

For immediate release

27 March 2023

Globaltrans Investment PLC¹

Full-Year 2022 Results

Globaltrans Investment PLC (the “Company” and together with its consolidated subsidiaries “Globaltrans” or the “Group”), (LSE/MOEX ticker: GLTR) today announces its financial and operational results for the year ended 31 December 2022.

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

KEY HIGHLIGHTS

- Unprecedented environment kept market volumes under pressure. The transformation of logistics with an increased proportion of longer-distance routes supported overall Russian freight rail turnover which was broadly flat year on year in 2022.
- Gondola market pricing recovered from the depressed levels of H1 2021 before declining in late H1 2022 with some stabilisation by the year end. Market pricing was robust in the tanker segment.
- Globaltrans improved its operational efficiency with Service Contracts remaining intact.
- Strong financial results were delivered with growth achieved across all key metrics.
- Robust financial profile maintained with further deleveraging.
- 6x rise in expansion CAPEX and acquisition expenditure with selective investments in new gondolas and rail tanks along with the acquisition of the remaining 40% of BaltTransServis (“BTS”)².

¹ Imposed suspension of Global Depositary Receipts (GDRs) trading on the London Stock Exchange continued as of the date of publication.

² In March 2022 Globaltrans completed the acquisition of the outstanding 40% shareholding in BTS bringing its shareholding to 100% for RUB 9.1 bln in cash (RUB 0.3 bln was prepaid in 2021 and RUB 8.8 bln was paid in 2022). BTS is one of the leading Russian freight rail operators of tank cars, with a strong market position, long-term service contracts and unique competencies in operating its own locomotives; total fleet of 13.1k units as of the end of 2021.

- Consolidation of rail tank operating and leasing capabilities in BTS to increase flexibility and streamline operations³.
- Dividends remain suspended. Ongoing analysis of options to address limitations of corporate structure and listing constraints.

Commenting on Globaltrans' FY2022 results, CEO Valery Shpakov said:

“In difficult markets we have demonstrated our resilience as a business. We have again delivered strong results and improved operational efficiency in 2022 by providing first-class services underpinned by strong logistical expertise and excellent cost control. Against this backdrop, we have invested significantly into the growth of the business, increasing our Total CAPEX adjusted for M&A to over RUB 20 billion.

Our markets remain challenging. Nevertheless, Globaltrans enjoys a leading competitive position in its sector, supported by our outstanding logistics competences, strong service culture as well as a solid client base. Our experienced team continues to pursue a clearly defined strategy which has proven its effectiveness.”

FINANCIAL RESULTS

Strong financial performance, robust Free Cash Flow and further deleveraging with dividends remaining on hold

- Revenue rose to RUB 94.5 billion with Adjusted Revenue (a key component) increasing to RUB 81.6 billion (+40% year on year) in 2022 reflecting the recovery in both the gondola and tank car segments' revenue streams largely supported by a recovery in gondola market pricing in H1 2022 from the depressed levels of H1 2021. A subsequent decline in gondola market pricing over the second half of 2022 drove a 9% decrease in Adjusted Revenue in H2 2022 compared to H1 2022.
- Adjusted EBITDA of RUB 49.2 billion in 2022 (+69% year on year), although H2 2022 Adjusted EBITDA declined 18% compared to H1 2022.
- Expansion CAPEX and acquisition expenditure (including selective investments in new gondolas and rail tanks along with the acquisition of the remaining 40% of BTS) rose 6x driving the growth in Total CAPEX adjusted for M&A to RUB 20.2 billion* in 2022.
- Robust Free Cash Flow of RUB 14.8 billion in 2022 (-8% year on year).
- Profit for the year increased to RUB 24.9 billion (+65% year on year).
- Net Debt reduced to RUB 4.6 billion at the end of 2022. Further deleveraging with Net Debt to Adjusted EBITDA at 0.1x compared to 0.6x at the end of 2021.
- All the Group's debt had fixed interest rates and was denominated in RUB, the functional currency of the Group.
- Dividend payments continue to be suspended due to the technical limitations regarding upstreaming cash to the holding company incorporated in Cyprus.

OPERATIONAL PERFORMANCE

Operational efficiency significantly improved, service contracts performed well, average pricing was robust

- Globaltrans successfully adjusted its logistics with the Empty Run Ratio for gondola cars improving to 41% (2021: 44%). Total Empty Run Ratio (for all types of rolling stock) improved to 50% (2021: 51%).
- The Group's Freight Rail Turnover declined 8% year on year in 2022 reflecting logistics readjustments and volatility in demand in the gondola segment along with the decline in the average gondola fleet in operation.

³ In February 2023 Globaltrans completed the restructuring of its rail tank segment with the intragroup acquisition of 5.8k tanks by BTS from Spacecom (incl. Spacecom Trans), a 65.25% owned leasing subsidiary of Globaltrans, and the subsequent sale of Globaltrans' shareholding in Spacecom (including 680 units) to its minority shareholder. The cash outflow at the Group level related to the above transactions amounted to EUR 65 million.

In the tank segment, Freight Rail Turnover rose 7% year on year supported primarily by changes in logistics with more longer-distance routes.

- Robust average pricing despite volatile gondola pricing where a strong first half was followed by a decline in the second half of 2022. Rail tank rates remained solid.
- The Group maintained its focus on Service Contracts⁴ and client retention. Service Contracts remain intact contributing about 59% of the Group's Net Revenue from Operation of Rolling Stock in 2022.

