overdrafts) RUB'000	Lease liabilities with financial institutions RUB'000	Other lease liabilities RUB'000	Non-convertible unsecured bonds RUB'000	Total RUB'000
Year ended 31 December 2023					
Opening amount as at 1 January 2023	15,493,079	-	4,194,796	5,155,571	24,843,446
Cash flows:					
Amounts advanced	8,800,000	-	-	-	8,800,000
Repayments of borrowings	(10,188,110)	-	(2,477,780)	(3,750,000)	(16,415,890)
Interest paid	(1,731,993)	-	(460,093)	(319,450)	(2,511,536)
Non-cash changes:					
Interest charged	1,733,788	-	464,560	204,879	2,403,227
Net foreign exchange	1	-	1,440	-	1,441
Other lease liability	-	-	909,234	-	909,234
Change of terms of leases	-	-	472,438	-	472,438
Disposed through disposals of subsidiaries	-	-	(8,508)	-	(8,508)
Other	(20,661)	-	-	-	(20,661)
Closing amount as at 31 December 2023	14,086,104	-	3,096,087	1,291,000	18,473,191

The carrying amount and fair value of current and non-current borrowings are as follows:

	Carrying amount		Fair value	
	2023 RUB'000	2022 RUB'000	2023 RUB'000	2022 RUB'000
Bank borrowings	14,086,104	15,493,079	12,929,168	15,134,443
Non-convertible unsecured bonds	1,291,000	5,155,571	1,244,375	5,028,375
	15,377,104	20,648,650	14,173,543	20,162,818

Notes to the consolidated financial statements

The fair value as at 31 December 2023 and 31 December 2022 of fixed interest rate instruments with stated maturity denominated in Russian Rouble was estimated based on expected cash flows discounted using the rate of similar Russian Rouble denominated instruments entered into by the Group close to 31 December 2023 and 31 December 2022. The discount rate was 18.5% p.a. (2022: 11.1% p.a.). The fair value measurements are within level 2 of the fair value hierarchy (2022: level 2). The fair value as at 31 December 2023 and 31 December 2022 of the fixed interest rate non-convertible bonds was equal to their quoted price and the resulting fair value measurement is within level 1.

The fair value of liabilities repayable on demand or after a notice period ("demandable liabilities") is estimated as the amount payable on demand, discounted from the first date on which the amount could be required to be paid.

The carrying amounts of the Group's borrowings are denominated in the following currencies:

	2023 RUB'000	2022 RUB'000
Russian Rouble	15,377,104	20,648,650
	15,377,104	20,648,650

The Group has the following undrawn borrowing facilities:

	2023 RUB'000	2022 RUB'000
Fixed rate:		
Expiring within one year	1,000,000	10,083,333
Expiring beyond one year	28,000,000	32,700,000
	29,000,000	42,783,333

Drawdowns under certain of the above credit facilities are subject to successful conclusion of additional agreements with the lenders, which, amongst others, will specify the terms of each disbursement.

The weighted average effective interest rates at the balance sheet were as follows:

	2023 %	2022 %
Bank borrowings	10.2	7.9
Non-convertible unsecured bonds	8.8	8.5

29. Other lease liabilities

	2023 RUB'000	2022 RUB'000
Other lease liabilities		
Current lease liabilities	2,198,502	2,400,332
Non-current lease liabilities	897,585	1,794,464
Total lease liabilities	**3,096,087**	**4,194,796**
Maturity of other lease liabilities		
Between 1 and 2 years	450,483	1,694,562
Between 2 and 5 years	445,578	96,970
Over 5 years	1,524	2,932
	897,585	1,794,464

30. Deferred income tax

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred taxes relate to the same taxable entity and fiscal authority.

The gross movement on the deferred income tax account is as follows:

	2023 RUB'000	2022 RUB'000
Beginning of year	9,081,239	9,752,314
Income statement charge (Note 15)	(346,241)	(665,756)
Exchange differences	-	(5,319)
End of year	8,734,998	9,081,239

Notes to the consolidated financial statements

The movement on the deferred tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

Deferred tax liabilities	Property, plant and equipment RUB'000	Withholding tax provision RUB'000	Intangible assets RUB'000	Right-of-use assets RUB'000	Total RUB'000
At 1 January 2022	**9,082,738**	**1,123,424**	**-**	**798,065**	**11,004,227**
Charged/(credited) to:					
Income statement (Note 15)	(249,779)	(435,460)	-	(76,425)	(761,664)
Translation differences	-	(5,319)	-	-	(5,319)
At 31 December 2022	**8,832,959**	**682,645**	**-**	**721,640**	**10,237,244**
Charged/(credited) to:					
Income statement (Note 15)	76,521	(568,623)	-	(217,794)	(709,896)
At 31 December 2023	**8,909,480**	**114,022**	**-**	**503,846**	**9,527,348**

Deferred tax assets	Tax losses RUB'000	Trade and other payables RUB'000	Other lease liabilities and Borrowings RUB'000	Other assets / liabilities RUB'000	Total RUB'000
At 1 January 2022	**-**	**(227,640)**	**(848,589)**	**(175,684)**	**(1,251,913)**
Charged/(credited) to:					
Income statement (Note 15)	-	36,420	46,774	12,714	95,908
At 31 December 2022	**-**	**(191,220)**	**(801,815)**	**(162,970)**	**(1,156,005)**
Charged/(credited) to:					
Income statement (Note 15)	-	171,909	212,921	(21,175)	363,655
Disposed through disposals of subsidiaries					
At 31 December 2023	**-**	**(19,311)**	**(588,894)**	**(184,145)**	**(792,350)**

Deferred tax assets are recognised for tax losses carried forward to the extent that the realization of the related tax benefit through future taxable profits is probable. The Group has not recognised deferred tax assets in the amount of RUB Nil thousand (2022: RUB 89,231 thousand) for tax losses amounting to RUB Nil thousand (2022: RUB 713,852 thousand) available to be carried forward as it is not probable that future taxable profits will be available against which these tax losses can be utilised.

Withholding tax at the rate of 5% is applied to the dividends distributed by the Russian subsidiaries of the Group to the Company. In case the dividends are distributed by the Estonian subsidiaries the tax of 20% or, under certain conditions, 14% will be applied to gross amount of such distributions. The Group recognises provisions for such taxes based on management's estimates and intention for future dividend distribution by each respective subsidiary out of profits of subsidiaries as of 31 December 2023.

Deferred income tax liabilities of RUB 2,809,390 thousand (2022: RUB 1,683,687 thousand) have not been recognised for the withholding taxes that would be payable in case unremitted earnings of certain subsidiaries are distributed to the Company in the form of dividends as it is the current intention of the management of the Group that such amounts are reinvested. Unremitted earnings on which no deferred tax liability was recognised totalled to RUB 55,871,122 thousand as at 31 December 2023 (2022: RUB 32,832,980 thousand).

31. Trade and other payables

	2023 RUB'000	2022 RUB'000
Current		
Trade payables to third parties	550,862	338,540
Other payables to third parties	154,497	2,036,750
VAT payable and other taxes	1,485,159	3,441,091
Accrued expenses	113,874	98,140
Accrued key management compensation, including share-based payment (Note 35)	134,080	469,827
	2,438,472	6,384,348

The fair value of trade and other payables approximates their carrying amount at the balance sheet date.

32. Earnings per share

Basic and diluted

Basic and diluted earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year, excluding treasury shares.

	2023	2022
Profit attributable to equity holders of the company (RUB thousand)	38,620,269	25,193,420
Weighted average number of ordinary shares in issue (thousand)	178,318	178,382
Basic and diluted earnings per share (expressed in RUB per share) attributable to the equity holders of the Company during the year	216.58	141.23

33. Contingencies

Operating environment

Russian Federation. The Russian Federation displays certain characteristics of an emerging market. Its economy is particularly sensitive to oil and gas prices. The legal, tax and regulatory frameworks continue to develop and are subject to frequent changes and varying interpretations. Ongoing political tension in the region and sanctions against certain Russian companies and individuals have an additional negative impact on the Russian economy.

The geopolitical situation in Eastern Europe intensified on 24 February 2022 with the commencement of the conflict between Russia and Ukraine. As at the date of authorizing these financial statements for issue, the conflict continues to evolve as military activity proceeds. In addition to the impact of the events on entities that have operations in Russia or Ukraine or that conduct business with their counterparties, the conflict is increasingly affecting economies and financial markets globally and exacerbating ongoing economic challenges.

The European Union as well as United States of America, Switzerland, United Kingdom and other countries imposed a series of restrictive measures (sanctions) against the Russian government, various companies, and certain individuals. The sanctions imposed include an asset freeze and a prohibition from making funds available to the sanctioned individuals and entities. In addition, travel bans applicable to the sanctioned individuals prevent them from entering or transiting through the relevant territories. The Republic of Cyprus has adopted the United Nations and European Union measures. The rapid deterioration of the conflict in Ukraine may as well lead to the possibility of further sanctions in the future.

Emerging uncertainty regarding global supply of commodities due to the conflict between Russia and Ukraine conflict may also disrupt certain global trade flows and place significant upwards pressure on commodity prices and input costs as seen through early March 2022. Challenges for companies may include availability of funding to ensure access to raw materials, ability to finance margin payments and heightened risk of contractual non-performance.

The impact on the Group largely depends on the nature and duration of uncertain and unpredictable events, such as further military action, additional sanctions, and reactions to ongoing developments by global financial markets.

The financial effect of the current crisis on the global economy and overall business activities cannot be estimated with reasonable certainty at this stage, due to the pace at which the conflict prevails and the high level of uncertainties arising from the inability to reliably predict the outcome.

The event did not exist in the reporting period and is therefore not reflected in the recognition and measurement of the assets and liabilities in the financial statements as at 31 December 2023 as it is considered as a non-adjusting event.

The Group actively monitors political developments on an ongoing basis. However, the macroeconomic situation in Ukraine, Russia is out of Management's control. The scope and impact of any new potential sanctions (and any counter-sanctions) is yet unknown, however they might further affect key Russian financial institutions as well as companies operating in the Russian Federation.

Fluctuations in foreign exchange rates may also impact the operations of the Goup. The Russian central bank had raised the key rate of interest from 9,5% to 20% as a preventive measure to stop the devaluation of the RUB.

The Group continues to monitor the situation and implement a set of measures to minimize the impact of possible risks on the Group's operations and financial position.

Tax contingencies. Russian tax and customs legislation which was enacted or substantively enacted at the end of the reporting period, is subject to varying interpretations when being applied to the transactions and activities of the Group. Consequently, tax positions taken by management and the formal documentation supporting the tax positions may be challenged tax authorities. Russian tax administration is gradually strengthening, including the fact that there is a higher risk of review of tax transactions without a clear business purpose or with tax incompliant counterparties. Fiscal periods remain open to review by the authorities in respect of taxes for three calendar years preceding the year when decisions about the review was made. Under certain circumstances reviews may cover longer periods.

The Russian transfer pricing legislation is generally aligned with the international transfer pricing principles developed by the Organisation for Economic Cooperation and Development ("OECD") but has specific characteristics. This legislation provides the possibility for tax authorities to make transfer pricing adjustments and impose additional tax liabilities in respect of controlled transactions (transactions with related parties and some types of transactions with unrelated parties), provided that the transaction price is not arm's length. Management has implemented internal controls to be in compliance with this transfer pricing legislation. Management believes that its pricing policy used in 2023 and 2022 and preceding years is arm's length and it has implemented internal controls to be in compliance with this transfer pricing legislation.

Tax liabilities arising from transactions between companies within the Group are determined using actual transaction prices. It is possible, with the evolution of the interpretation of the transfer pricing rules, that such transfer prices could be challenged. The impact of any such challenge cannot be reliably estimated; however, it may be significant to the financial position and/or the overall operations of the Group.

The Group includes companies incorporated in Cyprus, Russia and Ukraine. The tax liabilities of the Group are determined on the assumption that these companies are tax residents in the countries where they are incorporated and are not subject to profits tax of other tax jurisdictions, because they do not have permanent establishments in other jurisdictions. The Company and the non-controlling shareholding companies holding interests in the Company's Russian subsidiaries are the only and full beneficial owners of the equity interests held directly and indirectly in these subsidiaries. This interpretation of relevant legislation may be challenged but the impact of any such challenge cannot be reliably estimated currently; however, it may be significant to the financial position and/or the overall operations of the Group.

As Russian tax legislation does not provide definitive guidance in certain areas, the Group adopts, from time to time, interpretations of such uncertain areas that reduce the overall tax rate of the Group. While management currently estimates that the tax positions and interpretations that it has taken can probably be sustained, there is a possible risk that an outflow of resources will be required should such tax positions and interpretations be challenged by the tax authorities. Management will vigorously defend the positions and interpretations applied in determining taxes recognised in these financial statements if these are challenged by the authorities. The impact of any such challenge cannot be reliably estimated; however, it may be significant to the financial position and/or the overall operations of the Group.

Estonia. Estonia represents well-developed market and economy with stable political systems and developed legislation based on EU requirements and regulations.

Compliance with covenants

The Group is subject to certain covenants related primarily to its borrowings. Non-compliance with such covenants may result in negative consequences for the Group including claims for early repayment. The Group is in compliance with covenants as of 31 December 2023 and 31 December 2022 (Note 28).

Insurance policies

The Group holds insurance policies in relation to all vehicles (rolling stock and motor vehicles) and in respect of public third-party liability. The Group does not have full insurance for business interruption or third-party liability in respect of environmental damage.

Environmental matters

The enforcement of environmental regulation in the countries in which the Group operates is evolving and the enforcement posture of government authorities is continually being reconsidered. The Group periodically evaluates its obligations under environmental regulations. As obligations are determined, they are recognised immediately. Potential liabilities, which might arise as a result of changes in existing regulations, civil litigation or legislation, cannot be estimated but could be material. In the current enforcement climate under existing legislation, management believes that there are no significant liabilities for environmental damage.

Legal proceedings

In the opinion of management, there are no legal proceedings or other claims outstanding, as of 31 December 2023 and 2022 which could have a material effect on the results of operations or financial position of the Group and which have not been accrued or disclosed in these financial statements.

34. Commitments

(a) Capital commitments

Capital expenditure contracted for at the balance sheet date but not yet incurred is as follows:

	2023 RUB’000	2022 RUB’000
Property, plant and equipment	62,413	879,341

(b) Operating lease commitments – Group as lessor

The Group leases out rolling stock and locomotives under cancellable and non-cancellable operating lease agreements. The future aggregate minimum lease payments receivable under non-cancellable operating leases in which the Group is acting as the lessor are as follows:

	2023 RUB’000	2022 RUB’000
Not later than 1 year	3,367,422	2,635,180
Later than 1 year not later than 5 years	25,397	856,038
	3,392,819	3,491,218

There were no contingent-based rents to be recognised in the income statement for the year ended 31 December 2023 and 31 December 2022.

Notes to the consolidated financial statements

35. Related party transactions

Litten Investments Ltd, controlled by a Director of the Company, has a shareholding in the Company of 5.1% as at 31 December 2023 (31 December 2022: 5.1%).

Goldriver Resources Ltd, controlled by a Director of the Company, has a shareholding in the Company of 3.1% as at 31 December 2023 (31 December 2022: 3.1%).

As at 31 December 2023, another 0.1% (2022: 0.1%) of the shares of the Company is controlled by Directors and key management of the Company.

For the purposes of these financial statements, parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operational decisions as defined by IAS 24 “Related Party Disclosures”. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form. Related parties may enter into transactions, which unrelated parties might not, and transactions between related parties may not be effected on the same terms, conditions and amounts as transactions between unrelated parties.

The following transactions were carried out with related parties:

(a) Key management compensation

	2023 RUB’000	2022 RUB’000
Key management salaries and other short-term employee benefits	3,334,479	2,702,399
Share based compensation (Note 21)	-	125,737
	3,334,479	2,828,136

The key management compensation above includes directors’ remuneration paid to the directors of the Company both by the Company and by subsidiaries of the Company in respect of services provided to such subsidiaries amounting to RUB 1,076,241 thousand (2022: RUB 776,827 thousand) and analysed as follows:

	2023 RUB’000	2022 RUB’000
Non-executive directors’ fees	20,537	20,793
Emoluments in their executive capacity	1,055,704	738,450
Share based compensation in their executive capacity	-	17,584
	1,076,241	776,827

(b) Sale of goods and services

	2023 RUB’000	2022 RUB’000
Revenue from entity under control of member of key management:		
Operating lease of rolling stock	832,175	813,750
Other	673	880
	832,848	814,630

(c) Other gains

	2023 RUB’000	2022 RUB’000
Other gains from entity under control of member of key management:		
Other gains	112,567	96,722
	112,567	96,722

(d) Year-end balances arising from sales/purchases of goods or services

	2023 RUB’000	2022 RUB’000
Trade receivables from related parties - current (Note 22):		
Entity under control of member of key management	765	275
	765	275
Other receivables from related parties – current (Note 22):		
Entity under control of member of key management	26	23
	26	23
Key management remuneration – current (Note 31):		
Accrued salaries and other short-term employee benefits	134,080	344,088
Share based payment liability (Note 21)	-	125,737
	134,080	469,825

Notes to the consolidated financial statements

(e) Interest income

	2023 RUB'000	2022 RUB'000
Finance leases (Note 14):		
Entity under control of members of key management	609	1,609
	609	1,609
Loans (Note 14): Entity under control of members of key management		
Entity under control of members of key management	9,666	18,033
	9,666	18,033

(f) Contract liabilities

	2023 RUB'000	2022 RUB'000
Contract liabilities relating to railway transportation contracts – current (Note 10):		
Entity under control of member of key management	1,467	2,228
	1,467	2,228
Contract liabilities relating to railway transportation contracts – non-current (Note 10):		
Entity under control of member of key management	4,878	4,879
	4,878	4,879

(g) Loans

	2023 RUB'000	2022 RUB'000
Loans receivables (Note 22):		
Entity under control of member of key management	-	401,151
	-	401,151
At the beginning of the period	401,151	-
Loans advanced during the year	-	800,000
Loans repaid during the year	(400,000)	(400,000)
Interest charged (Note 14)	9,666	18,033
Interest received	(10,817)	(16,882)
At the end of the period	-	401,151

(h) Finance leases

	2023 RUB'000	2022 RUB'000
Finance leases to related parties – current (Note 23):		
Entity under control of member of key management	959	10,879
	959	10,879
Finance leases to related parties – non-current (Note 23):		
Entity under control of member of key management	-	953
	-	953

(i) Operating lease commitments – Group as lessor

	2023 RUB'000	2022 RUB'000
Entity under control of member of key management		
Not later than 1 year	856,038	836,960
Later than 1 year not later than 5 years	-	856,038
	856,038	1,692,998

36. Business combinations

Disposal of subsidiary

In January 2023 the Group disposed of its 65.25% shareholding in Spacecom AS, Estonia for EUR 65,300,000 (RUB 4,948,427 thousand) realising a profit from sale of RUB 3,400,047 thousand.

37. Events after the balance sheet date

On 26 February 2024 the Company has completed redomiciliation to ADGM, UAE with the registered address: Office Unit 3, Floor 6, Al Sila Tower, Abu Dhabi Global Market Square, Al Maryah Island, Abu Dhabi, UAE.

There were no other material post balance sheet events which have a bearing on the understanding of these consolidated financial statements.

Independent Auditor's Report on pages 148 to 151.

Globaltrans

Management Report and Parent Company Financial Statements for the year ended 31 December 2023

Board of Directors and other officers

Board of Directors as of 5 April 2024

Mr. Jaafar Borhan

Senior Independent Non-Executive Director
Appointed on 4 April 2024,
(Senior Independent Director since 5 April 2024)
Chairman of Remuneration Committee (since 5 April 2024)
Chairman of Nomination Committee (since 5 April 2024)
Member of ESG Committee (since 5 April 2024)

Ms. Jouslin Khairallah

Independent Non-Executive Director
Appointed on 4 April 2024
Chairperson of the Audit Committee (since 5 April 2024)
Chairperson of ESG Committee (since 5 April 2024)

Mr. Abdulla Belobaida

Independent Non-Executive Director
Member of the Audit Committee (since 5 April 2024)
Member of Remuneration Committee (since 5 April 2024)
Member of Nomination Committee (since 5 April 2024)

Mr. Abdultaiyab Bahrainwala

Non-Executive Director

Ms. Albina Amangeldinova

Non-Executive Director

Mr. Yerzhan Niyazaliyev

Chairman of the Board of Directors
Executive Director

Mr. Kairat Itemgenov

Executive Director

Mr. Anton Gazizov

Executive Director

Mr. Alexander Storozhev

Executive Director

Mr. Viacheslav Stanislavskiy

Executive Director

Mr. Ruslan Izatov

Non-Executive Director

Mr. Stefan Henrich

Non-Executive Director

Mr. Yousef Abu Laban

Non-Executive Director

Board support

The Company Secretary is available to advise all Directors to ensure compliance with the Board procedures. Also a procedure is in place to enable Directors, if they so wish, to seek independent professional advice at the Company's expense.

Company Secretary

Mr. Aleksandr Lavrentjev

Registered office

Office Unit 3, Floor 6, Al Sila Tower
Abu Dhabi Global Market Square
Al Maryah Island, Abu Dhabi, UAE

Management Report

The Board of Directors presents its report together with the audited parent company financial statements for the year ended 31 December 2023. The parent company's financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union and the requirements of Cyprus Companies Law, Cap. 113.

Principal activities

The principal activities of the Company, which are unchanged from last year, are the holding of investments and provision of financing to other Group companies.

Review of developments, position and performance of the Company's business

The Company's profit for the year increased to RUB 16,438,208 thousand compared to RUB 5,705,759 thousand for the year ended 31 December 2022. This was mainly the result of the increase in the dividend income earned from the subsidiaries from RUB 7,064,907 thousand during the year ended 31 December 2022 to RUB 13,597,095 thousand in the current year.

The net asset position of the Company has increased as of 31 December 2023 compared to 31 December 2022, with net assets as of 31 December 2023 amounting to RUB 64,710,823 thousand compared to RUB 48,272,615 thousand as of 31 December 2022.

The financial position, development and performance of the Company as presented in the financial statements is considered satisfactory.

Changes in group structure

There were no changes in the Group structure of the Company during the year ended 31 December 2023 other than sale of 65.25% in Spacecom AS and incorporation of GLTR Cyprus Ltd.

Environmental matters

Rail is one of the most environmentally friendly modes of transport. Nonetheless, any commercial activity has an environmental impact and Globaltrans strives to minimise those from its operations where possible. To this end, the Group ensures that its activities fully comply with local environmental regulations. It also aims to help business and nature co-exist by focusing on applying modern technology in its operations and using natural resources rationally.

ESG Committee of the Board analyses and oversees risks related to the environmental, social and governance issues.

Human resources

Globaltrans considers the wellbeing of employees central to its success and strives to maintain exemplary working standards, ensure job satisfaction and create opportunities for professional growth. The Group's personnel policy focuses on creating a positive atmosphere at all offices and facilities to maximise productivity. As part of this, it offers medical insurance, support for education, opportunities to obtain additional qualifications and training, and financial aid in particularly difficult times.

The Group's future success will partly depend on its ability to continue to attract, retain and motivate key employees and qualified personnel, in particular an experienced management team. Competition in Russia for such personnel with relevant expertise is intense due to the small number of qualified individuals with suitable practical experience in the rail industry.

Adequate remuneration packages, which are in line with or in excess of market levels, are offered to all employees and key managers and remuneration is linked to the Group's financial results. The Human Resource function regularly monitors salary levels and other benefits offered by competitors to ensure that the Group's remuneration packages are adequate.

Principal risks and uncertainties

The Company faces a number of diverse potential and actual risks to its business. The Board has adopted a formal process to identify, evaluate and manage principal risks and uncertainties faced by the Company and its subsidiaries.

To identify, evaluate and mitigate these, the Company has established an in-house system to monitor and control uncertainties and threats throughout its activities. This is overseen by a dedicated Risk Management function, which works directly with the Board of Directors in this area.

The escalation of the conflict in Ukraine and the associated sanctions imposed by the US, European Union and a number of other countries on some of the biggest Russian industrial groups, as described in Note 27 to the financial statements, may adversely affect the business environment and prospects of the Company and its subsidiaries and create significant new risks, which did not exist as at the balance sheet date.

The Company has grouped the risks that it considers to be significant into key categories – strategic, operational, compliance and financial – and they are presented below.

Strategic risks

The strategic risks faced by the Company and its subsidiaries, together referred to as "Group", that pose risks that influence the Group's ability to achieve its strategy include the general economic situation and operating environment in Russia, Kazakhstan, CIS and Baltic countries in which the Group operates; the regulatory risk relating to the operation of the Russian railway transportation market including railway tariff regulation and technical requirements for fleet maintenance; the highly competitive Russian rail transportation market with unregulated operators' services tariffs; the significant concentration of the Group's customer base with the top 10 customers (including their affiliates and suppliers) accounting for around 68% of the Group's Net Revenue from the operation of rolling stock in 2023; cost of borrowing and/or deterioration in market conditions with potential impacts on the profitability and recoverability of investments; and reliance on RZD for issuing permits allowing the Group to operate locomotives.

The Group operates mainly in Russia, other emerging markets. Emerging markets, such as Russia and Kazakhstan, are subject to greater risks than more developed markets, including significant economic, political, social, legal and legislative uncertainties. Moreover, the Group's business depends on the demand in the Russian freight rail transportation market, which in turn depends on certain key commodity sectors and, accordingly, on economic conditions in Russia, Europe and elsewhere. A decrease in production and demand for key commodities in Russia, or in adjacent countries where the commodities of the Group's key customers are shipped by rail, as a result of a technological shift, economic downturn, political crisis or other event in Russia or another relevant country, negatively impacts the Group's business and growth prospects.

The management of the Group constantly monitors the developments in the operating environment and regulatory regime of the railway transportation market in the countries in which the Group operates. The Group's business model is to maintain a balanced fleet between universal gondola cars, adaptable to the demand for transportation of various bulk cargoes and rail tank cars, which are used for the transportation of oil products and oil. Further, the Group has long-term, established relationships with its key customers and their affiliates and suppliers and in some cases, the Group becomes an integrated part of its customers' operations. Around 61% of the Group's Net Revenue from the Operation of Rolling Stock in 2023 was covered by long-term service contracts with several large clients. Such contracts provide additional stability and greater certainty regarding transport volumes for the Group. In addition, the Group's marketing function regularly monitors competitors' strategies, their use of technology, their price strategies and industry trends.

The sanctions imposed on the Russian Central Bank, NSD and number of commercial banks, the restrictions for capital movements outside Russian Federation, the sanctions imposed by US, European Union and number of other countries on the biggest Russian industrial groups adversely affects the business environment and prospects of the Group and create significant risks. The restrictions on the export of certain types of Russian commodities or change in directions of supply for Russian commodities may have a negative impact on the freight rail transportation market and the Group's business.

The situation is still evolving and further sanctions and limitations on business activity of companies operating in the region, as well as consequences on the Russian economy in general, may arise but the full nature and possible effects of these are unknown. It is not possible for management to predict with any degree of certainty the impact of this uncertainty on the future operations of the Group and estimate the financial effect on the Group. Management is closely monitoring the situation and is ready to act depending on the developments.

In addition, the appearance of new pandemics or other dangerous illnesses could seriously affect the global and local business environment and lead to negative consequences for Group's business.

Operational risks

The operational risks faced by the Group that could influence the Group's operational efficiency include the physical state of the Russian, CIS and Baltic countries railway infrastructure which may negatively impact the condition of the Group's rolling stock, ability of relocation of rolling stock between different countries and the performance of the Group; the impact of inflation in Russia on the Group's costs with limited opportunities to increase tariffs to customers; the competition for personnel with relevant expertise and experience in Russia and the impact on the Group's ability to continue to attract, retain and motivate key employees and qualified personnel; reliance on RZD for locomotive traction and infrastructure usage and the impact of this on the quality of the Group's freight transportation services and therefore customer satisfaction; IT availability and continuity considerations due to reliance on specialised trail transport and logistics software for ensuring efficient and effective logistics, dispatching and rolling stock tracking services; and risks of terrorist attacks, natural disasters or other catastrophic events beyond the Group's control.

The Group is managing operational risk by ensuring that practically all of the Group's rolling stock is insured against damage. Further, the Group monitors its rolling stock through the Group's dispatch centre on a 24/7 basis and plans routes accordingly to minimise the risks of disruption.

The Group monitors FAS initiatives with the aim of detecting possible changes in tariff-setting methodology and tries to reflect respective changes in contracts with customers. Among the Group's key objectives are to increase operational efficiency and to focus on control and reduction of costs. The Group continuously monitors its costs to maintain efficiency.

The Human Resource function regularly monitors salary levels and other benefits offered by competitors to ensure that the Group's remuneration packages are adequate. Customer satisfaction is one of the key metrics that the Group's management monitors, with customer feedback being analysed and appropriate follow-up actions being taken. Due to recent sanctions imposed by US, European Union and number of other countries, number of IT solutions will no longer be maintained by US and European Union suppliers. Local IT specialists have introduced alternative solutions to maintain the availability of IT services, continuity of business processes and ensure their recovery in case of disruption. The IT function and Internal Audit function monitor all IT-related activities and performance for compliance with IT policies and procedures.

Further the Group permanently monitors any disruptive events and applies a Business Continuity Policy to ensure the safety of employees and human life; maintain continuity of time-critical services; minimise disruptions to clients and partners; and minimise operational, financial and reputational impact.

Compliance risks

The Group is also subject to compliance risk, being the risks that influence the Group's adherence to relevant laws and regulations, including the regulations of the London Stock Exchange ("LSE") and the Moscow Exchange ("MOEX"), where Company's GDR are listed. The Group is involved in legal actions from time to time. Some of it may have an adverse effect on the Group. The ambiguity of the law in Russia and CIS countries creates regulatory uncertainty and might result in claims from different government authorities. Local tax, currency, sanctions and customs legislation, especially in Russia, other emerging markets and Cyprus, may be subject to varying interpretations, inconsistencies between federal laws, regional and local laws, rules and regulations, frequent changes and a lack of judicial and administrative guidance on interpreting legislation.

The Group runs its operations in compliance with tax, currency, labour, sanctions, customs, antimonopoly and other applicable legislation and constantly monitors any changes in the regulatory environment as well as compliance with the terms of its agreements. Standard forms of agreements are used for transportation services, and various controls are in place to ensure that the terms of agreements are adhered to. All contracts are subject to rigorous review by all of the Group functions concerned and a formal approval process prior to execution. The Group has controls in place, including highly qualified and experienced personnel, to monitor changes in legislation and determine the appropriate action needed to minimise the risk of a challenge to such treatments by the authorities. For complex matters, the Group attracts external consultants.

Financial risks

The Company's activities exposed it to a variety of financial risks: market risk (including foreign exchange risk, cash flow and fair value interest rate risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial results.

Management Report

Foreign exchange risk

Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency different from the functional currency of the Company. The fluctuations in the exchange rate between (i) US Dollar and Russian Rouble and (ii) Euro and Russian Rouble expose the Company to foreign exchange risk. The Company's current policy is not to hedge foreign exchange risk, with the exception of application of hedge accounting to hedge foreign currency risk associated with highly probable dividend payments and associated dividend payable until their settlement, as set out in the accounting policy for hedging activities in Note 4 to these financial statements.

Cash flow and fair value interest rate risk

The Company holds interest bearing financial instruments at fixed interest rates. Financial assets and liabilities issued at fixed rates expose the Company to fair value interest rate risk. The Company's current policy is not to hedge interest rate risk.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to meet an obligation. Credit risk arises from cash and cash equivalents, loans and other receivables and financial guarantees issued by the Company for borrowings of subsidiaries.

Liquidity risk

As at 31 December 2023, the Company has an excess of current assets over current liabilities of RUB 12.491.384 thousand. Management believes that the Company will be able to meet its obligations as they fall due.

Management controls current liquidity based on expected cash flows, expected dividend and interest income receipts, expected dividend payments and advancements under borrowings from subsidiaries. In the long-term perspective, the liquidity risk is determined by forecasting future cash flows at the moment of signing new loans and by budgeting procedures.

Further details on the Company's exposure to financial risks are presented in Note 6 to the financial statements.

Contingencies

The Company's contingencies are disclosed in Note 27 to the financial statements.

Future developments

The Company's strategic objective is to strengthen the Group's position as a leading private freight rail group in Russia. The future development of the Group may be affected by the escalation of the conflict in Ukraine in the period after the balance sheet date. It is not possible for the Board of Directors to predict with any degree of certainty the impact of this uncertainty on the future operations of the Group and estimate the financial effect on the Company and its subsidiaries.

Results

The Company's results for the year are set out on pages 16 and 17. On the date of this report, the Board of Directors, having considered the profitability and liquidity position of the Group as well as all the risks and recent developments, does not recommend the payment of a final dividend and the net profit for the year is retained.

Dividends

Pursuant to its Articles of Association the Company may pay dividends out of its profits. To the extent that the Company declares and pays dividends, owners of Global Depositary Receipts ("GDRs") on the relevant record date will be entitled to receive dividends payable in respect of Ordinary Shares underlying the GDRs, subject to the terms of the Deposit Agreement.

The Company is a holding company and thus its ability to pay dividends depends on the ability of its subsidiaries to pay dividends to the Company in accordance with relevant legislation and contractual restrictions. The payment of such dividends by its subsidiaries is contingent upon the sufficiency of their earnings, cash flows and distributable reserves and limitations on capital movement, if applicable. The maximum dividend payable by the Company's subsidiaries is restricted to the total accumulated retained earnings of the relevant subsidiary, determined according to the law.

On the date of this report, the Board of Directors of the Company, having considered the profitability and liquidity position of the Group as well as all the risks and recent developments, does not recommend the payment of final dividends.

Share capital

As of 31 December 2023, the issued share capital of the Company comprised 178,318,259 ordinary shares with a par value of US$0.10 per share (31 December 2022 comprised 178,740,916 ordinary shares with a par value of US$0.10 per share).

Treasury shares

As of 31 December 2023, the Company didn't have treasury shares (31 December 2022: 422 657 treasury shares).

Research and development activities

The Company has not undertaken any research and development activities during the year ended 31 December 2023.

Events after the balance sheet date

The events after the balance sheet date are disclosed in Note 28 to the financial statements.

Management Report

Branches

The Company does not operate through any branches.

Going concern

The Directors have access to all information necessary to exercise their duties. The Directors continue to adopt the going concern basis in preparing the financial statements based on the fact that, after making enquiries and following a review of the Group's budget for 2024, including cash flows and borrowing facilities, and taking into account the developments after the reporting date impacting the economic and business environment in which the Group operates, as set out in Note 27 to the financial statements, the Directors consider that the Company has adequate resources to continue in operation for the foreseeable future.

Auditors

Following the completion of redomiciliation of Globaltrans Investment Plc from Cyprus to UAE, ADGM effective from 26 February 2024, the Independent Auditor, GAC Auditors Ltd will be replaced by RAI LLP, who has license in AGM for the audit of public companies. A resolution giving authority to the Board of Directors to fix the remuneration of RAI LLP will be proposed at the Annual General Meeting.

Corporate governance

Globaltrans' Board of Directors adopted the Company's Code of Corporate Governance (the "Code"), guaranteeing that the interests of all shareholders are given due consideration. Although the Code is based on principles recommended by the UK Corporate Governance Code (formerly the Combined Code), this does not constitute voluntary compliance with such governance code.

Globaltrans' corporate governance policies and practices are designed to ensure that the Group upholds its responsibilities to shareholders. As such, all employees are required to comply with these guidelines and the Group's management team takes responsibility for ensuring that all departments adhere to these standards. These key principles are promoted and applied across all levels of the Group in order to establish effective and transparent corporate governance. In January 2010, the Board supplemented its Code of Corporate Governance with a corporate policy on the treatment of the rights of its non-controlling shareholders; this aims to ensure fair treatment of the rights of non-controlling shareholders of the Company.

Full details of our governance policies can be found at https://globaltrans.com/governance/corporate-documents.

The role of the Board of Directors

The Company is managed by the Board of Directors which is collectively responsible to the shareholders for the success of the Group. The Board sets the strategic objectives and ensures that the necessary resources are in place to enable these objectives to be met. The Board is fully involved in decision making in the most important areas of business and conducts regular reviews of the Group's operational and financial performance. One of the Board's key responsibilities is to ensure that there is in place a system of prudent and effective risk controls that enable risks to be identified, assessed and managed appropriately.

Members of the Board of Directors

As at 31 December 2023, the Board comprises of 14 members (2022: 14 members), 10 (2022: 10 members) of whom are non-executive directors. Three (2022: three) of the non-executive directors are independent, they have no relationship with the Company, its related companies or their officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgment with a view to the best interests of the Company, and they are able to exercise objective judgment on corporate affairs independently from management.

The members of the Board of Directors at the date of this report are shown on page 243, the members of the Board of Directors as of 31 December 2023 are shown in the table below, all of them were members of the Board throughout the year 2023.

There is no provision in the Company's Articles of Association for retirement of Directors by rotation; however, in accordance with the Terms of reference of the Board of Directors all board members are required to submit for re-election at least once every three years. Should a non-executive Director serve any term beyond six years, his/her re-election would be subject to particularly rigorous review. In practice, all current appointments are for one year and all directors will stand for re-election at the forthcoming Annual General Meeting of shareholders of the Company.

The total gross remuneration of the members of the Board of Directors incurred by the Company in 2023 amounted to RUB 447,627 thousand (2022: RUB 319,844 thousand).

Board performance

The Board held 24 meetings in 2023. The Directors' attendance is presented in the table below.

	Eligible	Attended
John Carroll Colley	24	24
George Papaioannou	24	24
Alexander Eliseev	24	23
Melina Pyrgou	24	24
Konstantin Shirokov	24	23
Alexander Storozhev	24	24
Marios Tofaros	24	24
Elia Nicolaou	24	24
Sergey Tolmachev	24	24
Sergey Maltsev (Chairman)	24	24
Andrey Gomon	24	24
Sergey Foliforov	24	24
Vasilis Hadjivassiliou	24	24
Michalakis Thomaides	24	24

The Board Committees

During 2023 the Board had four committees: the Audit Committee, the Nomination Committee, the Remuneration Committee and the ESG Committee. A brief description of the terms of reference of the committees is set out below.

Audit Committee

The Audit Committee comprises of three Directors and meets at least four times each year. As of 31 December 2023 all the members of the Audit Committee were independent and the Audit Committee was chaired by Mr. Colley and was also attended by Mr. Papaioannou and Mr. Hadjivassiliou. The Audit Committee is responsible for considering, among other matters: the integrity of the Company's financial statements, including its annual and interim accounts, and the effectiveness of the Company's internal controls and risk management systems; auditors' reports and the terms of appointment and remuneration of the auditor.