MARKET REVIEW

Logistics transformation supporting demand for railcars even as market volumes remain under pressure

- Following a robust Q1 2022, overall Russia's freight rail turnover and volumes started to deteriorate, largely reflecting a weakening bulk cargo segment.
- Overall Russia's freight volumes (measured in tonnes) fell 3.7% year on year in 2022. The transformation of logistics with an increased proportion of longer-distance routes supported overall Russia's freight rail turnover (measured in tonnes-km) which was broadly flat (-0.1% year on year).

Non-oil (bulk) cargo volumes under pressure from Q2 2022

- Overall non-oil (bulk) cargo volumes decreased 4.3% year on year in 2022 which was largely driven by the deterioration in volumes for coal (-5.0% year on year) and metallurgical cargoes (-5.7% year on year). Volumes in the construction segment remained robust (+3.8% year on year)⁵.
- Gondola market rates recovered from the depressed levels of H1 2021 but have deteriorated since late Q2 2022 with some stabilisation by the year end.

Demand in oil products and oil segment stabilised

- Overall Russia's oil products and oil volumes slipped 0.6% year on year in 2022.
- Market pricing conditions in the oil products and oil segment remained robust.

Market continues to adapt to the challenging environment in 2023

- In the January-February 2023 period, overall industry freight rail turnover increased 3.5% year on year with volumes down 2.4% over the same period. Visibility remains low.
- Robust market pricing prevails in both gondola and tanker segments but with the potential for volatility going forward.
- Intensified cost inflation with regulated RZD tariffs for the traction of empty railcars up about 18.6% during 2022⁶ and by an additional 10% from the beginning of 2023.

DOWNLOADS

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

⁴ Service Contracts represent contracts with an initial term greater than one-year that stipulates an obligation to transport a specified amount of cargoes for the client. As of the end of 2022 Globaltrans had six service contracts.

⁵ Coal including coke; metallurgical cargoes including ferrous metals, scrap metal and ores; construction materials including cement.

⁶ Regulated RZD tariffs for the traction of empty railcars rose 6.8% from 1 January 2022 and by a further 11% from 1 June 2022.

ANALYST AND INVESTOR EVENT

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

Date: Monday, 27 March 2023

Time: 13:00 London / 15:00 Moscow / 08:00 New York

Webcast: <https://www.webcast-egs.com/globaltrans20230327>

Event language: There will be a simultaneous translation of the webcast with both English and Russian available.

Q&A Session: Please note that this will be a listen-only session. Should you have any questions, please submit them by 9:30 London / 11:30 Moscow / 05:00 New York on 27 March 2023 to irteam@globaltrans.com.

Replay: A replay of the webcast will be available on the Globaltrans website (www.globaltrans.com) shortly after the end of the live event.

VIRTUAL NON-DEAL ROADSHOW

The results announcement will be followed by a virtual non-deal roadshow. If you are interested in talking to the Company, please contact the IR Team; details are below.

ENQUIRIES

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ABOUT GLOBALTRANS

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

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

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

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

Globaltrans global depository receipts (GDRs) have been listed on the Main Market of the London Stock

Exchange (ticker symbol: GLTR) since May 2008⁷ and on the Level One quotation list of the Moscow Exchange since October 2020 (ticker symbol: GLTR).

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

Globaltrans has a total fleet (including owned and leased in under finance and operating leases) of more than 66 thousand units as of the end of 2022, of which about 94% are owned by the Company. The core of the fleet is universal gondola cars used for a broad range of bulk cargoes (69% of total fleet) and tank cars for transporting oil products and oil (28% of total fleet). Globaltrans also manages its own fleet of mainline locomotives with 71 units that mostly provide traction for its block trains.

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

Additional information on Globaltrans is available at www.globaltrans.com.

RESULTS IN DETAIL

The following tables provide the Group's key financial and operational information for the years ended 31 December 2022 and 2021.

EU IFRS financial information

	2021 RUB mln	2022 RUB mln	Change %
Revenue	73,151	94,474	29%
Total cost of sales, selling and marketing costs and administrative expenses	(52,630)	(58,838)	12%
Other gains/ (losses) - net	796	(1,335)	NM
Operating profit	21,627	34,302	59%
Finance costs - net	(2,189)	(1,150)	-47%
Profit before income tax	19,438	33,152	71%
Income tax expense	(4,338)	(8,232)	90%
Profit for the year	15,100	24,920	65%
<i>Profit attributable to:</i>			
Owners of the Company	12,987	25,193	94%
Non-controlling interests	2,113	(274)	NM
Basic and diluted earnings per share for profit attributable to the equity holders of the Company during the year (RUB per share)	72.69	141.23	94%

	2021 RUB mln	2022 RUB mln	Change %
Cash generated from operations (after changes in working capital)	30,058	48,631	62%
Tax paid	(2,808)	(8,455)	201%
Net cash from operating activities	27,250	40,176	47%
Net cash used in investing activities	(7,154)	(19,652)	175%
Net cash used in financing activities	(12,217)	(17,520)	43%

⁷ Imposed suspension of GDRs trading on the London Stock Exchange continued as of the date of publication.