The Committee supervises, monitors and advises the Board on risk management and control systems and the implementation of codes of conduct. In addition, the Audit Committee supervises the submission by the Company of financial information and a number of other audit-related issues. The Audit Committee is also responsible for assessing the efficiency of the performance of the Chairman of the Board.

The Audit Committee manages the relationship with the external auditor on behalf of the Board. It considers the reappointment of the external auditor each year, as well as remuneration and other terms of engagement, and makes a recommendation to the Board. Shareholders are asked to approve the reappointment of the auditor each year at the Annual General Meeting.

The Internal Audit function is carried out internally by the Group's Internal Audit Service ("IAS"). IAS is responsible for testing the systems of risk management, internal control and corporate governance of the Group.

Nomination Committee

The Nomination Committee comprises of two Independent Directors and meets at least once a year. As of 31 December 2023 the Nomination Committee was chaired by Carroll Colley and George Papaioannou was the other member. The Committee's remit is to prepare selection criteria and appointment procedures for members of the Board and to review on a regular basis the structure, size and composition of the Board. In undertaking this role, the Committee refers to the skills, knowledge and experience required of the Board, given the Company's stage of development, and makes recommendations to the Board as to any changes. The Committee also considers future appointments in respect of the Board's composition and makes recommendations regarding the membership of the Audit and Remuneration Committees.

Remuneration Committee

The Remuneration Committee comprises of two Independent Directors and meets at least once a year. As of 31 December 2023, the Remuneration Committee was chaired by Carroll Colley and George Papaioannou was the other member. The Committee's responsibility is the determination and review of, among other matters, the remuneration of Executive Directors, and the review of the Company's remuneration policies. The remuneration of Independent Directors is a matter for the Chairman of the Board and the Executive Directors. No Director or manager may be involved in any decisions as to his/her own remuneration.

ESG Committee

The Board of Directors established an ESG Committee to lead its thinking on ESG matters and ensure that ESG issues are integrated into the Group's long-term strategy. The ESG Committee also monitors the development of the Group's sustainability strategy, reviews and recommends ESG disclosures for Board approval and approves the Group's sustainability reports. The ESG Committee was comprised of two Board members: Elia Nicolaou, Non-executive Director, who served as the Chair, and Carroll Colley, Independent Non-executive Director. The ESG Committee meets at least two times a year.

Board and Management Remuneration

Non-executive directors serve on the Board pursuant to the letters of appointment which are subject to approval by the shareholders at the Annual General Meeting. Such letters of appointment specify the terms of appointment and the remuneration of non-executive directors. Appointments are for one year.

Levels of remuneration for Non-Executive Directors reflect the time commitment, responsibilities of the role and membership of the respective committees of the Board. Directors are also reimbursed for expenses associated with discharge of their duties.

The shareholders of the Company approved the remuneration of the members of the Board of Directors at the Annual General Meeting of shareholders held on 21 April 2023.

Refer to Note 26 of the financial statements for details of remuneration of directors and other key management personnel.

Diversity policy

The Company does not have a formal Board diversity policy to aspects such as age, gender or educational and professional backgrounds, but, following best practice, while making the new appointments and considering the current composition of the Board of Directors, these aspects are taken into account.

As of the date of publication of these financial statements the Board has 2 female directors representing approximately 14% from the total number of directors. The age of the members of the Board of Directors starts from over 40 years, with the average age of directors being 52.4 years. The Board members have the following educational backgrounds: transportation and ports industry, accounting, economics and financial, banking sector and legal, engineering and mechanics, biophysics and mathematics, history, international affairs and risk management. The Board has the necessary balance of skills and expertise to run the Company and the Group.

Further details of the corporate governance regime of the Company can be found on the website: https://globaltrans.com/governance/corporate-documents.

Regulations with regards to the amendment of the article of association

The Articles of Association of the Company may be amended from time to time by special resolution at the General Meeting of the Shareholders.

Company's internal control and risk management systems in relation to the financial reporting process

The Board of Directors is responsible for the preparation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Company's financial reporting process.

The Board is primarily responsible for establishing a framework of prudent and effective controls that enables risks to be assessed and managed.

The Audit Committee assists the Board in this task by reviewing and assessing the Group's internal control and risk management processes in relation to Group's financial reporting process.

The system of controls is designed to manage rather than eliminate the risks relevant to the Group's operations and, therefore, can only provide reasonable, and not absolute, assurance against material errors, losses, fraud or breaches of laws and regulations.

At Globaltrans, the body responsible for internal audit is the Internal Audit Service ("IAS"). It tests the Group's systems of risk management, internal control and corporate governance to obtain a reasonable assurance that:

- The risk management system functions efficiently;
- Material financial, management and operating information is accurate, reliable and up-to-date;
- The actions of employees and management bodies are in compliance with the Group's policies, standards and procedures and the applicable laws;
- Resources are procured reasonably and used efficiently and their safekeeping is fully guaranteed; and
- Group companies conduct their business in compliance with applicable laws.

Each year, the Audit Committee approves an internal audit plan, which is developed by identifying the audit universe, performing a risk analysis and obtaining input from management relative to risks, controls and governance processes. The internal auditor regularly reports to the Audit Committee on the progress of planned audits. If any material internal control deficiencies are identified, they are communicated to the Audit Committee, and consequently to the Board, at once.

Significant direct or indirect holdings (including indirect shareholding though structures or cross shareholdings)

The issued share capital of the Company consists of 178,318,259 ordinary shares with a nominal value of USD 0.10 each, a certain portion of which is held in the form of Global Depositary Receipts ("GDRs"). The GDRs represent one ordinary share each and are listed on the Main Market of the London Stock Exchange and in the Moscow Exchange, under the ticker GLTR. The free float of Globaltrans amounts to approximately 56.9% of the issued share capital. The Company's depositary bank for the GDR programme is Citibank N.A.

Directors' interests

The interests in the share capital of Globaltrans Investment PLC, both direct and indirect, of those who were Directors of the Company as at 31 December 2023 and 31 December 2022 are shown below:

Name	Type of holding	2023	2022
Alexander Eliseev	Indirect holding of ordinary shares and GDRs	9,065,790	9,065,790
Sergey V. Maltsev	Indirect holding of GDRs	5,490,149	5,490,149

The holders of special titles that provide special control rights and description of such rights

The Company does not have any titles with special rights.

Any restrictions in exercising of voting rights of shares

There are no restrictions in the exercising of voting rights of shares issued by the Company.

By Order of the Board

Alexander Storozhev
Director

Abu Dhabi, ADGM, 5 April 2024

Directors’ responsibility

The Company’s Board of Directors is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap.113, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

As the Company has completed redomiciliation to ADGM, UAE on 26 February 2024, the Company’s Board of directors must ensure that all legal and financial aspects are properly addressed, including compliance with any new requirements in the new jurisdiction. From 1 January 2024, International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap.113 will no longer be applicable and International Financial Reporting Standards will be applied.

This responsibility includes selecting appropriate accounting policies and applying them consistently; and making accounting estimates and judgements that are reasonable in the circumstances.

In preparing the financial statements, the Board of Directors is also responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company’s financial reporting process.

Directors’ confirmations

Each of the directors, whose names and functions are listed in page 243 confirms that, to the best of his or her knowledge:

(a) the financial statements, which are presented on pages 262 to 316, which have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap.113, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company; and

(b) the Management Report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that it faces.

Further, each of the Directors confirms that, to the best of their knowledge:

(i) adequate accounting records have been maintained which disclose with reasonable accuracy the financial position of the Company and explain its transactions;

(ii) all information of which they are aware that is relevant to the preparation of the financial statements, such as accounting records and all other relevant records and documentation, has been made available to the Company’s auditors;

(iii) the financial statements disclose the information required by the Cyprus Companies Law, Cap.113 in the manner so required; and

(iv) the Management Report has been prepared in accordance with the requirements of the Cyprus Companies Law, Cap.113, and the information given therein is consistent with the financial statements.

By order of the Board

Alexander Storozhev
Director

Abu Dhabi ADGM, 5 April 2024

Auditors report

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To the Members of Globaltrans Investment PLC

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the parent company Globaltrans Investment PLC (the ''Company''), which comprise the statement of financial position as at 31 December 2023, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the parent company Globaltrans Investment PLC as at 31 December 2023, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113.

Basis for Opinion

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

Emphasis of Matter

We draw attention to the operating environment of the separate financial statements, which describes the impact of conflict between Russia and Ukraine. Our opinion is not modified in respect of this matter.

Key Audit Matters

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

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the Management Report, but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors for the Financial Statements

The Board of Directors is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.

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

Report on Other Legal Requirements

Pursuant to the additional requirements of the Auditors Law of 2017, we report the following:

- In our opinion, the Management Report has been prepared in accordance with the requirements of the Cyprus Companies Law, Cap 113, and the information given is consistent with the financial statements.
- In our opinion, and in the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Management Report.

Other Matters

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 69 of the Auditors Law of 2017 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whose knowledge this report may come to.

We have reported separately on the consolidated financial statements of the Company and its subsidiaries for the year ended 31 December 2023.

Michalis Lambrianides

Certified Public Accountant and Registered Auditor for and on behalf of

GAC Auditors Ltd
Certified Public Accountants and Registered Auditors

48 Inomenon Ethnon, Guricon House 1st floor, 6042

Larnaca, 5 April 2024

Income statement

for the year ended 31 December 2023

	Note	2023 RUB'000	2022 RUB'000
Revenue	8	13,597,095	7,067,043
Marketing costs		(1,063)	(1,512)
Administrative expenses		(891,881)	(677,369)
Other (losses)/gains – net	9	1,567,356	(8,661)
Operating profit		14,271,507	6,379,501
Finance income	12	230,352	100,851
Finance costs	12	(305,416)	(1,391,809)
Net foreign exchange transaction (losses)/ gains on financing activities	12	2,953,515	752,089
Finance costs – net	12	2,878,451	(538,869)
Profit before tax		17,149,958	5,840,632
Income tax expense	13	(711,750)	(134,873)
Profit for the year		16,438,208	5,705,759

The notes on pages 270 to 316 are an integral part of these financial statements.

Statement of comprehensive income

for the year ended 31 December 2023

	2023 RUB'000	2022 RUB'000
Profit for the year	**16,438,208**	**5,705,759**
Other comprehensive income:		
Items that may be reclassified subsequently to profit or loss:		
Losses on cash flow hedging instrument	-	-
Reclassification adjustment to the income statement		-
Total items that may be reclassified subsequently to profit or loss	-	-
Other comprehensive income for the year, net of tax	-	-
Total comprehensive income for the year	**16,438,208**	**5,705,759**

The notes on pages 270 to 316 are an integral part of these financial statements.

Statement of financial position

at 31 December 2023

	Note	31 December 2023 RUB'000	31 December 2022 RUB'000
Assets			
Non-current assets			
Investments in subsidiary undertakings	18	52,210,171	53,951,099
Property, plant and equipment	16	6,373	5,400
Right-of-use assets	17	2,895	5,790
Other assets	20	-	915
Total non-current assets		52,219,439	53,963,204
Current assets			
Loans and other receivables	19	11,617,329	2,330,277
Other assets	20	9,838	692
Cash and cash equivalents	21	948,271	4,687,835
Total current assets		12,575,438	7,018,804
Total assets		64,794,877	60,982,008
Equity and liabilities			
Capital and reserves			
Share capital	22	515,735	516,957
Share premium	22	27,929,478	27,929,478
Capital contribution		2,694,851	2,694,851
Treasury shares		-	(145,993)
Retained earnings		33,570,759	17,277,322
Total equity		64,710,823	48,272,615

	Note	31 December 2023 RUB'000	31 December 2022 RUB'000
Non-current liabilities			
Borrowings	23	-	10,531,377
Lease liabilities	24	-	2,488
Total non-current liabilities		-	10,533,865
Current liabilities			
Borrowings	23	-	2,057,319
Lease liabilities	24	3,553	2,826
Payables and accrued expenses	25	80,501	115,383
Total current liabilities		84,054	2,175,528
Total liabilities		84,054	12,709,393
Total equity and liabilities		64,794,877	60,982,008

On 5 April 2024, the Board of Directors of Globaltrans Investment PLC authorised these financial statements for issue.

Alexander Storozhev
Director

Yerzhan Niyazaliyev
Director

The notes on pages 270 to 316 are an integral part of these financial statements.

Statement of changes in equity

for the year ended 31 December 2023

	Note	Share capital	Share premium	Capital contribution	Treasury shares	Cash flow hedge reserve	Retained earnings	Total
		RUB'000	RUB'000	RUB'000	RUB'000	RUB'000	RUB'000	RUB'000
Balance at 1 January 2022		516,957	27,929,478	2,694,851	(31,496)	-	11,571,563	42,681,353
Comprehensive income								
Profit for the year		-	-	-	-	-	5,705,759	5,705,759
Other comprehensive income								
Losses on cash flow hedging instrument		-	-	-	-	-	-	-
Reclassification adjustment to the income statement		-	-	-	-	-	-	-
Total comprehensive income for 2022		-	-	-	-	-	5,705,759	5,705,759
Transactions with owners								
Dividend to owners of the Company	15	-	-	-	-	-	-	-
Total distributions to owners of the Company		-	-	-	-	-	-	-
Purchase of treasury shares	22	-	-	-	(114,497)	-	-	(114,497)
Total transactions with owners		-	-	-	(114,497)	-	-	(114,497)
Balance at 31 December 2022		516,957	27,929,478	2,694,851	(145,993)	-	17,277,322	48,272,615
Comprehensive income								
Profit for the year		-	-	-	-	-	16,438,208	16,438,208
Other comprehensive income								
Losses on cash flow hedging instrument		-	-	-	-	-	-	-
Reclassification adjustment to the income statement		-	-	-	-	-	-	-
Total comprehensive income for 2023		-	-	-	-	-	16,438,208	16,438,208
Transactions with owners								
Dividend to owners of the Company	15	-	-	-	-	-	-	-
Total distributions to owners of the Company		-	-	-	-	-	-	-
Cancellation of treasury shares	22	(1,222)	-	-	145,993	-	(144,771)	-
Total transactions with owners		(1,222)	-	-	145,993	-	(144,771)	-
Balance at 31 December 2023		515,735	27,929,478	2,694,851	-	-	33,570,759	64,710,823

The notes on pages 270 to 316 are an integral part of these financial statements.

Cash flow statement

for the year ended 31 December 2023

	Note	2023 RUB'000	2022 RUB'000
Cash flows from operating activities			
Profit before tax		17,149,958	5,840,632
Adjustments for:			
Depreciation of property, plant and equipment	16	3,450	2,639
Depreciation of right-of-use assets	17	2,895	2,895
Interest on loans to related parties	8	-	(2,136)
Bank interest income	12	(230,352)	(100,851)
Interest expense	12	305,416	1,391,809
Gain from sale of subsidiaries	9	(1,574,173)	-
Net foreign exchange transaction losses/(gains) on financing activities	12	(2,953,515)	(752,089)
Operating cash flows before working capital changes		12,703,679	6,382,899
Changes in working capital:			
Dividend income not received		(8,231)	20
Other assets		649,530	(1,624,666)
Payables and accrued expenses		(64,466)	(50,192)
Net cash generated from operations		13,280,512	4,708,061
Interest received from loans from related parties		-	1,267
Tax paid		(703,408)	(134,692)
Net cash generated from operating activities		12,577,104	4,574,636
Cash flows from investing activities			
Proceeds from sale of subsidiary	18	4,948,427	-
Acquisition of non-controlling interest	18/20	-	(8,800,000)
Purchases of property, plant and equipment	16	(4,423)	(915)
Loans granted to related parties	26	(11,436,444)	(6,858)
Loan repayments received from related parties	26	-	174,633
Bank interest received		230,352	100,851
Net cash generated from investing activities		(6,262,088)	(8,532,289)

	Note	2023 RUB'000	2022 RUB'000
Cash flows from financing activities			
Proceeds from borrowings	23	(8,706,600)	8,706,600
Repayments of bank borrowings	23	(3,134,921)	(1,865,079)
Principal elements of lease payments	23	(3,193)	(2,328)
Interest paid on bank borrowings	23	(1,040,861)	(297,378)
Interest paid on lease liabilities	23	(199)	(253)
Purchase of treasury shares	22	-	(114,497)
Net cash used in financing activities		(12,885,774)	6,427,065
Net (decrease)/increase in cash and cash equivalents		(6,570,758)	2,469,412
Exchange gains on cash and cash equivalents		2,831,194	241,232
Cash and cash equivalents at beginning of year		4,687,835	1,977,191
Cash and cash equivalents at end of year	21	948,271	4,687,835

The notes on pages 270 to 316 are an integral part of these financial statements.

Notes to the parent company financial statements

1. General information

Country of incorporation

Globaltrans Investment Plc ("the Company") is incorporated and domiciled in Cyprus as a limited liability company in accordance with the provisions of the Cyprus Companies Law, Cap. 113 and converted into a public company on 15 April 2008. Until 26 February 2024 the address of its registered office was 20 Omirou Street, CY-3095 Limassol, Cyprus. On 26 February 2024 the Company has completed redomiciliation to ADGM, UAE with the registered address: Office Unit 3, Floor 6, Al Sila Tower, Abu Dhabi Global Market Square, Al Maryah Island, Abu Dhabi, UAE.

Approval of the parent company financial statements

These parent company financial statements were authorised by the Board of Directors of the Company on 5 April 2024.

Global Depositary Receipts

Global Depositary Receipts, each representing one ordinary share of the Company, are listed on the London Stock Exchange International Main Market and on the Moscow Exchange.

Principal activities

The principal activities of the Company, which are unchanged from last year, are the holding of investments and provision of financing to other Group companies. The Company is the parent of a group of companies involved in the provision of railway transportation services, using own and leased rolling stock and fleet engaged from third party rail operators, as well as the operating lease of rolling stock.

Consolidated financial statements

The Company has also prepared consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union ("EU") and the requirements of the Cyprus Companies Law, Cap. 113 for the Company and its subsidiaries ("the Group"). These consolidated financial statements can be obtained from the Company's website at www.globaltrans.com.

2. Basis of preparation

The parent company financial statements of Globaltrans Investment Plc have been prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union (EU) and the requirements of the Cyprus Companies Law, Cap. 113.

As of the date of the authorization of the financial statements, all International Financial Reporting Standards issued by International Accounting Standards Board ("IASB") that are relevant to the Company's operations and are effective as at 1 January 2023 have been adopted by the EU through the endorsement procedure established by the European Commission.

The financial statements have been prepared under the historical cost convention.

The Company has prepared these parent company financial statements for compliance with the requirements of the Cyprus Companies Law, Cap. 113 and disclosure rules as issued by the Financial Conduct Authority of the United Kingdom.

Users of these parent company financial statements should read them together with the Company's consolidated financial statements as at and for the year ended 31 December 2023 in order to obtain a proper understanding of the financial position, the financial performance and cash flows of the Company and the Group.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates and requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 7.

3. Adoption of new or revised standards and interpretations

During the current year the Company adopted all the new and amended International Financial Reporting Standards ("IFRS") that are relevant to its operations and are effective for accounting periods beginning on 1 January 2023. None of these had a significant impact on these financial statements.

4. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Foreign currency translation

(a) Functional and presentation currency

Items included in the Company's financial statements are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The Company's functional currency is the Russian Rouble. The financial statements are also presented in Russian Roubles ("the presentation currency") because this is the currency better understood by the principal users of the financial statements.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates prevailing at the dates of the transactions or valuations where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, with the exception of foreign exchange differences that relate to qualifying cash flow hedges which are deferred in equity.

Net foreign exchange differences arising from borrowings and other liabilities and from cash and cash equivalents and other monetary assets are presented on the face of the income statement in the line "net foreign transaction gains/(losses) on financing activities", with the appropriate disclosure of the split between the two in the note "Finance costs – net".

Notes to the parent company financial statements

All other foreign exchange gains and losses are presented in the income statement within "Other gains – net".

Hedging activities

The Company is exposed to foreign exchange risk arising from dividends declared in Russian Roubles and paid in US Dollar at the rate set at the date of the declaration. The Company uses foreign currency cash deposits denominated in US Dollars to hedge this foreign exchange risk exposure.

In particular, the US Dollar denominated cash deposits are designated by the Company as hedging instruments in hedging the foreign exchange risk associated with the highly probable dividend payment and the resulting payable. At inception of the hedge relationship, the Company documents, amongst others, the economic relationship between the hedging instrument and hedged item, including whether changes in the cash flows of the hedging instrument are expected to offset changes in the cash flows of the hedged item. The Company documents its risk management objective and strategy for undertaking its hedge transactions.

As a result of the application of hedge accounting the foreign exchange difference on the hedging instrument is recognised in other comprehensive income in the "Cash flow hedge reserve" within equity. Amounts recognised in equity are reclassified to the income statement, within "Finance income and costs", in the same period or periods during which the hedged item impacts the income statement, being once foreign exchange differences are recognised on the hedged item.

Accordingly, in the cash flow statement "Dividends paid to the Company's shareholders" are disclosed net-off foreign exchange differences on the relevant cash deposits (i.e., at the amounts declared) and the "Exchange gains on cash and cash equivalents" do not include the impact from the relevant cash deposits used for hedging. In the income statement the amounts included in "Finance income and costs" (Note 12) within "Net foreign exchange transaction gains/(losses) on cash and cash equivalents, loans and other receivables and dividends receivable" are disclosed after application of hedge accounting (i.e., excluding the foreign currency gains/losses arising for the hedging).

Dividend income

Dividend income is recognised when the right to receive payment is established.

Employee benefits

Wages, salaries, contributions to the state pension, the national health system and social insurance funds, paid annual leave and sick leave, bonuses and other benefits (such as health services) are accrued in the year in which the associated services are rendered by the employees of the Company. These are included in staff costs and the Company has no further obligations once the contributions have been paid.

The Company recognises a liability and an expense for bonuses where contractually obliged or where there is a past practice that has created a constructive obligation.

Share based payment transactions

The Company operates a cash-settled share-based compensation plan. In accordance with compensation plan, key management personnel of the Company are entitled to receive cash compensations based on the weighted average market quotations of the fixed number of global depository receipts ("GDR") of the Company. The fair value of the employee services received in exchange for the grant of the equivalent GDR instruments is recognised as an expense over the vesting period.

At each balance sheet date, if required by the terms of the compensation plan, the Company revises its estimates of the monetary equivalent of GDRs that are expected to vest. It recognises the impact of the revision of original estimates, including number of instruments expected to vest and fair value in the income statement with a corresponding adjustment to share-based payment liability.

Current and deferred income tax

The tax expense for the period comprises of current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity respectively.

Current income tax liabilities and assets for the current and prior periods are measured at the amount expected to be paid to or recovered from the taxation authorities using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations is subject to interpretations and establishes provisions where appropriate on the basis of amounts expected to be paid to tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is determined using tax rates and laws that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries except where the Company can control the timing of the reversal and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities, when the income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities when there is an intention to settle the balances on a net basis.

Uncertain tax positions

The Company's uncertain tax positions are reassessed by management at the end of each reporting period. Liabilities are recorded for income tax positions that are determined by management as more likely than not to result in additional taxes being levied if the positions were to be challenged by the tax authorities. The assessment is based on the interpretation of tax laws that have been enacted or substantively enacted by the end of the reporting period, and any known court or other rulings on such issues. Liabilities for penalties, interest and taxes other than on income are recognised based on management's best estimate of the expenditure required to settle the obligations at the end of the reporting period. Adjustments for uncertain income tax positions, other than interest and fines, are recorded within the income tax charge. Adjustments for uncertain income tax positions in respect of interest and fines are recorded within finance costs and other gains/(losses), net, respectively.

Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are approved and are no longer at the discretion of the Company. More specifically, interim dividends are recognised when approved by the Board of Directors whereas in case of final dividends, these are recognised at the time when they are approved by the Company's shareholders.

Leases

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company, with limited exceptions as set out below. Assets and liabilities arising from a lease are initially measured on a present value basis. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the Company's incremental borrowing rate is used, being the rate that the Company would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost. Any remeasurement of the lease liability arising if the cash flows change based on the original terms and conditions of the lease results in a corresponding adjustment to the right-of-use asset. The adjustment can be positive or negative. Right-of-use assets are reviewed for impairment in accordance with the Company's accounting policy for impairment of non-financial assets.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. In determining the lease term, the Company considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

As an exception to the above, the Company accounts for short-term leases and leases of low value assets by recognising the lease payments as an expense on a straight-line basis in the interim income statement. Short-term leases are leases with a lease term of 12 months or less.

Right-of-use assets and associated lease liabilities are presented as separate lines on the face of the balance sheet.

Property, plant and equipment

Property, plant and equipment are recorded at purchase cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their cost, less residual value, over their estimated useful lives, as follows:

	Number of years
Motor vehicles	3-5

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Expenditure for repairs and maintenance of property, plant and equipment is charged to the income statement of the year in which they are incurred. The cost of major renovations and other subsequent expenditure are included in the carrying amount of the asset or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

Gains and losses on disposal of property, plant and equipment are determined by comparing the proceeds with carrying amount and these are included within operating profit as part of administrative expenses.

Investments in subsidiary undertakings

Subsidiaries are all entities (including structured entities) over which the Company has control. The Company controls an entity when the Company is exposed to, or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The Company carries the investments in subsidiaries at cost less any impairment in its separate financial statements. Investments in subsidiaries are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised through income statement for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. An impairment loss recognised in prior years is reversed where appropriate if there has been a change in the estimates used to determine the recoverable amount.

The cost of investments in subsidiaries includes the fair value of any asset or liability arising from a contingent consideration arrangement. The subsequent remeasurement of any asset/liability arising from a contingent consideration arrangement is adjusted against the cost of the investment in subsidiary.

In cases of acquisitions of subsidiaries from entities under common control or subsidiaries of the Company, the cost of acquisition is determined to be the fair value of the investment acquired as opposed to the transaction price. Any differences between the transaction price and the fair value of the investment acquired reflect notional contributions/distributions from entities under common control or subsidiaries and are recognised as such, i.e., directly in equity in cases of transactions with common control entities and as an additional contribution to or distribution from the subsidiary transferring the investment to the Company.

Group reorganisations resulting into an exchange of non-financial assets and where the future cash inflows before and after the reorganisation do not change as a result of the reorganisation are considered to lack commercial substance and no gains or losses are recognised relating to such restructurings.

Indemnification assets received for contingent liabilities of the investments in subsidiaries that existed at the time of acquisition of such subsidiaries are recognised against the cost of the relevant investment.

Notes to the parent company financial statements

Deferred consideration

Deferred consideration arises when settlement of all or any part of the cost of an acquisition is deferred. Deferred consideration is stated at fair value at the date of acquisition, which is determined by discounting the amounts due to present value using market interest rates at the date of initial recognition. Interest is accrued on the fair value of deferred consideration at the original effective interest rate and is recognised in finance costs.

Impairment of non-financial assets

Assets that have indefinite useful life and goodwill are not subject to amortisation and are tested annually for impairment.

Assets that are subject to depreciation or amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets, other than goodwill, that have suffered impairment are reviewed for possible reversal of impairment whenever there is an indication that an impairment recognised in prior periods may no longer exist or may have decreased.

Financial assets

Recognition and derecognition. All purchases and sales of financial assets that require delivery within the time frame established by regulation or market convention ("regular way" purchases and sales) are recorded at trade-date; being the date on which the Company commits to purchase or sell the asset. All other purchases and sales are recognised when the entity becomes a party to the contractual provisions of the instrument.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership. Any gain or loss arising upon their derecognition is recognised directly in the income statement.

Classification. The Company classifies its financial assets at amortised cost. The classification depends on the Company's business model for managing the financial assets and the contractual cash flow characteristics of the assets. Management determines the classification of financial assets at initial recognition.

Financial assets at amortised cost are held for collection of contractual cash flows and their cash flows represent solely payments of principal and interest. They are included in current assets, except for maturities greater than twelve months after the balance sheet date. These are classified as non-current assets. The Company's financial assets at amortised cost comprise of loans and other receivables and cash and cash equivalents on the balance sheet.

Reclassification. Financial instruments are reclassified only when the business model for managing those assets changes. The reclassification has a prospective effect and takes place from the start of the first reporting period following the change.

Measurement. At initial recognition, the Company measures financial assets classified at amortised cost at their fair value plus incremental transaction costs that are directly attributable to the acquisition of the financial assets. Subsequently, these are measured at amortised cost.

Interest income. Interest income on financial assets at amortised cost is recognised using the effective interest rate method. Interest income on loans granted to related parties is recognised within "Revenue" in the income statement. All other interest income recognised on debt financial assets carried at amortised cost is included within "finance income" in the income statement. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets, the effective interest rate is applied to the net carrying amount of the financial asset; that is after deduction of the loss allowance. The Company's definition of credit-impaired assets is explained in Note 6, Credit risk section.

Impairment. The Company assesses on each reporting date, and on a forward-looking basis, the expected credit losses ("ECL") associated with its debt financial assets carried at amortised cost. The measurement of ECL reflects: (i) an unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes, (ii) time value of money, and (iii) all reasonable and supportable information that is available without undue cost and effort at the end of each reporting period about past events, current conditions and forecasts of future conditions.

The carrying amount of the financial assets is reduced through the use of an allowance account, and the amount of the loss is recognised on the face of the income statement. Subsequent recoveries of amounts for which loss allowance was previously recognised are credited against the same line item.

For all its debt financial assets carried at amortised cost, the Company applies the general approach. In particular, the Company applies the three stage model for calculating impairment, which is based on changes in the credit quality of the financial asset since initial recognition. A financial instrument that is not credit-impaired on initial recognition is classified in Stage 1. The ECL of financial assets in Stage 1 is measured at an amount equal to the portion of lifetime ECL that results from default events possible within the next 12 months or until contractual maturity, if shorter. If the Company identifies a significant increase in credit risk since initial recognition ("SICR"), the asset is transferred to Stage 2 and its ECL is measured based on ECL on a lifetime basis, that is, up until its contractual maturity but considering expected prepayments, if any. Refer to Note 6, Credit risk section for a description of how the Company determines when a SICR has occurred. If the Company determines that a financial asset is credit-impaired, the asset is transferred to Stage 3 and its ECL is measured as a Lifetime ECL. The Company's definition of credit impaired assets and definition of default is explained in Note 6, Credit risk section.

Write-off. Financial assets are written-off, in whole or in part, when the Company has concluded that there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Company and a failure to make contractual payments for a period of greater than 180 days past due. The Company may write-off financial assets that are still subject to enforcement activity when the Company seeks to recover amounts that are contractually due, however, there is no reasonable expectation of recovery. Subsequent recoveries of amounts previously written off are recognised directly on the face of the income statement.

Modification. The Company sometimes renegotiates or otherwise modifies the contractual terms of its financial assets, The Company assesses whether the modification of the contractual cash flows is substantial considering, among other, the following factors: any new contractual terms that substantially affect the risk profile of the asset (e.g., profit share or equity-based return), significant change in interest rate, change in the currency denomination, new collateral or credit enhancement that significantly affects the credit risk associated with the asset or a significant extension of a loan when the borrower is not in financial difficulties.

If the modified terms are substantially different, the rights to cash flows from the original asset expire and the Company derecognises the original financial asset and recognises a new asset at its fair value. The date of renegotiation is considered to be the date of initial recognition for subsequent impairment calculation purposes, including determining whether a SICR has occurred. The Company also assesses whether the new loan or debt instrument meets the SPPI criterion.

Any difference between the carrying amount of the original asset derecognised and fair value of the new substantially modified asset is recognised in the income statement, unless the substance of the difference is attributed to a capital transaction with owners.

In a situation where the renegotiation was driven by financial difficulties of the counterparty and inability to make the originally agreed payments, the Company compares the original and revised expected cash flows to assess whether the risks and rewards of the asset are substantially different because of the contractual modification. If the risks and rewards do not change, the modified asset is not substantially different from the original asset and the modification does not result in derecognition. The Company recalculates the gross carrying amount by discounting the modified contractual cash flows by the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets) and recognises a modification gain or loss in the income statement.

Following a renegotiation or otherwise modification of the contractual cash flows of a financial asset, the Company assesses whether the financial asset ceased to meet the definition of credit-impaired and, in such case, should be transferred out of Stage 3. In a situation where the modification involved only the deferral of the contractual payments (rather than waiver) and interest accrues on the unpaid deferred amounts, with the result that there is not a detrimental impact on the estimated future cash flows of the loan, the borrower has demonstrated consistently good payment behaviour over a period of time and there are no significant concerns regarding the repayment of the exposure, the Company considers that the financial asset is not credit-impaired.

At the time the financial asset exits Stage 3, the Company compares the risk of default occurring on the asset to that at origination. If the risk of default is lower than or equal to the risk of default as at the date of initial recognition it is transferred to Stage 1, otherwise it is transferred to Stage 2.

Classification as loans and other receivables. These amounts are held with the objective to collect their contractual cash flows and their contractual cash flows represent solely payments of principal and interest. Accordingly, these are measured at amortised cost using the effective interest method, less provision for impairment. Loans and other receivables are classified as current assets if they are due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current assets.

Classification as cash and cash equivalents. In the cash flow statement, cash and cash equivalents include cash in hand and deposits held at call with banks or with original maturity of three months or less, less bank overdrafts, if any. Cash and cash equivalents are carried at amortised cost using the effective interest method, less provision for impairment. Bank overdrafts are shown within borrowings in the current liabilities on the balance sheet.

Financial liabilities

Classification. The Company's financial liabilities are initially recognised at fair value and classified as subsequently measured at amortised cost.

Derecognition of financial liabilities. A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in income statement as other income or finance costs. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts, including costs or fees incurred for the modification, is recognised in profit or loss within finance costs. When the terms of the existing financial liability are not substantially modified, the existing liability is not derecognised and the gain/loss arising on the modification, including costs or fees incurred for the modification, is recognised in the income statement within finance costs.

Modifications of financial liabilities. An exchange between the Company and its original lenders of debt instruments with substantially different terms, as well as substantial modifications of the terms and conditions of existing financial liabilities, are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. In addition, other qualitative factors, such as the currency that the instrument is denominated in, changes in the type of interest rate, new conversion features attached to the instrument and change in loan covenants are also considered.

If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability.

Modifications of liabilities that do not result in extinguishment are accounted for as a change in estimate using a cumulative catch up method, with any gain or loss recognised in the income statement, unless the economic substance of the difference in carrying values is attributed to a capital transaction with owners and is recognised directly to equity.

Borrowings. Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least twelve months after the balance sheet date.

Borrowings are removed from the balance sheet when the obligation specified in the contract is extinguished (i.e., when the obligation specified in the contract is discharged, cancelled or expires). The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in the income statement within "finance costs-net".

Other payables. Other payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Financial guarantees. Financial guarantee contracts are contracts that require the Company to make specified payments to reimburse the holder of the guarantee for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of debt instrument. Financial guarantees are recognised, when material, as a financial liability at the time the guarantee is issued. Financial guarantees are initially recognised at their fair value, which is normally evidenced by the amount of fees received. This amount is amortised on a straight line basis over the life of the guarantee in "other gains – net" in the income statement.

At the end of each reporting period, the guarantee is measured at the higher of (i) the amount of the loss allowance determined in accordance with the expected credit loss model under IFRS 9 and (ii) the amount initially recognised less, where appropriate, the cumulative amount of income recognised in accordance with the principles of IFRS 15 "Revenue from Contracts with Customers".

The fair values of financial guarantees issued in relation to obligations of subsidiaries, where such guarantees are provided for no compensation, are accounted for as contributions and are recognised as part of the cost of the investment in the respective subsidiary in the financial statements of the Company.

Share capital, share premium and treasury shares

Ordinary shares are classified as equity.

Incremental costs directly related to the issue of new shares are shown as a deduction, net of tax, from the proceeds.

Any excess of the fair value of consideration received over the par value of shares issued is recognised as share premium. Share premium is the difference between the fair value of the consideration receivable for the issue of shares and the nominal value of the shares. Share premium account can only be resorted to for limited purposes, which do not include the distribution of dividends, and is otherwise subject to the provisions of the Cyprus Companies Law on reduction of share capital.

Where the Company purchases its own equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity within a separate reserve "treasury shares" until the shares are cancelled or re-issued. Where such ordinary shares are subsequently re-issued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity within retained earnings. The consideration initially paid for treasury shares which are subsequently re-issued is transferred from "treasury shares" to retained earnings.

Capital contribution

Capital contribution constitutes contributions made by the Company's shareholders other than for the issue of shares by the Company in their capacity as equity owners of the Company for which the Company has no contractual obligation to repay them. Such contributions are recognised directly in equity as they constitute transactions with equity owners in their capacity as equity owners of the Company.

Provisions and contingent liabilities

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligation as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

Provisions are only used to cover those expenses which they had been set up for. Other possible or present obligations that arise from past events but it is not probable that an outflow of resources embodying economic benefit will be required to settle the obligations; or the amount cannot be measured with sufficient reliability are disclosed in the notes to the financial statements as contingent liabilities.

Transactions with equity owners/subsidiaries

The Company enters into transactions with its shareholders and subsidiaries. When consistent with the nature of the transaction, the Company's accounting policy is to recognise (a) any gains or losses with equity holders, directly through equity and consider these transactions as the receipt of additional capital contribution or the payment of dividends; and (b) any losses with subsidiaries as cost of investment in subsidiaries. Similar transactions with non-equity holders, or subsidiaries, are recognised through the income statement in accordance with IFRS 9 "Financial Instruments".

Prepayments

Prepayments are carried at cost less provision for impairment. A prepayment is classified as non-current when the goods or services relating to the prepayment are expected to be obtained after one year, or when the prepayment relates to an asset which will itself be classified as non-current upon initial recognition. Prepayments to acquire assets are transferred to the carrying amount of the asset once the Company has obtained control of the asset and it is probable that future economic benefits associated with the asset will flow to the Company. Other prepayments are written off to the income statement when the goods or services relating to the prepayments are received. If there is an indication that

Notes to the parent company financial statements

the assets, goods or services relating to a prepayment will not be received, the carrying value of the prepayment is written down accordingly and a corresponding impairment loss is recognised in the income statement.

Other income

Other income generally represents amounts received from transactions that are outside the Company's principal activities. This is recognised in the income statement over the period it relates to, based on the terms of the arrangement. Other income that it is not linked to the Company's future performance and/or satisfaction of any future obligations is recognised in the period in which the Company is entitled to receive it.