Non-IFRS financial information

	2021 RUB mln	2022 RUB mln	Change %
Adjusted Revenue	58,492	81,610	40%
<i>Including</i>			
Net Revenue from Operation of Rolling Stock	54,319*	76,798*	41%
Operating leasing of rolling stock	1,832	3,372	84%
Total Operating Cash Costs	29,751	32,373	9%
<i>Including</i>			
Empty Run Cost	15,429*	17,283*	12%
Employee benefit expense	5,491	6,781	23%
Repairs and maintenance	3,969	3,943	-1%
Fuel and spare parts - locomotives	1,972	2,017	2%
Adjusted EBITDA	29,044	49,216	69%
Adjusted EBITDA Margin, %	50%	60%	
Total CAPEX (incl. maintenance CAPEX)	8,439	11,424	35%
Total CAPEX adjusted for M&A	7,629*	20,224*	165%
Free Cash Flow	16,131	14,825	-8%
Attributable Free Cash Flow	14,018	15,098	8%

Debt profile

	As of 31 Dec 2021 RUB mln	As of 31 Dec 2022 RUB mln
Total debt	31,318	20,649
Cash and cash equivalents	12,855	16,052
Net Debt	18,464	4,596
Net Debt to Adjusted EBITDA (x)	0.6	0.1

Operational information

	2021	2022
Freight Rail Turnover, billion tonnes-km (excluding Engaged Fleet)	146.8	134.9
Transportation Volume, million tonnes (excluding Engaged Fleet)	85.1	77.0
Average Price per Trip, RUB	41,075	64,553
Average Rolling Stock Operated, units	57,347	56,637
Average Distance of Loaded Trip, km	1,716	1,733
Average Number of Loaded Trips per Railcar	23.1	21.0
Total Empty Run Ratio (for all types of rolling stock), %	51%	50%
Empty Run Ratio for gondola cars, %	44%	41%
Share of Empty Run Kilometres paid by Globaltrans, %	99%	99%
Total Fleet, units (at year end), including:	69,106	66,115
Owned Fleet, units (at year end)	65,067	62,354
Leased-in Fleet, units (at year end)	4,039	3,761
Leased-out Fleet, units (at year end)	8,458	7,474
Average age of Owned Fleet, years (at year end)	13.8	14.5
Total number of employees (at year end)	1,777	1,768

Revenue

In 2022, the Group's Total revenue increased 29% year on year to RUB 94,474 million reflecting the combination of a 40% year-on-year rise in Adjusted Revenue and a 12% year-on-year decrease 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 2022 and 2021.

	2021 RUB mln	2022 RUB mln	Change %
Railway transportation – operators services (tariff borne by the Group) ⁸	31,744	30,341	-4%
Railway transportation – operators services (tariff borne by the client)	37,238	60,197	62%
Operating leasing of rolling stock	1,832	3,372	84%
Revenue from specialised container transportation	1,824	-	-100%
Other	514	564	10%
Total revenue	73,151	94,474	29%

Adjusted Revenue

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

In 2022, the Group's Adjusted Revenue was RUB 81,610 million up 40% 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 years ended 31 December 2022 and 2021 and its reconciliation to Total revenue.

	2021 RUB mln	2022 RUB mln	Change %
Total revenue	73,151	94,474	29%
<i>Minus "pass through" items</i>			
Infrastructure and locomotive tariffs: loaded trips	12,964	10,465	-19%
Services provided by other transportation organisations	1,695	2,399	42%
Adjusted Revenue	58,492	81,610	40%

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 Specialised Container Transportation, (iv) Net Revenue from Engaged Fleet, and (v) other revenues generated by the Group's auxiliary business activities, including freight forwarding, repair and maintenance services provided to third parties, and other.

The following table provides a breakdown of the components of Adjusted Revenue for the years ended 31 December 2022 and 2021.

	2021 RUB mln	2022 RUB mln	Change %
Net Revenue from Operation of Rolling Stock	54,319*	76,798*	41%
Operating leasing of rolling stock	1,832	3,372	84%
Net Revenue from Specialised Container Transportation	1,643*	-	-100%
Net Revenue from Engaged Fleet	184*	876*	375%
Other	514	564	10%
Adjusted Revenue	58,492	81,610	40%

⁸ Includes "Infrastructure and locomotive tariffs: loaded trips" for 2022 of RUB 10,465 million (2021: RUB 12,964 million) and "Services provided by other transportation organisations" of RUB 2,399 million (2021: RUB 1,695 million).

Net Revenue from Operation of Rolling Stock

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

The Group's Net Revenue from Operation of Rolling Stock, which accounted for 94% of the Group's Adjusted Revenue in 2022, increased 41% year on year to RUB 76,798 million* reflecting the recovery in both the gondola and tank car segments' revenue streams which was largely aided by the market pricing recovery in the gondola segment in the first half of 2022 albeit with a subsequent decline in the second half.

Revenue from operating leasing of rolling stock

Revenue from operating leasing of rolling stock contributed 4% of the Group's Adjusted Revenue in 2022 and increased 84% year on year to RUB 3,372 million reflecting the increase in the average number of leased-out fleet along with a rise in average leasing rates.

Net Revenue from Specialised Container Transportation

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

Net Revenue from Specialised Container Transportation was eliminated in 2022 due to the deconsolidation of this business segment reflecting the sale of SyntezRail (a subsidiary of Globaltrans) in October 2021. In 2021 the revenue from this segment amounted to RUB 1,643 million* and accounted for 3% of the Group's Adjusted Revenue.

Net Revenue from Engaged Fleet

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

Net Revenue from Engaged Fleet, which contributed 1% of the Group's Adjusted Revenue in 2022, increased 375% year on year in 2022 to RUB 876 million*, largely reflecting a rise in the number of Engaged Fleet operations in the oil products and oil segment.

Other revenue

Other revenue, comprising less than 1% of the Group's Adjusted Revenue in 2022, 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 10% year on year to RUB 564 million in 2022.

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 2022 and 2021.

	2021 RUB mln	2022 RUB mln	Change %
Cost of sales	48,334	53,929	12%
Selling and marketing costs	249	282	13%
Administrative expenses	4,046	4,626	14%
Total cost of sales, selling and marketing costs and administrative expenses	52,630	58,838	12%

A 12% year-on-year rise in the Group's Total cost of sales, selling and marketing costs and administrative expenses to RUB 58,838 million in 2022 was 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”) decreased 12% year on year to RUB 12,864 million primarily due to a decrease in the proportion of clients that pay Infrastructure and locomotive tariffs: loaded trips through the Group.
- The Group's Total cost of sales, selling and marketing costs and administrative expenses adjusted for “pass-through” cost items rose 21% year on year to RUB 45,973 million in 2022, due to:
 - An 9% year-on-year increase in Total Operating Cash Costs to RUB 32,373 million in 2022, which largely reflected the rise in Empty Run Costs and Employee benefit expense with Repairs and maintenance costs relatively unchanged (-1% year on year).
 - Total Operating Non-Cash Costs rose 65% year on year to RUB 13,600 million principally due to the impairment of about 3.8k units of rolling stock (mostly gondola cars) blocked in Ukraine along with a 130% year-on-year increase in Depreciation of right-of-use assets as the Group substantially increased the number of gondola cars leased-in under long-term operating leases.

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:

	2021 RUB mln	2022 RUB mln	Change %
“Pass through” cost items	14,659	12,864	-12%
Infrastructure and locomotive tariffs: loaded trips	12,964	10,465	-19%
Services provided by other transportation organisations	1,695	2,399	42%
Total cost of sales, selling and marketing costs and administrative expenses (adjusted for “pass through” cost items)	37,971	45,973	21%
Total Operating Cash Costs	29,751	32,373	9%
Empty Run Costs	15,429*	17,283*	12%
Employee benefit expense	5,491	6,781	23%
Repairs and maintenance	3,969	3,943	-1%
Fuel and spare parts – locomotives	1,972	2,017	2%
Infrastructure and Locomotive Tariffs - Other Tariffs	1,219*	1,258*	3%
Engagement of locomotive crews	294	116	-61%
Expense relating to short-term leases (rolling stock)	274	35	-87%
Other Operating Cash Costs	1,103	941	-15%
Total Operating Non-Cash Costs	8,221	13,600	65%
Depreciation of property, plant and equipment	6,643	6,753	2%
Impairment of property, plant and equipment	-	3,933	NM
Depreciation of right-of-use assets	1,127	2,597	130%
Loss on derecognition arising on capital repairs	484	310	-36%
Gain on sale of property, plant and equipment	(42)	(13)	-70%
Net impairment losses on trade and other receivables	8	21	165%
Amortisation of intangible assets	0.7	0.3	-52%
Total cost of sales, selling and marketing costs and administrative expenses	52,630	58,838	12%

“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 Group⁹ and is reflected in equal amounts in both the Group’s Total revenue and Cost of sales.

The 19% year-on-year decrease in this item in 2022 to RUB 10,465 million primarily reflected the lower proportion of clients that pay infrastructure and locomotive tariffs: loaded trips through the Group.

Services provided by other transportation organisations

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

Services provided by other transportation organisations rose 42% year on year to RUB 2,399 million in 2022 primarily due to a higher number of Engaged Fleet operations in the oil products and oil segment along with the rise in the 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 2022 of RUB 32,373 million were 9% 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 2022 and 2021.

	2022	2021	2022	Change
	% of total	RUB mln	RUB mln	%
Empty Run Costs	53%	15,429*	17,283*	12%
Employee benefit expense	21%	5,491	6,781	23%
Repairs and maintenance	12%	3,969	3,943	-1%
Fuel and spare parts - locomotives	6%	1,972	2,017	2%
Infrastructure and Locomotive Tariffs - Other Tariffs	4%	1,219*	1,258*	3%
Engagement of locomotive crews	0.4%	294	116	-61%
Expense relating to short-term leases (rolling stock)	0.1%	274	35	-87%
Other Operating Cash Costs	3%	1,103	941	-15%
Total Operating Cash Costs	100%	29,751	32,373	9%

Empty Run Costs

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

Empty Run Costs, which accounted for 53% of the Group’s Total Operating Cash Costs in 2022, increased 12% year on year to RUB 17,283 million* due to:

- Regulated RZD tariffs for the traction of empty railcars which rose about 18.6% over 2022 (an increase of 6.8% from 1 January 2022 and an additional increase of 11% from 1 June 2022).
- A decline in the Group’s Freight Rail Turnover of 8% year on year in 2022.
- An improved Total Empty Run Ratio (for all types of rolling stock) of 50% (2021: 51%) with the Share of Empty Run Kilometers paid by Globaltrans remaining stable year on year at 99%.

⁹ Under contracts where the RZD tariff is borne by the Group, the Group has a contractual relationship with the client. The Group sets the terms of the transactions, such as selling and payment terms and, in some cases, bears credit risk and controls the flow of receipts and payments.