Cash flow statement

Cash flows arising from dividend income and interest income on loans granted to related parties, which form part of the revenue of the Company, are reported as part of operating activities in the cash flow statement. Interest income received on other balances, which forms part of the Company's finance income, is reported within cash flows from investing activities in the cash flow statement. Interest expense arising from deferred consideration for acquisition of subsidiaries is recognised within financing activities. Transactions with non-controlling interests that do not result in a change of control are classified as investment activities. Furhermore, principal payments of deferred consideration are recognised as acquisition of subsidiaries within cash flows from investing activities.

5. New accounting pronouncements

The new standards, interpretations, and amendments to the existing standards effective for annual accounting periods commencing on 1 January 2023 are as follows:

- IFRS 17 Insurance Contracts – (issued on 18 May 2017 and is effective for annual reporting periods beginning on or after 1 January 2023 with earlier application permitted as long as IFRS 9 is also applied). The IASB completed its project on insurance contracts with the issuance of IFRS 17 Insurance Contracts in May 2017. IFRS 17 replaces IFRS 4 and sets out principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of IFRS 17. IFRS 17 requires insurance liabilities to be measured at a current fulfilment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts.

Amendments to IFRS 17 Insurance Contracts – (issued on 25 June 2020 and is effective for annual reporting periods beginning on or after 1 January 2023). The main changes are:

  - Deferral of the date of initial application of IFRS 17 by two years to annual periods beginning on or after 1 January 2023
  - Additional scope exclusion for credit card contracts and similar contracts that provide insurance coverage as well as optional scope exclusion for loan contracts that transfer significant insurance risk
  - Recognition of insurance acquisition cash flows relating to expected contract renewals, including transition provisions and guidance for insurance acquisition cash flows recognised in a business acquired in a business combination
  - Clarification of the application of IFRS 17 in interim financial statements allowing an accounting policy choice at a reporting entity level
  - Clarification of the application of contractual service margin ("CSM") attributable to investment-return service and investment-related service and changes to the corresponding disclosure requirements
  - Extension of the risk mitigation option to include reinsurance contracts held and non-financial derivatives
  - Amendments to require an entity that at initial recognition recognises losses on onerous insurance contracts issued to also recognise a gain on reinsurance contracts held
  - Simplified presentation of insurance contracts in the statement of financial position so that entities would present insurance contract assets and liabilities in the statement of financial position determined using portfolios of insurance contracts rather than groups of insurance contracts
  - Additional transition relief for business combinations and additional transition relief for the date of application of the risk mitigation option and the use of the fair value transition approach

- Amendments to IAS 1 and IFRS Practice Statement 2 – Disclosure of Accounting Policies – (issued on 12 February 2021 and is effective for annual reporting periods beginning on or after 1 January 2023). The IASB concluded that the concept of materiality could be applied in making decisions about the disclosure of accounting policies. Therefore, the Board decided to amend IAS 1 to replace all instances of the term 'significant accounting policies' with 'material accounting policy information'. In the Board's view, accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The Board concluded that these amendments would help entities reduce immaterial accounting policy disclosures in their financial statements.
- Amendments to IAS 8 – Definition of Accounting Estimates – (issued on 12 February 2021 and is effective for annual reporting periods beginning on or after 1 January 2023). The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not the correction of an error.
- Amendments to IAS 12 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction – (issued on 7 May 2021 and is effective for annual reporting periods beginning on or after 1 January 2023). The IASB amends IAS 12 to provide a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences.

We understand that, based on management's assessment, none of the above new standards, interpretations and amendments to existing standards had any material effect on the Group/Company. Management's assessment will be considered during our audit.

Developments in auditing

ISA 600 (Revised 2022) – Audits of Group Financial Statements (Including the Work of Component Auditors), effective for audits of group financial statements for periods beginning on or after 15 December 2023. ISA 600 (Revised) includes new and revised requirements and application material that better aligns the standard with recently revised standards such

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as ISQM 1, ISA220 (Revised) and ISA 315 (Revised 2019). The new and revised requirements also strengthen the auditor's responsibilities related to professional skepticism, planning and performing a group audit, two-way communications between the group auditor and component auditors, and documentation.

The changes made to ISA 600 (Revised) are intended to:

- Encourage proactive management of quality at the group engagement level and the component level
- Keep the standard fit for purpose in a wide range of circumstances and in a developing environment
- Reinforce the need for robust communication and interactions during the group audit
- Foster an appropriately independent and challenging skeptical mindset of the auditor

The revisions aim to drive better quality and more consistent risk assessments, as well as promote the exercise of professional skepticism.

None of the new standards, amendments to existing standards or interpretations is expected to have a significant effect on the consolidated financial statements.

6. Financial risk management

Financial risk factors

The Company's activities exposed it to a variety of financial risks: market risk (including foreign exchange risk, cash flow and fair value interest rate risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial results.

Market risk

(a) Foreign exchange risk

Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency different from the functional currency of the Company.

As of the end of December 2023 the Russian Rouble has decreased against the US Dollar from 70.3375 as of 31 December 2022 to 89.6883 Russian Roubles (27.5% decrease) and has decreased against the Euro from 75.6553 as of 31 December 2022 to 99.1919 Russian Roubles (31.1% decrease).

The fluctuations in the exchange rate between (i) US Dollar and Russian Rouble and (ii) between Euro and Russian Rouble expose the Company to foreign exchange risk.

The carrying amounts of monetary assets denominated in US dollars as at 31 December 2023 and 31 December 2022 are as follows:

	2023 RUB'000	2022 RUB'000
Assets	17,154	902,670
Liabilities	-	8,962

The carrying amounts of monetary assets and liabilities denominated in Euro as at 31 December 2023 and 31 December 2022 are as follows:

	2023 RUB'000	2022 RUB'000
Assets	843,889	5,527,389
Liabilities	80,503	49,967

Had US Dollar exchange rate strengthened/weakened by 30% (2022: 20% change) against the Russian Rouble and all other variables remained unchanged, the post-tax profit of the Company for the year ended 31 December 2023 would have increased/decreased by RUB 4,503 thousand (2022: RUB 156,399 thousand). This is mainly due to foreign exchange gains and losses arising upon retranslation of US Dollar denominated loans receivable and cash and cash equivalents as of 31 December 2023 and as of 31 December 2022.

Had Euro exchange rate strengthened/weakened by 30% (2022: 30% change) against the Russian Rouble and all other variables remained unchanged, the post-tax profit of the Company for the year ended 31 December 2023 would have increased/decreased by RUB 200,389 thousand (2022: by RUB 1,437,823 thousand). This is mainly due to foreign exchange gains and losses arising upon retranslation of Euro denominated other receivables, cash and cash equivalents and payables as of 31 December 2023 and as of 31 December 2022.

The Company's current policy is not to hedge foreign exchange risk, with the exception of application of hedge accounting to hedge foreign currency risk associated with highly probable dividend payments and associated dividend payable until their settlement, as set out in the accounting policy for hedging activities in Note 4 to these financial statements.

The impact of application of hedge accounting has been to disclose in the cash flow statement "Dividends paid to the Company's shareholders" net-off RUB NIL (2022: RUB NIL) foreign exchange losses and the "Exchange gains on cash and cash equivalents" does not include the equivalent impact from the relevant cash deposits used for hedging. Furthermore, in the income statement the amounts included in "Finance income and costs" within "Net foreign exchange transaction (losses)/gains on cash and cash equivalents, loans and other receivables and dividends receivable" are disclosed after application of hedge accounting (i.e., excluding the foreign currency losses/gains arising for the hedging of RUB NIL thousand (2022: RUB NIL)).

(b) Cash flow and fair value interest rate risk

The Company holds interest bearing financial instruments at fixed interest rates.

Financial assets and liabilities issued at fixed rates expose the Company to fair value interest rate risk. However, as all of the Company's fixed interest rate financial instruments are carried at amortised cost, any reasonably possible change in the interest rates as of 31 December 2023 and 31 December 2022 would not have any impact on the Company's post tax profit or equity.

Financial assets and liabilities issued at floating rate expose the Company to cash flow interest rate risk. As of 31 December 2023 and 31 December 2022, the Company did not have any material floating interest rate financial instruments, therefore was not exposed to significant cash flow interest rate risk.

The Company's current policy is not to hedge interest rate risk.

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Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to meet an obligation. Credit risk arises from cash and cash equivalents, loans and other receivables and financial guarantees issued by the Company for borrowings of subsidiaries.

(i) Risk management

For banks and financial institutions, the Company has established policies whereby the majority of bank balances are held with independently rated parties with a minimum rating of 'B1'. These policies enable the Company to reduce its credit risk significantly.

(ii) Impairment of financial assets

The Company has three types of financial instruments that are subject to the expected credit loss model:
- loans and other receivables;
- cash and cash equivalents; and
- financial guarantees.

The Company applies the general approach, prescribed in IFRS 9, for assessing expected credit losses on all its debt financial assets and financial guarantees issued. In particular, the Company applies the three stage model for calculating impairment, which is based on changes in the credit quality of the financial instrument since initial recognition. A financial instrument that is not credit-impaired on initial recognition is classified in Stage 1. The ECL of financial assets in Stage 1 is measured at an amount equal to the portion of lifetime ECL that results from default events possible within the next 12 months or until contractual maturity, if shorter. If the Company identifies a significant increase in credit risk since initial recognition, the asset is transferred to Stage 2 and its ECL is measured based on ECL on a lifetime basis that is, up until its contractual maturity but considering expected prepayments, if any. If the Company determines that a financial asset is credit-impaired, the asset is transferred to Stage 3 and its ECL is measured as a Lifetime ECL.

Significant increase in credit risk. The Company considers the probability of default upon initial recognition of an asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information.

Especially the following indicators are incorporated:
- internal credit rating
- external credit rating (as far as available)
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's/counterparty's ability to meet its obligations
- actual or expected significant changes in the operating results of the borrower/counterparty
- significant increases in credit risk on other financial instruments of the same borrower/counterparty
- significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements
- significant changes in the expected performance and behaviour of the borrower/counterparty, including changes in the payment status of counterparty in the group and changes in the operating results of the borrower

Macroeconomic information (such as market interest rates or growth rates) is incorporated as part of the internal rating model. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the counterparties to settle the receivables. Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days past due in making a contractual payment.

Default and credit-impaired. A default on a financial asset is when the financial asset meets one or more of the following criteria: (i) the borrower is more than 90 days past due on its contractual payments, (ii) the borrower is assessed as unlikely to pay its credit obligations in full without realisation of collateral, regardless of the existence of any past-due amount or of the number of days past due, (iii) the Company, for economic or contractual reasons relating to the borrower's financial difficulty, granted to the borrower a concession(s) that it would not otherwise consider. The Company considers defaulted assets to be credit-impaired so that Stage 3 represents all debt financial assets which are considered defaulted.

Write-off. Assets are written-off, in whole or in part, when the Company has concluded that there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Company and a failure to make contractual payments for a period of greater than 180 days past due. The Company may write-off financial assets that are still subject to enforcement activity when the Company seeks to recover amounts that are contractually due, however, there is no reasonable expectation of recovery. Subsequent recoveries of amounts previously written off are recognised directly on the face of the income statement.

The Company calculates expected credit losses based on a probability-weighted estimate of the present value of future cash shortfalls (i.e., the weighted average of credit losses, with the respective risks of default occurring in a given time period used as weights). An ECL measurement is unbiased and is determined by evaluating a range of possible outcomes.

The Company calculates ECL using the following three components: exposure at default ("EAD"), probability of default ("PD") and loss given default ("LGD"). EAD is an estimate of exposure at a future default date, taking into account expected changes in the exposure after the reporting period, including repayments of principal and interest, and expected drawdowns on committed facilities. PD is an estimate of the likelihood of default to occur over a given time period and LGD is an estimate of the loss arising on default.

The Company's exposure to credit risk for each class of financial instruments subject to the expected credit loss model is set out below:

Loans receivable and other receivables

The Company assesses, on an individual basis, its exposure to credit risk arising from loans and other receivables. This assessment takes into account, amongst others, the period the loan receivable or other receivable balance is past due (in days), expectations around changes in business, financial or economic conditions as well as expectations around the performance of the counterparty.

The following table contains an analysis of the credit risk exposure for loans receivable and other receivables by reference to the Company's internal credit risk rating grades.

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The gross carrying amounts below represent the Company's maximum exposure to credit risk on these assets as at 31 December 2022:

Internal credit risk rating grade	Company definition of category	Gross carrying amount	
		Loans receivable	Other receivables
		RUB'000	RUB'000
Performing	Stage 1 – Counterparties have a low risk of default and a strong capacity to meet contractual cash flows	-	2,243,297
Underperforming	Stage 2 – Counterparties for which there is a significant increase in credit risk; as significant increase in credit risk is presumed if interest and/or principal repayments are 30 days past due	-	-
Non-performing or Credit-impaired	Stage 3 – Interest and/or principal repayments are 90 days past due	-	-

The gross carrying amounts below represent the Company's maximum exposure to credit risk on these assets as at 31 December 2023:

Internal credit risk rating grade	Company definition of category	Gross carrying amount	
		Loans receivable	Other receivables
		RUB'000	RUB'000
Performing	Stage 1 – Counterparties have a low risk of default and a strong capacity to meet contractual cash flows	11,555,856	50,983
Underperforming	Stage 2 – Counterparties for which there is a significant increase in credit risk; as significant increase in credit risk is presumed if interest and/or principal repayments are 30 days past due	-	-
Non-performing or Credit-impaired	Stage 3 – Interest and/or principal repayments are 90 days past due	-	10,490

The gross carrying amounts, as per above, represent the Company's maximum exposure to credit risk on these assets as at 31 December 2023 and 31 December 2022, without taking account of any collateral held. The Company does not hold any collateral as security for any loans receivable or other receivable balances.

The movement in the credit loss allowance for loans receivable during the years 2023 and 2022 is presented in the table below:

	Loans Receivable	
	Non-performing	
	2023	2022
	RUB'000	RUB'000
Opening balance	(1,862,872)	(1,476,783)
Reversals	-	-
Impairment	1,862,872	(386,089)
Foreign exchange difference	-	-
Closing balance	-	(1,862,872)

During the year 2022, the only movement in the gross carrying amount of the credit impaired loans receivable were reversals and foreign exchange differences. The impact of these on the credit loss allowance is reflected in the table above.

The estimated credit loss allowance on the performing and underperforming loans receivable and other receivable balances as at 31 December 2023 and 31 December 2022 was not material.

During the years 2023 and 2022, the contractual cash flows of the Company's credit-impaired loans receivable as at 1 January 2023 and 1 January 2022, respectively, were modified so as to extend the maturity of the loans. No other changes to the terms of the loans were made. As the modifications were driven by financial difficulties of the counterparty and inability to make the originally agreed payments and the risks and rewards of the loans did not change, the modifications did not result in derecognition of the said loans. In addition, these modifications did not significantly impact the ECL on these loans.

Notes to the parent company financial statements

Cash and cash equivalents

The Company assesses, on an individual basis, its exposure to credit risk arising from cash at bank based on ratings from external credit rating institutions and internal reviews, if external are not available.

The following table contains an analysis of the gross carrying amount of the Company's cash at bank by reference to the credit risk ratings assigned by external credit rating agencies. The gross carrying amounts below represent the Company's maximum exposure to credit risk on these assets as at 31 December 2023 and 31 December 2022:

		Gross carrying amount	
	Rating	2023	2022
		RUB'000	RUB'000
ACRA[1]	AAA(RU)	-	498,924
ACRA[1]	AA+(RU)	36	29
RAEX[1]	RuA	9,891	-
Moody's[2]	A1	859,279	-
Moody's[2]	A2	-	4,187,545
Moody's[2]	B1	-	1,337
Moody's[2]	Baa2	77,309	-
Moody's[2]	Baa3	1,756	-
Total		**948,271**	**4,687,835**

The Company does not hold any collateral as security for any of the above balances.

The estimated expected credit loss allowance on cash and cash equivalents as at 31 December 2023 and 31 December 2022, based on the general approach of IFRS 9, was immaterial. All cash and cash equivalents were performing (Stage 1) as at 31 December 2023 and 31 December 2022.

Financial Guarantees

The primary purpose of these instruments is to ensure that funds are available to a borrower, as required. Guarantees, which represent irrevocable assurances that the Company will make payments in the event that a counterparty cannot meet its obligations to third parties, carry the same credit risk as loans receivable.

The Company has issued financial guarantees on the borrowings of its subsidiaries and quoted bonds issued by its subsidiaries (Note 26). As a result, the Company is exposed to credit risk arising from potential risk of default of the Company's subsidiaries on their external debt. As of 31 December 2023 and 31 December 2022, none of the Company's subsidiaries had defaulted on or breached any covenants on their borrowings/bonds.

[1] Russian rating agencies ACRA and RAEX.

[2] International rating agency Moody's Investors Service.

The following table contains an analysis of the exposure to credit risk on financial guarantees by reference to the Company's internal credit risk rating grades. The amounts below represent the Company's maximum exposure to credit risk on these financial instruments as at 31 December 2023 and 31 December 2022.

	Stage 1	
	2023	2022
	RUB'000	RUB'000
Performing	3,201,395	10,818,511
Underperforming	-	-
Non-performing	-	-
Total unrecognised gross amount	**3,201,395**	**10,818,511**

The amounts, as per above, represent the Company's maximum exposure to credit risk on these financial instruments as at 31 December 2023 and 31 December 2022, without taking account of any collateral held. The Company does not hold any collateral as security for any guarantees issued to its subsidiaries.

The estimated provision as at 31 December 2023 and 31 December 2022 for free of charge financial guarantees issued by the Company for obligations of its subsidiaries in accordance with loan agreements with financial institutions where such obligations are also secured by a pledge of property, plant and equipment and the distressed sale value of such pledge exceeds the amount of the obligation of the respective subsidiary was estimated at RUB Nil, since, in case of default, the Company will be able to recover its losses under the issued guarantees from the respective subsidiaries in full.

The estimated provision as at 31 December 2023 and 31 December 2022 for free of charge financial guarantees issued by the Company for unsecured or underpledged obligations of its subsidiaries in accordance with loan agreements with financial institutions and quoted bonds issued by subsidiaries was estimated using a probability adjusted discounted cash flow analysis, using probability of default, as implied by the market rate of the borrowings obtained by the subsidiaries, and loss given default, as estimated by considering the distressed value of the net assets of the subsidiaries which are not pledged at the time of the assessment. This was assessed as RUB Nil, since, in case of default, the Company will be able to recover its losses under the issued guarantees from the respective subsidiaries in full.

Liquidity risk

As at 31 December 2023, the Company has an excess of current assets over current liabilities of RUB 12,491,384 thousand (2022: excess of current assets over current liabilities of RUB 4,843,276 thousand). Management believes that the Company will be able to meet its obligations as they fall due.

Management controls current liquidity based on expected cash flows, expected dividend and interest income receipts, expected dividend payments and advancements under borrowings from subsidiaries. In the long-term perspective, the liquidity risk is determined by forecasting future cash flows at the moment of signing new loans and by budgeting procedures.