Employee benefit expense

Employee benefit expense, which represented 21% of the Group's Total Operating Cash Costs in 2022, increased 23% year on year to RUB 6,781 million. This resulted from:

- Inflation-driven growth in wages and salaries.
- A 2% year-on-year increase in the average headcount due to the continued shift to in-house locomotive crews.
- Increases in bonuses largely reflecting the Group's strong business performance in 2022 and successful M&A.

Repairs and maintenance

Repairs and maintenance costs, which comprised 12% of the Group's Total Operating Cash Costs in 2022, declined 1% year on year to RUB 3,943 million as a decrease in the number of depot repairs was partially offset by the inflation-driven rise in costs of certain repair works and spare parts in the reporting year.

Fuel and spare parts - locomotives

Fuel and spare parts - locomotives expenses, which accounted for 6% of the Group's Total Operating Cash Costs in 2022, rose 2% year on year to RUB 2,017 million reflecting an inflation-driven rise in the cost of fuel and engine oil.

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 4% of the Group's Total Operating Cash Costs in 2022 and rose 3% year on year to RUB 1,258 million*, impacted largely by the changed logistics in the oil products and oil segment.

Engagement of locomotive crews

Costs related to the engagement of locomotive crews from RZD in 2022 (less than 1% of the Group's Total Operating Cash Costs) declined 61% year on year to RUB 116 million due to a reduction in the amount of outsourcing of locomotive crews as the Group continued to increase its use of in-house crews.

Expense relating to short-term leases (rolling stock)

In 2022, Expense relating to short-term leases (rolling stock), representing less than 1% of the Group's Total Operating Cash Costs, fell 87% year on year to RUB 35 million primarily due to the intentional decrease in the average number of fleet leased-in under short-term operating leases.

Other Operating Cash Costs

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

The following table provides a breakdown of the Other Operating Cash Costs for the years ended 31 December 2022 and 2021.

	2021 RUB mln	2022 RUB mln	Change %
Expense relating to short-term leases (office)	99	93	-6%
Auditors' remuneration	57	46	-19%
Legal, consulting and other professional fees	74	94	27%
Advertising and promotion	46	41	-10%
Communication costs	25	25	-3%
Information services	16	15	-7%
Expense relating to short-term leases (tank containers)	23	-	-100%
Taxes (other than on income and value added taxes)	27	24	-13%
Other expenses	735	603	-18%
Other Operating Cash Costs	1,103	941	-15%

Other Operating Cash Costs, which comprised 3% of the Group's Total Operating Cash Costs, fell 15% year on year to RUB 941 million in 2022 reflecting cost optimisation efforts.

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".

The following table provides a breakdown of the Total Operating Non-Cash Costs for the years ended 31 December 2022 and 2021.

	2021 RUB mln	2022 RUB mln	Change %
Depreciation of property, plant and equipment	6,643	6,753	2%
Depreciation of right-of-use assets	1,127	2,597	130%
Loss on derecognition arising on capital repairs ¹⁰	484	310	-36%
Net impairment gains on trade and other receivables	8	21	165%
Amortisation of intangible assets	0.7	0.3	-52%
Gain on sale of property, plant and equipment	(42)	(13)	-70%
Impairment of property, plant and equipment	-	3,933	NM
Total Operating Non-Cash Costs	8,221	13,600	65%

A 65% year-on-year increase in Total Operating Non-Cash Costs to RUB 13,600 million in 2022 which stemmed primarily from:

- Impairment of property, plant and equipment in the amount of RUB 3,933 million related to the impairment of about 3.8k units of rolling stock (mostly gondola cars) blocked in Ukraine.
- A 130% year-on-year rise in Depreciation of right-of-use assets as the Group substantially increased the number of gondola cars leased-in under long-term operating leases.

Adjusted EBITDA (non-IFRS financial measure)

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

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

¹⁰ 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.

impairment of intangible assets”.

The Group's Adjusted EBITDA rose 69% year on year to RUB 49,216 million in 2022. The Adjusted EBITDA Margin increased to 60% in 2022 from 50% in 2021 reflecting the 40% year-on-year increase in Adjusted Revenue while Total Operating Cash Costs rose 9% year on year.

The following table provides details on Adjusted EBITDA for the years ended 31 December 2022 and 2021, and its reconciliation to EBITDA and Profit for the year.

	2021 RUB mln	2022 RUB mln	Change %
Profit for the year	15,100	24,920	65%
<i>Plus (Minus)</i>			
Income tax expense	4,338	8,232	90%
Finance costs – net	2,189	1,150	-47%
Net foreign exchange transaction (losses)/ gains on financing activities	(10)	641	NM
Amortisation of intangible assets	0.7	0.3	-52%
Depreciation of right-of-use assets	1,127	2,597	130%
Depreciation of property, plant and equipment	6,643	6,753	2%
EBITDA	29,388	44,293	51%
<i>Minus (Plus)</i>			
Loss on derecognition arising on capital repairs	(484)	(310)	-36%
Net foreign exchange transaction (losses)/ gains on financing activities	(10)	641	NM
Other gains/ (losses) – net	796	(1,335)	NM
Gain on sale of property, plant and equipment	42	13	-70%
Impairment of property, plant and equipment	-	(3,933)	NM
Adjusted EBITDA	29,044	49,216	69%

Finance income and costs

The following table provides a breakdown of Finance income and costs for the years ended 31 December 2022 and 2021.