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The table below summarizes the analysis of financial liabilities of the Company by maturity as of 31 December 2023 and 31 December 2022. The amounts in the table are contractual undiscounted cash flows. Non-interest bearing trade and other payables balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Less than one month	Between one month and three months	Between three and six months	Between 6 months to 1 year	Between 1 and 2 years	Between 2 and 5 years	Total
	RUB'000	RUB'000	RUB'000	RUB'000	RUB'000	RUB'000	RUB'000
31 December 2023							
Payables and accrued expenses[1]	-	12,005	-	-	-	-	12,005
Borrowings	-	-	-	-	-	-	-
Other lease liabilities	296	592	888	1,777	-	-	3,553
Financial guarantee contracts[2]	-	1,582,029	1,266,320	-	353,047	-	3,201,395
	296	1,594,626	1,267,208	1,777	353,047	-	3,216,953
31 December 2022							
Payables and accrued expenses[1]	-	16,517	-	-	-	-	16,517
Borrowings	382,148	-	1,324,737	733,958	2,067,258	11,485,758	15,993,859
Other lease liabilities	236	471	707	1,413	2,488	-	5,314
Financial guarantee contracts[2]	5,662,940	5,155,571	-	-	-	-	10,818,511
	6,045,324	5,172,559	1,325,444	735,371	2,069,746	11,485,758	26,834,201

Capital risk management

The Company's main objective when managing capital is to maintain the ability to continue as a going concern in order to ensure the required profitability of the Company, maintain optimum equity structure and reduce its cost of capital.

For defining capital, the Company uses the amount of net assets attributable to the Company's shareholders and the Company's borrowings. The Company manages the capital based on borrowings to total capitalization ratio. Borrowings include loan liabilities.

To maintain or change capital structure the Company may vary the amount of dividend paid in order to reduce debts. Management believes that the current equity is sufficient to fund current projects and further development of the Company.

Total capitalisation is calculated as the sum of the total borrowings and net assets at the date of calculation. The management does not currently have any specific target on the rate of borrowings to total capitalization.

[1] Payables and accrued expenses exclude statutory liabilities as the analysis is provided for financial liabilities only.
[2] The maximum possible amount of obligation under financial guarantee contracts is disclosed at the earliest time it may be called.

The rate of borrowings to total capitalisation as at 31 December 2023 and 31 December 2022 are as follows:

	2023	2022
	RUB'000	RUB'000
Total borrowings	-	12,588,696
Total capitalisation	64,710,823	48,272,615
Total borrowings to total capitalisation ratio (percentage)	0.00%	26.08%

External requirements are imposed on the capital of the Company as defined by management in relation to long-term loans provided by financial institutions to the Company. The Company analyses compliance with external requirements to the capital at each reporting date and when entering into new loan agreements. There were no instances of non-compliance with externally imposed capital requirements during 2023 and 2022. Management believes that the Company will be able to comply with its external requirements to the capital during the whole term of agreements.

Fair value estimation

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The best evidence of fair value is price in an active market. An active market is one in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

The estimated fair values of financial instruments have been determined by the Company, using available market information, where it exists, appropriate valuation methodologies and assistance of experts, where relevant. However, judgement is necessarily required to interpret market data to determine the estimated fair value. The Russian Federation continues to display some characteristics of an emerging market and economic conditions continue to limit the volume of activity in the financial markets. Market quotations may be outdated or reflect distress sale transactions and therefore do not always represent the fair values of financial instruments. The Company has used all available market information in estimating the fair value of financial instruments.

Fair value measurements are analysed by level in the fair value hierarchy as follows: (i) level one measurements are measurements at quoted prices (unadjusted) in active markets for identical assets or liabilities, (ii) level two measurements are valuations techniques with all material inputs observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices), and (iii) level three measurements are valuations not based on observable market data (that is, unobservable inputs). Management applies judgement in categorising financial instruments using the fair value hierarchy.

If a fair value measurement uses observable inputs that require significant adjustment, that measurement is a Level 3 measurement. The significance of a valuation input is assessed against the fair value measurement in its entirety.

The fair values in level 2 and level 3 of fair value hierarchy were estimated using discounted cash flows valuation techniques. The fair value of unquoted fixed interest rate instruments was estimated based on estimated future cash flows expected to be received/paid discounted at current interest rates for new instruments with similar credit risk and remaining maturity.

Notes to the parent company financial statements

Financial assets carried at amortised cost. The estimated fair value of fixed interest rate instruments is based on estimated future cash flows expected to be received discounted at current interest rates for new instruments with similar credit risk and remaining maturity. Discount rates used depend on the credit risk of the counterparty. Refer to Note 19.

The fair value as at 31 December 2023 and 31 December 2022 of fixed interest rate instruments with stated maturity with subsidiary entities was estimated based on expected cash flows discounted using the rate of similar instruments, denominated in the same currency, entered into by the subsidiaries of the Company on their bank borrowings close to the year-end. In the absence of similar instruments entered into by a subsidiary of the Company with non-related parties close to the year-end the estimated fair value was estimated based on expected cash flows discounted at an estimated rate that reflects management's best estimate of the current interest rate of new instruments, denominated in a similar currency and with similar credit risk and remaining maturity.

The discount rate used for US Dollar denominated loans to related parties as at 31 December 2023 was Nil (31 December 2022: Nil) and for Russian Rouble denominated loans to related parties as at 31 December 2023 was Nil (31 December 2022: Nil). The fair value measurements of loans to related parties as at 31 December 2023 and 31 December 2022 are within level 3 of the fair value hierarchy. Refer to Note 19.

The fair value of financial assets receivable on demand approximates their carrying amount. The fair value of current other receivables from related parties as at 31 December 2023 and 31 December 2022 approximates their carrying amount.

Liabilities carried at amortised cost. Fair values of borrowings and other liabilities were determined using valuation techniques.

As at 31 December 2023, the fair value of fixed interest rate instruments with stated maturity denominated in Russian Rouble was estimated based on expected cash flows discounted using the rate of similar Russian Rouble denominated instruments entered into by the Company or the subsidiaries of the Company on their bank borrowings close to 31 December 2023.

The discount rate used for Russian Rouble denominated bank borrowings as at 31 December 2023 was 11.0% (Note 23). There were no US Dollar denominated borrowings as at 31 December 2023 and 31 December 2022. The fair value measurements of bank borrowings as at 31 December 2023 were within level 2 of the fair value hierarchy.

The fair value of liabilities repayable on demand or after a notice period ("demandable liabilities") is estimated as the amount payable on demand, discounted from the first date on which the amount could be required to be paid.

7. Critical accounting estimate and judgements

Estimates and judgements are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

- Income taxes

Significant judgment is required in determining the provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain. The Company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made. Refer to Note 27.

8. Revenue

	2023 RUB'000	2022 RUB'000
Interest on loans to related parties calculated using the effective interest rate method (Note 26)	-	2,136
Dividend income (Note 26)	13,597,095	7,064,907
Total	13,597,095	7,067,043

9. Other losses/(gains) – net

	2023 RUB'000	2022 RUB'000
Net foreign exchange transaction (losses)/gains on non-financing activities (Note 14)	(6,817)	(8,661)
Gain from sale of subsidiaries (Note 28)	1,574,173	-
Other losses/(gains) – net	1,567,356	(8,661)

Notes to the parent company financial statements

10. Expenses by nature

	2023 RUB'000	2022 RUB'000
Statutory auditor's remuneration for statutory audit services	11,686	7,722
Statutory auditor's remuneration for other assurance services	4,308	5,398
Advertising and marketing expenses	1,063	1,512
Expenses relating to short-term leases	899	331
Depreciation of property, plant and equipment (Note 16)	3,450	2,639
Depreciation of right-of-use assets (Note 17)	2,895	2,895
Employee benefit expense (Note 11)	744,373	558,370
Legal, consulting and other professional services[1]	67,837	32,014
Bank charges	2,364	14,565
Non-executive directors' fees (Note 26)	20,537	20,793
Travel expenses	7,277	4,906
Stock exchange and financial regulator fees	4,438	7,151
Taxes other than on income	254	9,710
Other expenses	21,563	10,874
Total marketing costs and administrative expenses	**892,944**	**678,881**

11. Employee benefit expense

	2023 RUB'000	2022 RUB'000
Salaries	323,885	204,413
Bonuses	397,602	316,782
Share based compensation	-	21,954
Social security costs	22,886	15,221
Total employee benefit expense	744,373	558,370
Average number of staff employed during the year	11	9

12. Finance income and costs

	2023 RUB'000	2023 RUB'000
Included in finance costs:		
Interest expense on bank borrowings (Note 23)	(102,877)	(291,615)
Interest expenses on loans – Related parties (Note 26)	(190,809)	(713,852)
Total interest expense calculated using the effective interest rate method	(293,686)	(1,005,467)
Interest expense on other lease liabilities (Note 23)	(199)	(253)
Impairment of loans receivable	(11,531)	(386,089)
Total finance costs	(305,416)	(1,391,809)
Included in finance income:		
Interest income on bank balances	230,352	100,851
Total interest income calculated using the effective interest rate method	230,352	100,851
Total finance income	230,352	100,851
Net foreign exchange transaction (losses)/gains on cash and cash equivalents, loans and other receivables and dividends receivable	2,953,515	752,089
Net foreign exchange transactions (losses)/gains from financing activities (Note 14)	2,953,515	752,089
Finance costs – net	2,878,451	(538,869)

13. Income tax expense

	2023 RUB'000	2022 RUB'000
Current tax:		
Corporation tax	8,343	180
Withholding tax on dividends receivable	702,849	122,886
Withholding tax on bank interest	558	11,807
Total tax expense	**711,750**	**134,873**

[1] Includes RUB NIL for the year 2023 (RUB NIL for the year 2022) in fees paid to the Company's statutory audit firm for tax consultancy services.

Notes to the parent company financial statements

The tax on the Company's results before tax differs from the theoretical amount that would arise using the applicable tax rates as follows:

	2023 RUB'000	2022 RUB'000
Profit before tax	17,149,958	5,840,632
Tax calculated at the applicable tax rate	2,143,745	730,079
Tax effect of expenses not deductible for tax purposes	(256,719)	(8,068)
Tax effect of allowances and income not subject to tax	(1,878,683)	(710,024)
Foreign withholding tax on dividends receivable	703,407	122,886
Tax charge	711,750	134,873

The Company is subject to income tax on taxable profits at the rate of 12.5%.

Brought forward losses of only five years may be utilised.

Under certain conditions, interest may be exempt from income tax and be subject only to special contribution for defence at the rate of 30%. In certain cases dividends received from abroad may be subject to special contribution for defence at the rate of 17%. Further, in certain cases dividends received from other Cyprus tax resident companies may also be subject to special contribution for defence.

Gains on disposal of qualifying titles (including shares, bonds, debentures, rights thereon etc.) are exempt from Cyprus income tax.

Withholding tax is applied to dividends distributed to the Company by its Russian subsidiaries at the rate of 5% on gross dividends declared; such tax is withheld at source by the respective subsidiary and is paid to the Russian tax authorities at the same time when the payment of dividend is effected.

14. Net foreign exchange gains/(losses)

	2023 RUB'000	2022 RUB'000
Finance income and costs (Note 12)	2,953,515	752,089
Other gains - net (Note 9)	(6,817)	(8,661)
Total foreign exchange gains/(losses)	2,946,698	743,428

15. Dividends

During the years ended 31 December 2023 and 31 December 2022, the Company didn't declare and paid dividends.

16. Property, plant and equipment

	Motor vehicles RUB'000	Total RUB'000
At 1 January 2022		
Cost	13,193	13,193
Accumulated depreciation	(5,154)	(5,154)
Net book amount	8,039	8,039
Year ended 31 December 2022		
Depreciation charge (Note 10)	(2,639)	(2,639)
Closing net book amount	5,400	5,400
At 31 December 2022/1 January 2023		
Cost	13,193	13,193
Accumulated depreciation	(7,793)	(7,793)
Net book amount	5,400	5,400
Year ended 31 December 2023		
Additions	4,423	4,423
Depreciation charge (Note 10)	(3,450)	(3,450)
Closing net book amount	6,373	6,373
At 31 December 2023		
Cost	17,616	17,616
Accumulated depreciation	(11,243)	(11,243)
Net book amount	6,373	6,373

17. Right-of-use assets

	Offices RUB'000	Total RUB'000
At 1 January 2022		
Cost	15,977	15,977
Accumulated depreciation	(7,292)	(7,292)
Net book amount	8,685	8,685
Year ended 31 December 2022		
Additions	8,685	8,685
Depreciation charge (Note 10)	(2,895)	(2,895)
Closing net book amount	5,790	5,790
At 31 December 2022/1 January 2023		
Cost	15,977	15,977
Accumulated depreciation	(10,187)	(10,187)
Net book amount	5,790	5,790
Year ended 31 December 2023		
Depreciation charge (Note 10)	(2,895)	(2,895)
Closing net book amount	(2,895)	(2,895)
At 31 December 2023		
Cost	15,977	15,977
Accumulated depreciation	(13,082)	(13,082)
Net book amount	(2,895)	(2,895)

18. Investments in subsidiary undertakings

	2023 RUB'000	2022 RUB'000
At beginning of year	53,951,099	44,851,099
Disposals	(1,767,247)	-
Incorporation of subsidiaries	26,319	-
Acquisition of subsidiaries	-	9,100,000
At end of year	52,210,171	53,951,099

Details of the direct and indirect investments in the subsidiary undertakings are as follows:

Name	Country of incorporation	Principal activities	Proportion of ordinary shares held by the Company (%) 2023	2022	Proportion of ordinary shares held by the Group (%) 2023	2022	Proportion of ordinary shares held by non-controlling interest (%) 2023	2022
New Forwarding Company, AO	Russia	Railway transportation	100	100	100	100	-	-
GTI Management, OOO	Russia	Railway transportation	100	100	100	100	-	-
Ural Wagonrepair Company, AO	Russia	Repair and maintenance of rolling stock	100	100	100	100	-	-
Ukrainian New Forwarding Company OOO	Ukraine	Railway transportation	100	100	100	100	-	-
BaltTransServis, OOO	Russia	Railway transportation	100	100	100	100	-	-
RemTransServis, OOO[1]	Russia	Repair and maintenance of rolling stock	-	-	100	100	-	-
BTS-Locomotive Solutions OOO[2]	Russia	Support activities for locomotive traction	-	-	100	100	-	-
Spacecom AS	Estonia	Operating lease of rolling stock	-	65.25	-	65.25	-	34.75
Spacecom Trans AS[3]	Estonia	Operating lease of rolling stock	-	-	-	65.25	-	34.75
GLTR Cyprus Limited	Cyprus	Operation in Cyprus	100	-	100	-	-	-

[1] RemTransServis, OOO is a 100% subsidiary of BaltTransServis, OOO.
[2] BTS-Locomotive Solutions, OOO is a 100% subsidiary of BaltTransServis, OOO.
[3] Spacecom Trans AS was 100% subsidiary of Spacecom AS as of 31.12.2022 and disposed during 2023.

Notes to the parent company financial statements

Acquisition of non-controlling interest in BaltTransServis, OOO

In February 2022 the Company acquired 40% non-controlling interest in BaltTransServis, OOO following receipt by the Company of the approval from the Federal Antimonopoly Service of the Russian Federation and satisfaction of the remaining pre-conditions, including payment of the remaining RUB 8,800,000 thousand of the purchase consideration.

In January 2023 the Group disposed of its shareholding 65.25% in Spacecom AS for EUR 65,300,000.

In September 2023, the Company incorporated a new Cyprus company and holds 100% shares.

The following amounts are included in the statement of cash flows in relation to acquisitions and disposals of subsidiaries:

	2023 RUB'000	2022 RUB'000
Proceeds from sale of SC	4,948,427	-
Acquisition of non-controlling interest in BaltTransServis, OOO	-	(8,800,000)
Total net cash inflow	4,948,427	(8,800,000)

Assessment of impairment of the investments in the subsidiary undertakings

The Company assesses at each balance sheet date whether there are indicators for impairment of its subsidiary undertakings in accordance with its accounting policy for impairment of non-financial assets, as set out in Note 4.

Based on assessment performed by management as of 31 December 2023, no indicators of impairment of the Company's investments in subsidiary undertakings were identified.

19. Loans and other receivables

	2023 RUB'000	2022 RUB'000
Loans to related parties	11,555,856	-
Less: Provision for impairment of loans to related parties	-	-
Loans to related parties – net (Note 26)	11,555,856	-
Other receivables – third parties	-	2,122
Other receivables – related party (Note 26)	61,473	2,328,155
Total loans and other receivables – net	11,617,329	2,330,277
Less non-current portion:		
Loans to related parties (Note 26)	-	-
Total non-current portion	-	-
Current portion	11,617,329	2,330,277

The weighted average contractual interest rate on loans receivable from related parties was 0.0% at 31 December 2023. The weighted average effective interest rate on loans receivables from related parties was 0.0% at the 31 December 2023.

The other receivables from related parties at 31 December 2023 and at 31 December 2022 carry no contractual interest.

The carrying value of loans and other receivables at the reporting date approximates their fair value. As at 31 December 2023, the fair values of US Dollar denominated loans to related parties are based on cash flows discounted using a rate of Nil (31 December 2022: Nil). The discount rate used for Russian Rouble denominated loans to related parties as at 31 December 2023 was Nil (31 December 2022: Nil). The fair value measurements of loans to related parties and other receivables from related parties as at 31 December 2023 and 31 December 2022 are within level 3 of the fair value hierarchy.

The carrying amounts of the Company's loans and other receivables are denominated in the following currencies:

	2023 RUB'000	2022 RUB'000
US Dollars	-	-
Russian Roubles	61,473	89,102
Euro	11,555,856	2,241,175
Total loans and other receivables	11,617,329	2,330,277

Notes to the parent company financial statements

20. Other assets

	2023 RUB'000	2022 RUB'000
Prepayments – third parties	9,838	1,607
Total other assets	9,838	1,607
Less non-current portion:		
Prepayments – third parties (Note 18)	-	915
Total non-current portion	-	915
Current portion	9,838	692

21. Cash and cash equivalents

	2023 RUB'000	2022 RUB'000
Cash at bank	948,271	4,687,835
Total cash and cash equivalents	948,271	4,687,835

Cash and cash equivalents include the following for the purposes of the cash flow statement:

	2023 RUB'000	2022 RUB'000
Cash and cash equivalents	948,271	4,687,835
	948,271	4,687,835

Cash and cash equivalents are denominated in the following currencies:

	2023 RUB'000	2022 RUB'000
US Dollars	17,154	902,670
Russian Roubles	87,228	498,951
Euro	843,889	3,286,214
Total cash and cash equivalents	948,271	4,687,835

The carrying value of cash and cash equivalents approximates their fair value.

22. Share capital, share premium and treasury shares

	Number of shares	Share capital USD'000	Share premium USD'000	Total USD'000
At 1 January 2022/31 December 2022/1 January 2023	178,740,916	17,875	949,471	967,346
31 December 2023	178,318,259	17,832	949,471	967,303

	Number of shares	Share capital RUB'000	Share premium RUB'000	Total RUB'000
At 1 January 2022/ 31 December 2022/ 1 January 2023	178,740,916	516,957	27,929,478	28,446,435
Cancellation of treasury shares	(422,657)	(1,222)	-	-
At 31 December 2023	178,318,259	515,735	27,929,478	28,445,213

The total authorised number of ordinary shares at 31 December 2023 was 233,495,471 shares with a par value of US$0.10 per share (31 December 2022: 233,918,128 shares with a par value of US$0.10 per share). All issued shares are fully paid.

As of 31 December 2023, the Company didn't have treasury shares (31 December 2022 – 422,657 GDRs which were held in treasury for a total consideration of 1.254 thousand US Dollars (equivalent to RUB 145,993 thousand).