	2021 RUB mln	2022 RUB mln	Change %
<i>Interest expense:</i>			
Bank borrowings	(1,483)	(1,258)	-15%
Non-convertible bonds	(772)	(561)	-27%
Total interest expense calculated using the effective interest rate method	(2,255)	(1,820)	-19%
Other lease liabilities	(202)	(781)	287%
Total interest expense	(2,457)	(2,600)	6%
Other finance costs	(50)	(2)	-96%
Total finance costs	(2,507)	(2,602)	4%
<i>Interest income:</i>			
Bank balances	209	521	149%
Short term deposits	72	222	208%
Loans to related parties	-	18	NM
Loans to third parties	3	-	-100%
Total interest income calculated using the effective interest rate method	284	761	168%
Finance leases – related parties	0.4	2	351%
Finance leases – third parties	42	17	-60%
Total interest income	326	779	139%
Other finance income	0.8	32	3832%
Total finance income	327	812	148%
Net foreign exchange transaction gains on borrowings and other liabilities	3	-	-100%
Net foreign exchange transaction (losses)/ gains on cash and cash equivalents and other monetary assets	(12)	641	NM
Net foreign exchange transaction (losses)/ gains on financing activities	(10)	641	NM
Net finance costs	(2,189)	(1,150)	-47%

Finance costs

Total finance costs for 2022 increased 4% year on year to RUB 2,602 million. A deleveraging driven 19% year-on-year decrease in Total interest expense calculated using the effective interest rate method (related to bank borrowings and non-convertible bonds) to RUB 1,820 million was more than offset by the rise in Other lease liabilities to RUB 781 million from RUB 202 million in 2021 as the Group increased the number of gondola cars leased-in under long-term operating leases.

Finance income

In 2022, the Group's Total finance income increased 148% year on year to RUB 812 million primarily due to increases in short-term deposits and bank balances along with a rise in deposit rates 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 641 million in 2022 compared to RUB 10 million of Net foreign expense losses on financing activities in 2021. This resulted from foreign exchange volatility on the available cash and cash equivalents denominated in foreign currency.

Other gains/ (losses) – net

The Group had Other losses – net of RUB 1,335 million in 2022 that largely reflected the foreign exchange volatility impact on the intragroup acquisition of rail tanks by BTS from Spacecom and the subsequent sale of the Company's shareholding in Spacecom. In 2021 the Group reported RUB 796 million of Other gains – net.

Profit before income tax

The Group reported a year-on-year increase of 71% in Profit before income tax to RUB 33,152 million in 2022, reflecting a 59% year-on-year increase in the Group's Operating profit to RUB 34,302 million, which was largely linked to the factors described above.

Income tax expense

Income tax expense rose 90% year on year to RUB 8,232 million in 2022 primarily due to a rise in taxable profits and an increase in the average tax rate used for 2022 to 24.8% (2021: 22.3%).

Profit for the year

The Group's Profit for the year increased 65% year on year to RUB 24,920 million reflecting the factors described above.

Profit for the year attributable to the owners of the Company increased 94% year on year to RUB 25,193 million reflecting the factors described above.

LIQUIDITY AND CAPITAL RESOURCES

In 2022, the Group's capital expenditure consisted principally of maintenance CAPEX (including capital repairs) and the selective acquisition of rolling stock. In addition, the Group acquired a 40% stake in its subsidiary BTS bringing its shareholding to 100%.

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 2022, the Group had Net Working Capital of RUB 3,630 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 2022 and 2021.

	2021 RUB mln	2022 RUB mln
Cash flows from operating activities	29,104	47,963
<i>Changes in working capital:</i>	954	668
<i>Inventories</i>	620	548
<i>Trade receivables</i>	(139)	(86)
<i>Other assets</i>	(488)	(1,285)
<i>Other receivables</i>	23	389
<i>Trade and other payables</i>	524	1,660
<i>Contract liabilities</i>	414	(557)
Cash generated from operations	30,058	48,631
Tax paid	(2,808)	(8,455)
Net cash from operating activities	27,250	40,176
Cash flows from investing activities		
Acquisition of non-controlling interest	(300)	(8,800)
Cash inflow from disposal of subsidiary undertakings - net of cash disposed of	1,110	-
Purchases of property, plant and equipment	(8,439)	(11,422)
Purchases of intangible assets	-	(2)
Loans granted to third parties	(75)	-
Loans granted to related parties	-	(800)
Proceeds from sale of property plant and equipment	78	238
Loan repayments received from third parties	79	-
Loan repayments received from related parties	-	400
Interest received	326	761
Receipts from finance lease – related parties	-	9
Receipts from finance lease – third parties	108	28
Other	(41)	(65)
Net cash used in investing activities	(7,154)	(19,652)
Cash flows from financing activities		
Net cash inflows/(outflows) from borrowings and financial leases ¹¹ :	1,521	(10,549)
Proceeds from bank borrowings	18,058	2,750
Repayments of borrowings	(15,287)	(9,549)
Repayments of non-convertible unsecured bonds	(1,250)	(3,750)
Purchase of treasury shares	-	(114)
Principal elements of lease payments for other lease liabilities	(1,068)	(2,403)
Interest paid on bank borrowings and non-convertible unsecured bonds	(2,239)	(1,939)
Interest paid on other lease liabilities	(183)	(786)
Dividends paid to non-controlling interests in subsidiaries	(1,225)	(1,728)
Dividends paid to the owners of the Company	(9,023)	-
Net cash used in financing activities	(12,217)	(17,520)
Net increase in cash and cash equivalents	7,879	3,005
Exchange (losses)/ gains on cash and cash equivalents	(3)	193
Cash and cash equivalents at beginning of the year	4,978	12,855
Cash and cash equivalents at the end of the year	12,855	16,052

Net cash from operating activities

In 2022, Net cash from operating activities rose 47% year on year to RUB 40,176 million primarily due to the following factors:

- The increase in Cash generated from operations (after “Changes in working capital”) which rose 62% year on year to RUB 48,631 million, supported by growth in average pricing combined with the Group's best-in-class operational capabilities.
- Tax paid which was 201% higher year on year at RUB 8,455 million primarily reflecting the increase in taxable profits.