23. Borrowings

	2023 RUB'000	2022 RUB'000
Current		
Bank borrowings	-	1,343,467
Loans from related parties	-	713,852
Total current borrowings	**-**	**2,057,319**
Non-current		
Bank borrowings	-	1,824,777
Loans from related parties	-	8,706,600
Total non-current borrowings	**-**	**10,531,377**
Total borrowings	**-**	**12,588,696**

	2023 RUB'000	2022 RUB'000
Maturity of non-current borrowings		
Between 1 and 2 years	-	1,182,851
Between 2 and 5 years	-	9,348,526
	-	**10,531,377**

The exposure of the Company's borrowings to interest rate changes and the contractual re-pricing dates at the balance sheet dates are as follows:

	2023 RUB'000	2022 RUB'000
6 months or less	-	696,486
6 to 12 months	-	646,981
1 to 5 years	-	11,245,229
	-	**12,588,696**

ϕNote: The amounts disclosed are based on the earliest of the contractual re-pricing dates and the maturity date.

The Company's borrowings as of 31 December 2022 are secured by pledge of rolling stock held by the Company's subsidiary GTI Management, OOO with a pledged market value RUB 6,439,751 thousand.

The weighted average effective interest rates at the balance sheet are as follows:

	2023 %	2022 %
Bank borrowings	-	7.34
Loans from related parties	-	9.00

The carrying amount and fair value of current and non-current borrowings are as follows:

	Carrying amount		Fair value	
	2023 RUB'000	2022 RUB'000	2023 RUB'000	2022 RUB'000
Bank borrowings	-	3,168,244	-	3,048,328
Loans from related parties	-	9,420,452	-	8,695,882
	-	**12,588,696**	**-**	**11,744,210**

The fair value of borrowings and other liabilities were determined using valuation techniques.

As at 31 December 2022, the fair value of fixed interest rate instruments with stated maturity denominated in Russian Rouble was estimated based on expected cash flows discounted using the rate of similar Russian Rouble denominated instruments entered into by the Company or its subsidiaries on their bank borrowings close to 31 December 2022. The discount rate used was a level 2 discount rate of 11.10% as at 31 December 2022.

The carrying amounts of the borrowings are denominated in the following currencies:

	2023 RUB'000	2022 RUB'000
Russian Roubles	-	12,588,696
Total borrowings	-	12,588,696

The Company has the following undrawn borrowing facilities:

	2023 RUB'000	2022 RUB'000
Fixed rate:		
Expiring beyond one year	-	16,293,400
	-	16,293,400

Drawdowns under certain of the above credit facilities are subject to successful conclusion of additional agreements with the lenders, which, amongst others, will specify the terms of each disbursement.

Notes to the parent company financial statements

Reconciliation of liabilities arising from financing activities:

	Bank borrowing RUB'000	Other lease liabilities RUB'000	Total liabilities from financing activities RUB'000
Opening balance 1 January 2023	12,588,696	5,314	12,594,010
Cash flows:			
Amounts advanced	-	-	-
Repayment of principal	(11,841,521)	(3,193)	(11,844,714)
Interest paid	(1,040,861)	(199)	(1,041,060)
Non-cash changes:			
Interest expense	293,686	199	293,885
Foreign exchange gains	-	1,432	1,432
At end of year	-	3,553	3,553

	Bank borrowings RUB'000	Other lease liabilities RUB'000	Total liabilities from financing activities RUB'000
Opening balance 1 January 2022	5,039,086	8,685	5,047,771
Cash flows:			
Amounts advanced	8,706,600		8,706,600
Repayment of principal	(1,865,079)	(2,328)	(1,867,407)
Interest paid	(297,378)	(253)	(297,631)
Non-cash changes:			
Interest expense	1,005,467	253	1,005,720
Foreign exchange losses	-	(1,043)	(1,043)
At end of year	12,588,696	5,314	12,594,010

24. Other lease liabilities

	2023 RUB'000	2022 RUB'000
Current lease liabilities	3,553	2,826
Non-current lease liabilities	-	2,488
Total lease liabilities	3,553	5,314
Maturity of other lease liabilities		
Between 1 and 2 years	-	2,488
Between 2 and 5 years	-	-
	-	2,488

25. Payables and accrued expenses

	2023 RUB'000	2022 RUB'000
Current		
Accrued key management personnel compensation, including share based payment (Note 26)	32,626	93,195
Accrued expenses	11,685	5,671
Other payables to third parties	12,005	16,517
Other payables to related parties	24,185	-
Total current trade and other payables	**80,501**	**115,383**

The fair value of payables, which are due within one year approximates, their carrying amount at the balance sheet date.

The carrying amounts of the Company's payables and accrued expenses are denominated in the following currencies:

	2023 RUB'000	2022 RUB'000
Euro	80,501	49,967
Russian Roubles	-	56,454
US dollar	-	8,962
Total payables and accrued expenses	**80,501**	**115,383**

Notes to the parent company financial statements

26. Related party transactions

Litten Investments Ltd, controlled by a Director of the Company, has a shareholding in the Company of 5.1% as at 31 December 2023 (31 December 2022: 5.1%).

Goldriver Resources Ltd, which has a shareholding in the Company of 3.1% as at 31 December 2023 (2022: 3.1%), is controlled by a Director of the Company.

As at 31 December 2023, another 0.1% (2022: 0.1%) of the shares of the Company is controlled by Directors and key management of the Company.

For the purposes of these financial statements, parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operational decisions as defined by IAS 24 “Related Party Disclosures”. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form. Related parties may enter into transactions, which unrelated parties might not, and transactions between related parties may not be effected on the same terms, conditions and amounts as transactions between unrelated parties.

The following transactions were carried out with related parties:

(a) Loans to related parties

	2023 RUB’000	2022 RUB’000
Loans to subsidiaries:		
At beginning of year	-	506,351
Loan advances	11,436,444	6,858
Interest charged (Note 8)	-	2,136
Loan repaid during the year	-	(174,633)
Interest repaid during the year	-	(1,267)
Impairment	(11,531)	(386,089)
Reversal of impairment	-	-
Net foreign exchange	130,943	46,644
At end of year	11,555,856	-
Consists of:		
Non-current portion	-	-
Current portion	11,555,856	-
At end of year	11,555,856	-
Loans to related parties – gross amount	11,555,856	-
Less: Provision for impairment of loans to related parties	-	-
Loans to related parties – net	11,555,856	-

The balances at the 31 December 2023 carry a weighted average contractual interest rate of 0.0% per annum.

(b) Loans from related parties

	2023 RUB’000	2022 RUB’000
Loans from subsidiaries:		
At beginning of year	9,420,452	-
Loan advances	(8,706,600)	8,706,600
Interest charged (Note 8)	190,809	713,852
Interest charged (Note 8)	(904,661)	-
At end of year	-	9,420,452
Consists of:		
Non-current portion	-	8,706,600
Current portion	-	713,852
At end of year	-	9,420,452

The balances at the 31 December 2022 carry a weighted average contractual interest rate of 9.0% per annum. The weighted average effective interest rate at the 31 December 2022 was 9.0%.

(c) Other receivables from related parties

	2023 RUB’000	2022 RUB’000
Other receivables (dividends)		
Subsidiaries	61,473	2,328,155
At end of year	61,473	2,328,155
Consists of:		
Non-current portion	-	-
Current portion	61,473	2,328,155
At end of year	61,473	2,328,155

(d) Dividend income from related parties

	2023 RUB’000	2022 RUB’000
Dividend income from related parties:		
Subsidiaries (Note 8)	13,597,095	7,064,907
Total	13,597,095	7,064,907

Notes to the parent company financial statements

(e) Interest income

	2023 RUB'000	2022 RUB'000
Interest income:		
Interest on loans to subsidiaries (Note 8)	-	2,136
Total interest income calculated using the effective interest rate method	-	2,136

(f) Interest expenses

	2023 RUB'000	2022 RUB'000
Interest expenses:		
Interest on loans from subsidiaries (Note 12)	(190,809)	(713,852)
Total interest expenses calculated using the effective interest rate method	(190,809)	(713,852)

(g) Guarantees in favour of subsidiaries

Guarantees are irrevocable assurances that the Company will make payments in the event that another party cannot meet its obligations. The Company has guaranteed the following obligations:

	2023 RUB'000	2022 RUB'000
Subsidiaries[1]	3,201,395	10,818,511
Total guaranteed obligations	3,201,395	10,818,511

During the years ended 31 December 2023 and 31 December 2022 the Company has acted as the guarantor for the obligations of its subsidiaries for loan agreements entered into with financial institutions and quoted bonds issued by subsidiaries. The fair values of such guarantees are amortised through the income statement. Management assessed that as at 31 December 2023 and 31 December 2022 no need for provision arises in relation to any of the guarantees issued by the Company.

Management estimated the fair value of the free of charge guarantees issued by the Company to secure the liabilities of its subsidiaries based on the best estimate of expenditure required to settle the obligation. Specifically, the fair values on initial recognition and the expected credit losses as at 31 December 2023 and 31 December 2022 of guarantees issued by the Company for obligations of its subsidiaries in accordance with loan agreements with financial institutions and quoted bonds issued by subsidiaries were estimated using a probability adjusted discounted cash flow analysis, using probability of default, as implied by the market rate of the borrowings obtained by the subsidiaries and loss given default.

The loss given default for the financial guarantees issued by the Company for the obligations of its subsidiaries in accordance with loan agreements with financial institutions where such obligations are also secured by a pledge of property, plant and equipment and the distressed sale value of such pledge exceeds the amount of the obligation of the respective subsidiary has been estimated at RUB Nil, since, in case of default, the Company will be able to recover its losses under the issued guarantees from respective subsidiaries in full.

[1] Represents the maximum amount of obligation under each contract, being the contractual undiscounted cash flows under the loan agreements as at 31 December 2023 and 2022.

The loss given default for guarantees issued by the Company for unsecured or underpledged obligations of its subsidiaries in accordance with loan agreements with financial institutions and quoted bonds issued by subsidiaries was estimated by considering the distressed value of the net assets of the subsidiaries which were not pledged at the time of the assessment. The loss given default as estimated at RUB Nil, since, in case of default, the Company will be able to recover its losses under the issued guarantees from respective subsidiaries in full.

(h) Impairment losses

	2023 RUB'000	2022 RUB'000
Impairment losses of loans to subsidiaries (Note 19)	(11,531)	(386,089)

(i) Key management personnel compensation

	2023 RUB'000	2022 RUB'000
Key management salaries and other short-term employee benefits[2]	610,056	532,643
Share based compensation	-	21,954
	610,056	**554,597**

(j) Directors' remuneration

	2023 RUB'000	2022 RUB'000
Directors' fees (Note 10)	20,537	20,793
Emoluments in their executive capacity	427,090	299,051
Total directors' remuneration	**447,627**	**319,844**

(i) Year-end balances arising from payables to key management

	2023 RUB'000	2022 RUB'000
Accrued key management remuneration (Note 25):		
Accrued salaries and other short-term employee benefits	32,626	71,241
Share based payment liability	-	21,954
	32,626	**93,195**

(j) Loan commitments under borrowings from subsidiaries

As at 31 December 2023, the Company had undrawn facilities amounting to RUB 6,293,400 (at 31 December 2022 – RUB 6,293,400) thousand under borrowings agreements with subsidiary undertakings. These mature within 2026.

[2] Key management salaries and other short term employee benefits' include directors' remuneration amounting to RUB 447,627 thousand (2022: RUB 319,844 thousand), analysed as per below.

(k) Guarantees from subsidiaries

Borrowings with a carrying amount of RUB 3,168,245 thousand as of 31 December 2022 are secured by pledge of rolling stock held by the Company's subsidiary GTI Management, OOO with a pledged market value RUB 3,640,452 thousand.

(l) Other payables to related parties

	2023 RUB'000	2022 RUB'000
Accrued key management remuneration (Note 25):		
Other payables to related parties	24,185	-
	24,185	-

27. Contingencies

Operating environment of the Company

Russian Federation. The Russian Federation displays certain characteristics of an emerging market. Its economy is particularly sensitive to oil and gas prices. The legal, tax and regulatory frameworks continue to develop and are subject to frequent changes and varying interpretations. Ongoing political tension in the region and sanctions against certain Russian companies and individuals have an additional negative impact on the Russian economy.

The geopolitical situation in Eastern Europe intensified on 24 February 2022 with the commencement of the conflict between Russia and Ukraine. As at the date of authorizing these financial statements for issue, the conflict continues to evolve as military activity proceeds. In addition to the impact of the events on entities that have operations in Russia or Ukraine or that conduct business with their counterparties, the conflict is increasingly affecting economies and financial markets globally and exacerbating ongoing economic challenges.

The European Union as well as United States of America, Switzerland, United Kingdom and other countries imposed a series of restrictive measures (sanctions) against the Russian government, various companies, and certain individuals. The sanctions imposed include an asset freeze and a prohibition from making funds available to the sanctioned individuals and entities. In addition, travel bans applicable to the sanctioned individuals prevent them from entering or transiting through the relevant territories. The Republic of Cyprus has adopted the United Nations and European Union measures. The rapid deterioration of the conflict in Ukraine may as well lead to the possibility of further sanctions in the future.

Emerging uncertainty regarding global supply of commodities due to the conflict between Russia and Ukraine conflict may also disrupt certain global trade flows and place significant upwards pressure on commodity prices and input costs as seen through early March 2022. Challenges for companies may include availability of funding to ensure access to raw materials, ability to finance margin payments and heightened risk of contractual non-performance.

The impact on the Group largely depends on the nature and duration of uncertain and unpredictable events, such as further military action, additional sanctions, and reactions to ongoing developments by global financial markets.

The financial effect of the current crisis on the global economy and overall business activities cannot be estimated with reasonable certainty at this stage, due to the pace at which the conflict prevails and the high level of uncertainties arising from the inability to reliably predict the outcome.

The event did not exist in the reporting period and is therefore not reflected in the recognition and measurement of the assets and liabilities in the financial statements as at 31 December 2023 as it is considered as a non-adjusting event.

The Group actively monitors political developments on an ongoing basis. However, the macroeconomic situation in Ukraine, Russia is out of Management's control. The scope and impact of any new potential sanctions (and any counter-sanctions) is yet unknown, however they might further affect key Russian financial institutions as well as companies operating in the Russian Federation.

Fluctuations in foreign exchange rates may also impact the operations of the Goup. The Russian central bank had raised the key rate of interest from 9,5% to 20% as a preventive measure to stop the devaluation of the RUB.

The Group continues to monitor the situation and implement a set of measures to minimize the impact of possible risks on the Group's operations and financial position.

Tax contingencies. Russian tax and customs legislation which was enacted or substantively enacted at the end of the reporting period, is subject to varying interpretations when being applied to the transactions and activities of the Group. Consequently, tax positions taken by management and the formal documentation supporting the tax positions may be challenged tax authorities. Russian tax administration is gradually strengthening, including the fact that there is a higher risk of review of tax transactions without a clear business purpose or with tax incompliant counterparties. Fiscal periods remain open to review by the authorities in respect of taxes for three calendar years preceding the year when decisions about the review was made. Under certain circumstances reviews may cover longer periods.

The Russian transfer pricing legislation is generally aligned with the international transfer pricing principles developed by the Organisation for Economic Cooperation and Development ("OECD") but has specific characteristics. This legislation provides the possibility for tax authorities to make transfer pricing adjustments and impose additional tax liabilities in respect of controlled transactions (transactions with related parties and some types of transactions with unrelated parties), provided that the transaction price is not arm's length. Management has implemented internal controls to be in compliance with this transfer pricing legislation. Management believes that its pricing policy used in 2023 and 2022 and preceding years is arm's length and it has implemented internal controls to be in compliance with this transfer pricing legislation.

Tax liabilities arising from transactions between companies within the Group are determined using actual transaction prices. It is possible, with the evolution of the interpretation of the transfer pricing rules, that such transfer prices could be challenged. The impact of any such challenge cannot be reliably estimated; however, it may be significant to the financial position and/or the overall operations of the Group.

The Group includes companies incorporated in Cyprus, Russia, Ukraine, Estonia. The tax liabilities of the Group are determined on the assumption that these companies are tax residents in the countries where they are incorporated and are not subject to profits tax of other tax jurisdictions, because they do not have permanent establishments in other jurisdictions. The Company and the non-controlling shareholding companies holding interests in the Company's Russian subsidiaries are the only and full beneficial owners of the equity

Notes to the parent company financial statements

interests held directly and indirectly in these subsidiaries. This interpretation of relevant legislation may be challenged but the impact of any such challenge cannot be reliably estimated currently; however, it may be significant to the financial position and/or the overall operations of the Group.

As Russian tax legislation does not provide definitive guidance in certain areas, the Group adopts, from time to time, interpretations of such uncertain areas that reduce the overall tax rate of the Group. While management currently estimates that the tax positions and interpretations that it has taken can probably be sustained, there is a possible risk that an outflow of resources will be required should such tax positions and interpretations be challenged by the tax authorities. Management will vigorously defend the positions and interpretations applied in determining taxes recognised in these financial statements if these are challenged by the authorities. The impact of any such challenge cannot be reliably estimated; however, it may be significant to the financial position and/or the overall operations of the Group.

Estonia. Estonia represents well-developed market and economy with stable political systems and developed legislation based on EU requirements and regulations.

Tax contingencies. Cypriot tax legislation is subject to varying interpretations. There are transactions and calculations for which the ultimate tax determination is uncertain. The Company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

The Company is incorporated outside Russia. Tax liabilities of the Company are determined on the assumption that it is not subject to Russian profits tax because it does not have a permanent establishment in Russia. The Company is a tax resident of Cyprus only and full beneficial owner of the equity interest held directly and indirectly in its subsidiaries. This interpretation of relevant legislation may be challenged but the impact of any such challenge cannot be reliably estimated currently; however, it may be significant to the financial position and/or the overall operations of the Company.

28. Business combinations

Disposal of subsidiary

In January 2023 the Company disposed of 65.25% of Spacecom AS, Estonia for EUR 65,300,000 (RUB 4,948,427 thousand) realising a profit from sale of RUB 1,574,173 thousand.

29. Events after the balance sheet date

On 26 February 2024, the Company has completed redomiciliation to ADGM, UAE with the registered address: Office Unit 3, Floor 6, Al Sila Tower, Abu Dhabi Global Market Square, Al Maryah Island, Abu Dhabi, UAE.

There were no other material post balance sheet events which have a bearing on the understanding of these consolidated financial statements.

Independent Auditor’s Report on pages 258 to 261.