Net cash used in investing activities

Net cash used in investing activities increased 175% (or RUB 12,497 million) year on year to RUB 19,652 million

¹¹ 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”.

largely reflecting:

- A 35% or RUB 2,983 million year-on-year increase in Purchases of property, plant and equipment (on a cash basis; including maintenance CAPEX) to RUB 11,422 million.
- RUB 8,800 million payment for the acquisition of the 40% shareholding in BTS bringing the Group's shareholding to 100% (RUB 300 million was prepaid in the second half of 2021).

Net cash used in financing activities

The 43% year-on-year rise in Net cash used in financing activities which increased to RUB 17,520 million in 2022, was due to the factors described below:

- The Group continued to repay its debt out of its operational cash flow and available cash and cash equivalents in 2022 with Net cash outflow from borrowings and financial leases amounting to RUB 10,549 million compared to Net cash inflow from borrowings and financial leases of RUB 1,521 million in the previous year.
- Interest paid on bank borrowings and non-convertible unsecured bonds decreased 13% year on year to RUB 1,939 million in 2022.
- Interest paid on other lease liabilities rose to RUB 786 million from RUB 183 million on the back of an increase in the number of gondola cars leased-in under long-term operational leases.
- As previously announced, the Group suspended dividend payments due to technical limitations regarding upstreaming cash to the Cyprus holding company. As a result, no dividends were paid to the owners of the Company in 2022 compared to the RUB 9,023 million paid in the previous year.
- Dividends paid to non-controlling interests in subsidiaries increased 41% year on year to RUB 1,728 million in 2022.

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", "Acquisition of subsidiary undertakings - net of cash acquired" 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.

In 2022 the Group's Total CAPEX (on a cash basis, including maintenance CAPEX) was 35% higher year on year at RUB 11,424 million, reflecting:

- Maintenance CAPEX which decreased 3% year on year to RUB 6,411 million* with an inflationary rise in the cost of certain spare parts more than offset by the decline in the number of respective repairs.
- Expansion CAPEX which rose 174% year on year to RUB 5,013 million* and includes cash outflow for the purchase of 1,341 units of rolling stock (composed of 541 rail tank cars and 800 gondola cars)¹².

The Group's capital expenditure (including maintenance CAPEX) on an accrual basis was RUB 11,186 million in 2022 (2021: RUB 7,994 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.

The Group's Total CAPEX adjusted for M&A increased 165% year on year to RUB 20,224 million* in 2022:

- In October 2021 Globaltrans sold its 60% shareholding in the small non-core container operator SyntezRail for RUB 1.1 billion in cash.
- In March 2022 Globaltrans completed the acquisition of the remaining 40% shareholding in BTS¹³ bringing the Group's shareholding to 100%. The respective payment for the acquisition of the non-controlling interest amounted to RUB 8,800 million in the first six months of 2022 (RUB 300 million was prepaid in the second half of 2021).

¹² Expansion CAPEX includes Purchases of intangible assets in the amount of RUB 2 mln in 2022 (2021: nil).

¹³ BTS is one of the leading Russian freight rail operators of tank cars, with a strong market position, long-term service contracts and unique competencies in operating its own locomotives; total fleet of 13.1k units as of end of 2021.

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 2022 and 2021.

	2021 RUB mln	2022 RUB mln	Change %
Purchase of property, plant and equipment	8,439	11,422	35%
Purchases of intangible assets	-	2	NM
Total CAPEX	8,439	11,424	35%
Acquisition of non-controlling interest	300	8,800	2833%
Cash inflow from disposal of subsidiary undertakings - net of cash disposed of	(1,110)	-	NM
Total CAPEX adjusted for M&A	7,629*	20,224*	165%

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" and "Acquisition of non-controlling interest" plus "Cash inflow from disposal of subsidiary undertakings - net of cash disposed of".

Free Cash Flow decreased 8% or RUB 1,306 million year on year to RUB 14,825 million in 2022, primarily due to:

- A 62% or RUB 18,573 million year-on-year increase in Cash generated from operations (after "Changes in working capital") to RUB 48,631 million.
- Total CAPEX (including maintenance CAPEX) of RUB 11,424 million which was 35% or RUB 2,985 million higher year on year.
- Tax paid which increased 201% or RUB 5,647 million year on year to RUB 8,455 million.
- Payment of RUB 8,800 million for the acquisition of a non-controlling interest reflecting the acquisition of the remaining stake in BTS.
- A 155% or RUB 1,938 million year-on-year rise in a combined "Principal elements of lease payments for other lease liabilities" and "Interest paid on other lease liabilities" which rose to RUB 3,189 million as the Group substantially increased the number of gondola cars leased-in under long-term operating leases.