Additional Information

In this section

Selected Operational Information for the year ended 31 December 2023

Fleet

	31.12.2022	31.12.2023	Change	Change, %
Owned Fleet				
Gondola cars	42,292	42,267	(25)	0%
Rail tank cars	18,454	17,973	(481)	-3%
Locomotives	71	65	(6)	-8%
Other railcars	1,537	1,508	(29)	-2%
Total	**62,354**	**61,813**	**(541)**	**-1%**
Owned Fleet as % of Total Fleet	94%	94%	-	-
Leased-in Fleet				
Gondola cars	3,419	3,419	0	0%
Rail tank cars	342	411	69	20%
Locomotives	0	1	1	0%
Total	**3,761**	**3,831**	**70**	**2%**
Leased-in Fleet as % of Total Fleet	6%	6%	-	-
Total Fleet (Owned Fleet and Leased-in Fleet)				
Gondola cars	45,711	45,686	(25)	0%
Rail tank cars	18,796	18,384	(412)	-2%
Locomotives	71	66	(5)	-7%
Other railcars	1,537	1,508	(29)	-2%
Total	**66,115**	**65,644**	**(471)**	**-1%**
Total Fleet by type, %				
Gondola cars	69%	70%	-	-
Rail tank cars	28%	28%	-	-
Locomotives	0.1%	0.1%	-	-
Other railcars	2%	2%	-	-
Total	**100%**	**100%**	**-**	**-**

	31.12.2022	31.12.2023	Change	Change, %
Leased-out Fleet	**7,474**	**6,164**	**(1,310)**	**-18%**
Leased-out Fleet as % of Total Fleet	11%	9%	-	-
Average age of Owned Fleet				
Gondola cars	13.7	14.5	-	-
Rail tank cars	17.3	17.7	-	-
Locomotives	15.0	15.9	-	-
Other railcars	4.1	4.9	-	-
Total	**14.5**	**15.2**	**-**	**-**

Operation of rolling stock

	2022	2023	Change	Change, %
Freight Rail Turnover (excluding Engaged Fleet), billion tonnes-km				
Gondola cars	114.5	109.5	(5.1)	-4%
Rail tank cars	20.4	19.6	(0.8)	-4%
Total	**134.9**	**129.0**	**(5.9)**	**-4%**
Freight Rail Turnover (excluding Engaged Fleet) by fleet type, %				
Gondola cars	85%	85%	-	-
Rail tank cars	15%	15%	-	-
Total	**100%**	**100%**	**-**	**-**
Transportation Volume (excluding Engaged Fleet), million tonnes				
Gondola cars	58.1	55.5	(2.7)	-5%
Rail tank cars	18.9	18.1	(0.8)	-4%
Total	**77.0**	**73.5**	**(3.5)**	**-5%**
Freight Rail Turnover (including Engaged Fleet), billion tonnes-km	**141.4**	**138.8**	**(2.7)**	**-2%**
Transportation Volume (including Engaged Fleet), million tonnes	**80.4**	**78.6**	**(1.8)**	**-2%**
Average Rolling Stock Operated, units				
Gondola cars	44,240	44,663	423	1%
Rail tank cars	12,332	12,446	115	1%
Locomotives	49	42	(7)	-15%
Total	**56,637**	**57,153**	**517**	**1%**

Selected operational information for the year ended 31 December 2023

	2022	2023	Change	Change, %
Average Number of Loaded Trips per Railcar				
Gondola cars	19.8	18.8	(1.0)	-5%
Rail tank cars	25.6	24.2	(1.3)	-5%
Total	21.0	20.0	(1.1)	-5%
Average Distance of Loaded Trip, km				
Gondola cars	1,968	1,978	10	0%
Rail tank cars	1,079	1,082	3	0%
Total	1,733	1,741	8	0%
Average Price per Trip, RUB	**64,553**	**71,125**	**6,572**	**10%**
Net Revenue from Operation of Rolling Stock, RUB million	**76,798***	**81,102***	**4,304**	**6%**
Net Revenue from Operation of Rolling Stock by clients (incl. their affiliates and suppliers)				
Top-10 clients	67%	68%	-	-
Other (including small and medium enterprises)	33%	32%	-	-
Net Revenue from Operation of Rolling Stock by contract type, %				
Service Contracts	59%	61%	-	-
Other contracts (including ad-hoc transportation)	41%	39%	-	-
Net Revenue from Engaged Fleet, RUB million	**876***	**1,124***	**248**	**28%**
Empty Run Ratio, %				
Gondola cars	41%	36%	-	-
Rail tank cars and other railcars	94%	92%	-	-
Total Empty Run Ratio, %	**50%**	**45%**	**-**	**-**
Empty Run Costs, RUB million	**17,283***	**18,297***	**1,014**	**6%**
Share of Empty Run Kilometres Paid by Globaltrans, %	**99%**	**99%**	**-**	**-**

Employees

	31.12.2022	31.12.2023	Change	Change, %
Total employees	1,768	1,802	34	2%

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", "Other gains/(losses) – 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", "Reversal of impairment of intangible assets" and "Profit from sale of subsidiary".

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/(reversal 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 and Engaged Fleet).

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 the rail infrastructure provider 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 and Engaged Fleet.

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

Definitions

in maintenance, purchased rolling stock in transition to its first place of commercial utilisation, rolling stock leased out and Engaged Fleet).

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" (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", "Interest paid on leases with financial institutions", "Payment for acquisition of non-controlling interest", "Payment for rolling stock to disposed subsidiary" plus "Proceeds from sale of subsidiaries – net of cash disposed of".

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).

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 and locomotives.
Leased-out Fleet is defined as fleet leased out to third parties under operating leases.

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 (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 (a non-IFRS financial measure, derived from management accounts) describes the net revenue generated from freight rail transportation services which is adjusted for respective "pass through" loaded railway tariffs (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 – third parties", "Trade payables – related parties", "Other payables – third parties", "Other payables – related parties", "Accrued expenses", "Accrued key management compensation, including share-based payment", "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 (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 and locomotives, and excludes Engaged Fleet.

Service Contracts are contracts with an initial term greater than one-year that stipulates an obligation to transport a specified amount of cargoes for the client.

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 and Engaged Fleet in the relevant period.

Total CAPEX (a non-IFRS financial measure) is calculated on a cash basis as the sum of "Purchases of property, plant and equipment" (which includes maintenance CAPEX), "Purchases of intangible assets" and "Principal elements of lease payments for leases with financial institutions".

Total CAPEX adjusted for M&A (a non-IFRS financial measure) is calculated as a combination of Total CAPEX (which includes maintenance CAPEX) and cash inflows and outflows from acquisitions and disposals.

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 and Engaged Fleet 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 and locomotives, 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/(gains) on trade and other receivables", "Impairment/(reversal of impairment) of property, plant and equipment" and "(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 "(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).

Presentation of Financial and Other Information

Financial information

All financial information presented in this Annual Report is derived from the Consolidated Management Report and Consolidated Financial Statements of Globaltrans Investment PLC (the "Company" and, together with its subsidiaries, "Globaltrans" or the "Group") and prepared in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of Cyprus Companies Law, Cap. 113 ("EU IFRS"). The Group's Consolidated Management Report and Consolidated Financial Statements and the parent company financial statements for the year ended 31 December 2023 are included in the Financial Statements section of this Annual Report. Financial statements for prior years can be found on Globaltrans' corporate website (www.globaltrans. com). Certain financial information derived from the management accounts is marked in this Annual Report with an asterisk (*). The presentational currency of the Group's financial results is Russian roubles (RUB), which is the functional currency of the Company as well as of its Russian subsidiaries.

Non-IFRS financial information

In this Annual Report, the Group has used certain measures not recognised by EU IFRS or IFRS (referred to as "non-IFRS measures"). 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 and are frequently used by securities analysts, investors and other interested parties in the evaluation of companies in the freight rail transportation sector. Further explanations of the reasons for presenting such measures are included in the Financial Review section of this Annual Report. The non-IFRS measures that have been used in this Annual Report are supplemental measures of the Group's operating performance. All non-IFRS financial information is calculated on the basis of EU IFRS financial statements and/or management accounts. Reconciliations to the closest IFRS measures are included in the Financial Review section of this Annual Report. Non-IFRS measures requiring additional explanation or definitions appear with initial capital letters and the definitions and explanations are provided in the Definitions section of this Annual Report. Other companies in the freight rail transportation sector may calculate the above non-IFRS measures differently or may use each of them for different purposes than the Group, limiting their usefulness as comparative measures. All non-IFRS financial information presented in this Annual Report 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 reported under EU IFRS and included in the Financial Statements section of this Annual Report. These non-IFRS measures are unaudited and have not been prepared in accordance with IFRS or any other generally accepted accounting principles. As such, they have limitations as analytical tools, and you should not consider them in isolation or place undue reliance on them. Similarly titled measures are used by other companies for a variety of purposes and are often calculated in ways that reflect the circumstances of those companies. You should exercise caution in comparing these measures as reported by us to the same or similar measures as reported by other companies.

Operational and market information

Globaltrans reports certain operational information to illustrate the changes in the Group's operational and financial performance during the reporting periods. This operational information is derived from management accounts. The Group's selected operational information for the year ended 31 December 2023 is provided in the Additional Information section of this Annual Report.

Selected operational information for prior years can be found on Globaltrans' corporate website (www.globaltrans.com). Terms referring to such operational information appear with initial capital letters with definitions or explanations provided in the Definitions section of this Annual Report. The Group has obtained certain statistical and market information that is presented in this Annual Report from the third-party sources. The Group has accurately reproduced such information and, as far as it is aware and can 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.

Cautionary note

This Annual Report, including its appendices, may contain forward-looking statements regarding future events or the future financial performance of the Group. 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 Group's intentions, beliefs or current expectations concerning, among other things, the Group's results of operations, financial condition, liquidity, prospects, growth, strategies and the industry in which the Group 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 Group cautions that forward-looking statements are not guarantees of future performance and that the Group's actual results of operations, financial condition, liquidity, prospects, growth and strategies, and the development of the industry in which the Group operates, may differ materially from those described in or suggested by the forward-looking statements contained in this Annual Report. In addition, even if the Group's results of operations, financial condition, liquidity, prospects, growth and strategies and the development of the industry in which the Group operates are consistent with the forward-looking statements contained in these materials, those results or developments may not be indicative of results or developments in future periods. The Group does not intend to update these statements to reflect events and circumstances occurring after the date hereof or to reflect the occurrence of unanticipated events. Many factors could cause the actual results to differ materially from those contained in forward-looking statements of the Group. Among others, these include general economic conditions, the competitive environment, risks associated with operating in Russia, market change in the Russian freight rail market and many other risks specifically related to the Group and its operations. This Annual Report has been prepared to assist shareholders to assess the Group's financial condition, results of operations, business, strategies and prospects and for no other purpose. The Group, its Directors, employees, agents and advisers do not accept or assume responsibility for any other purpose or to any other person to whom this Annual Report is shown or who may have access to it, and any such responsibility or liability is expressly disclaimed.

GRI Content Index

GRI standard	Disclosure	Location	Explanation	Annual Report page
General disclosures				
GRI 2: General Disclosures 2021	2-1 Organisational details	Corporate Structure		p. 125
		At a Glance		p. 6-9
	2-2 Entities included in the organisation's sustainability reporting	Corporate Structure		p. 125
	2-3 Reporting period, frequency and contact point	Sustainability Report Contacts	• 1 January – 31 December 2023, annual. • Financial reporting and sustainability reporting are aligned • Investor Relations **Phone:** +971 50 8867452 **Email:** irteam@globaltrans.com	p. 64 p. 336
	2-4 Restatements of information		No restatements in the reporting period.	
	2-5 External assurance		External assurance for the Group's Sustainability Report was not conducted in the reporting period.	
	2-6 Activities, value chain and other business relationships	At a Glance		p. 6-9
		Our Assets		p. 10-11
	2-7 Employees	Sustainability Report		p. 74
	2-9 Governance structure and composition	Corporate Governance Report		p. 98
	2-10 Nomination and selection of the highest governance body	Corporate Governance Report		p. 98
	2-11 Chair of the highest governance body	Corporate Governance Report		p. 98
	2-12 Role of the highest governance body in overseeing the management of impacts	Corporate Governance Report		p. 98
	2-13 Delegation of responsibility for managing impacts	Corporate Governance Report		p. 98
	2-14 Role of the highest governance body in sustainability reporting	Sustainability Report		p. 64
	2-15 Conflicts of interest	Sustainability Report	Please see the Group's Code of Ethics and Conduct which is available on the corporate website.	p. 72
	2-16 Communication of critical concerns	Sustainability Report	Please see the following policies of the Group which are available on the corporate website: • Anti-fraud Policy • The Code of Ethics and Conduct • Policy on Reporting and Investigating Allegations of Suspected Improper Activities (Whistleblowing Policy).	p. 72
	2-18 Evaluation of the performance of the highest governance body	Corporate Governance Report		p. 98
	2-19 Remuneration policies	Corporate Governance Report	For further information on the remuneration paid to the Board and key executives in 2023, please see Note 35a of the Group's Consolidated Management Report and Consolidated Financial Statements included in the Financial Statements section of this Annual Report.	p. 98
	2-20 Process to determine remuneration	Corporate Governance Report		p. 98
	2-21 Annual total compensation ratio	Corporate Governance Report	For further information on the remuneration paid to the Board and key executives in 2023, please see Note 35a of the Group's Consolidated Management Report and Consolidated Financial Statements included in the Financial Statements section of this Annual Report.	p. 98
	2-22 Statement on sustainable development strategy	Sustainability Report		p. 64
		Message from the Board		p. 16
		Message from the CEO		p.18

GRI Content Index

GRI standard	Disclosure	Location	Explanation	Annual Report page
	2-23 Policy commitments	Sustainability Report		p. 72
		Corporate Governance Report		p. 114-115
	2-24 Embedding policy commitments	Sustainability Report		p. 72
		Corporate Governance Report		p. 114-115
	2-25 Processes to remediate negative impacts	Sustainability Report		p. 72
		Corporate Governance Report		p. 114-115
	2-26 Mechanisms for seeking advice and raising concerns	Sustainability Report	Please see the following policies of the Group which are available on the corporate website: • Anti-fraud Policy • The Code of Ethics and Conduct • Policy on Reporting and Investigating Allegations of Suspected Improper Activities (Whistleblowing Policy)	p. 72
	2-27 Compliance with laws and regulations	Sustainability Report	There were no instances of non-compliance with laws and regulations during the reporting period.	p. 72
	2-28 Membership associations	Sustainability Report	Union of Railway Transport Operators - SOZHT (New Forwarding Company) Council of Transport Workers - STR (New Forwarding Company) Railway Engineering Association – OPZHT (Ural Wagonrepair Company)	
	2-29 Approach to stakeholder engagement	Sustainability Report		p. 70
	2-30 Collective bargaining agreements	Sustainability Report	In 2023, there were no collective bargaining agreements in the Group companies.	p. 73
Material topics				
GRI 3: Material Topics 2021	3-1 Process to determine material topics	Sustainability Report		p. 65
	3-2 List of material topics	Sustainability Report		p. 65

GRI standard	Disclosure	Location	Explanation	Annual Report page
Economic performance				
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainability Report		p. 84
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	Sustainability Report		p. 84
	201-2 Financial implications and other risks and opportunities due to climate change	Sustainability Report		p. 92
Anti-corruption				
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainability Report		p. 72
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	Sustainability Report	Please see the Group's Anti-fraud Policy which is available on the corporate website.	p. 72
	205-2 Communication and training about anti-corruption policies and procedures	Sustainability Report	Please see the Group's Anti-fraud Policy which is available on the corporate website.	p. 72
	205-3 Confirmed incidents of corruption and actions taken	Sustainability Report	No incidents of corruption in the reporting period.	p. 72
Anti-competitive behavior				
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainability Report	Please see the Group's Code of Ethics and Conduct which is available on the corporate website.	p. 72
GRI 206: Anti-competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Sustainability Report	Please see the Group's Code of Ethics and Conduct which is available on the corporate website.	p. 72
Energy				
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainability Report		p. 86-87
GRI 302: Energy 2016	302-1 Energy consumption within the organization	Sustainability Report		p. 87
Water and effluents				
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainability Report		p. 88
	303-5 Water consumption	Sustainability Report		p. 88

GRI Content Index

GRI standard	Disclosure	Location	Explanation	Annual Report page
Emissions				
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainability Report		p. 90-91 p. 97
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Sustainability Report		p. 90-91 p. 97
	305-2 Energy indirect (Scope 2) GHG emissions	Sustainability Report		p. 90-91 p. 97
	305-3 Other indirect (Scope 3) GHG emissions	Sustainability Report	At this stage the Group does not calculate other indirect emissions (Scope 3).	p. 90-91 p. 97
	305-4 GHG emissions intensity	Sustainability Report		p. 90-91 p. 97
	305-5 Reduction of GHG emissions	Sustainability Report		p. 90-91 p. 97
Waste				
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainability Report		p. 89
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	Sustainability Report		p. 89
	306-2 Management of significant waste-related impacts	Sustainability Report		p. 89
	306-3 Waste generated	Sustainability Report		p. 89
	306-4 Waste diverted from disposal	Sustainability Report		p. 89
	306-5 Waste directed to disposal	Sustainability Report		p. 89
Supplier environmental assessment				
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainability Report		p. 72-73
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	Sustainability Report		p. 72-73
	308-2 Negative environmental impacts in the supply chain and actions taken	Sustainability Report		p. 72-73

GRI standard	Disclosure	Location	Explanation	Annual Report page
Employment				
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainability Report		p. 74-76
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Sustainability Report		p. 74-76
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Sustainability Report		p. 81-82
	401-3 Parental leave	Sustainability Report		p. 81
Occupational health and safety				
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainability Report		p. 83
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	Sustainability Report		p. 83
	403-2 Hazard identification, risk assessment, and incident investigation	Sustainability Report		p. 83
	403-4 Worker participation, consultation, and communication on occupational health and safety	Sustainability Report		p. 83
	403-5 Worker training on occupational health and safety	Sustainability Report		p. 83
	403-6 Promotion of worker health	Sustainability Report		p. 83
	403-9 Work-related injuries	Sustainability Report		p. 83
Training and education				
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainability Report		p. 80-81
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	Sustainability Report		p. 80-81
	404-2 Programs for upgrading employee skills and transition assistance programs	Sustainability Report		p. 80-81
	404-3 Percentage of employees receiving regular performance and career development reviews	Sustainability Report		p. 80-81

GRI Content Index

GRI standard	Disclosure	Location	Explanation	Annual Report page
Diversity and equal opportunity				
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainability Report		p. 77-79
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Sustainability Report Corporate Governance Report		p. 77-79 p. 116
	405-2 Ratio of basic salary and remuneration of women to men	Sustainability Report		p. 77-79
Non-discrimination				
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainability Report		p. 77-79
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	Sustainability Report	No incidents of discrimination occurred in the reporting period.	p. 77-79
Freedom of association and collective bargaining				
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainability Report		p. 72-73
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Sustainability Report		p. 72-73
Local communities				
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainability Report		p. 84-85
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	Sustainability Report		p. 84-85
Supplier social assessment				
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainability Report		p. 72
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	Sustainability Report		p. 72
Customer privacy				
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainability Report		p. 73
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Sustainability Report	No breaches of customer privacy in the reporting period.	p. 73

TCFD Index

Code	TCFD Recommended Disclosures	Comments
Governance: TCFD 1 (a)	Describe the Board's oversight of climate-related risks and opportunities.	p. 92-93
TCFD 1 (b)	Describe management's role in assessing and managing climate-related risks and opportunities.	p. 92-93
Strategy: TCFD 2 (a)	Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.	p. 94-96
TCFD 2 (b)	Describe the impact of climate-related risks and opportunities on the organisation's business, strategy and financial planning.	p. 94-96
TCFD 2 (c)	Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios.	p. 96
Risk Management: TCFD 3 (a)	Describe the organisation's processes for identifying and assessing climate-related risks.	p. 96-97
Targets & Metrics: TCFD 4 (a)	Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	p. 97
TCFD 4 (b)	Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas emissions, and the related risks	p. 97
TCFD 4 (c)	Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	Going forward, the Group will work to demonstrate its progress in addressing climate change.

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