The following table sets out details on Free Cash Flow and Attributable Free Cash Flow for the years ended 31 December 2022 and 2021, and its reconciliation to Cash generated from operations.

	2021 RUB mln	2022 RUB mln	Change %
Cash generated from operations (after "Changes in working capital")	30,058	48,631	62%
Total CAPEX (including maintenance CAPEX)	(8,439)	(11,424)	35%
Tax paid	(2,808)	(8,455)	201%
Interest paid on bank borrowings and non-convertible unsecured bonds	(2,239)	(1,939)	-13%
Principal elements of lease payments for other lease liabilities	(1,068)	(2,403)	125%
Interest paid on other lease liabilities	(183)	(786)	330%
Cash inflow from disposal of subsidiary undertakings - net of cash disposed of	1,110	-	NM
Acquisition of non-controlling interest	(300)	(8,800)	2833%
Free Cash Flow	16,131	14,825	-8%
<i>Minus</i>			
Adjusted Profit Attributable to Non-controlling Interests	2,113	(274)	NM
Attributable Free Cash Flow	14,018	15,098	8%

Capital resources

As of 31 December 2022, the Group's financial indebtedness consisted of borrowings and non-convertible unsecured bonds for an aggregate principal amount of RUB 20,649 million (including accrued interest of RUB 260 million*), a decrease of 34% compared to the end of 2021.

Under IFRS 16, Other lease liabilities (not included in Total debt) of RUB 4,195 million were recognised on the balance sheet as of 31 December 2022 (31 December 2021: RUB 5,842 million) which was primarily related to the long-term leasing of certain fleet and offices.

As of 31 December 2022, the Group's Net Debt decreased 75% to RUB 4,596 million compared to 31 December 2021 with the Net Debt to Adjusted EBITDA ratio improving to 0.1x compared to 0.6x at the end of 2021.

The following table sets out details on the Group's total debt, Net Debt and Net Debt to Adjusted EBITDA at 31 December 2022 and 2021, and the reconciliation of Net Debt to Total debt.

	As of 31 Dec 2021 RUB mln	As of 31 Dec 2022 RUB mln	Change %
Total debt	31,318	20,649	-34%
<i>Minus</i>			
Cash and cash equivalents	12,855	16,052	25%
Net Debt	18,464	4,596	-75%
Net Debt to Adjusted EBITDA	0.6x	0.1x	

Rouble-denominated borrowings accounted for 100% of the Group's debt portfolio as of 31 December 2022. The Russian rouble is the functional currency of the Company.

The weighted average effective interest remained favourable at 8.1% as of 31 December 2022 (31 December 2021: 7.5%) despite significant market interest rate volatility over the first half of 2022. All of the Group's debt had fixed interest rates as of 31 December 2022.

The Group has a balanced maturity profile supported by the Group's cash flow generation, available cash and cash equivalents, as well as undrawn borrowing facilities of RUB 42,783 million as of 31 December 2022.

The following table gives the maturity profile of the Group's borrowings (including accrued interest of RUB 260 million*) as of 31 December 2022.

	As of 31 Dec 2022 RUB mln
Q1 2023	4,758*
Q2 2023	1,940*
Q3 2023	3,209*
Q4 2023	1,689*
2024	6,167*
2025	1,764*
2026	561*
2027	561*
Total	20,649

PRESENTATION OF INFORMATION

The information in this announcement is subject to verification, completion and change. Accordingly, no representation or warranty, express or implied, is made or given by or on behalf of the Company or any of its shareholders, directors, officers or employees or any other person as to the accuracy, completeness or fairness of the information or opinions contained in this announcement. None of the Company nor any of its shareholders, directors, officers or any other person accepts any liability (including, without limitation, any liability for negligence) whatsoever for any loss howsoever arising from any use of the contents of this announcement or otherwise arising in connection therewith. This announcement does not constitute an offer or an advertisement of any securities in any jurisdiction. The distribution of this announcement in other jurisdictions may be restricted by law and any such restrictions should be observed.

The financial information contained in this announcement is derived from the consolidated management report and consolidated financial statements (audited) of the Company 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, selected operational information as at and for the years ended 31 December 2022 and 2021 along with historical financial and operational information are available at Globaltrans’ corporate website (www.globaltrans.com).

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

The Company also reports certain operational information to illustrate the changes in the Group’s operational and financial performance during the reporting periods.

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

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

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

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

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

DEFINITIONS

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

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

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

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

Adjusted Revenue (a non-IFRS financial measure) is calculated as “Total revenue” less the following “pass

through” items “Infrastructure and locomotive tariffs: loaded trips” and “Services provided by other transportation organisations”.

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

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

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

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

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

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

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

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

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

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

Free Cash Flow (a non-IFRS financial measure) is calculated as “Cash generated from operations” (after “Changes in working capital”) less “Tax paid”, “Purchases of property, plant and equipment” (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” and “Acquisition of non-controlling interest” 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) and the performance of the specialised container transportation business.

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

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

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

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

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

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

Net Revenue from Operation of Rolling Stock (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 charged by RZD (included in the EU IFRS line item “Infrastructure and locomotive tariffs: loaded trips”).

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

Net Working Capital (a non-IFRS financial measure) is calculated as the sum of the current portions of “Inventories”, “Current income tax assets”, “Trade receivables - net”, “Other receivables - net” (“Other receivables - third parties” and “Other receivables - related parties” net of “Provision for impairment of other receivables”), “Prepayments - third parties”, “Prepayments - related parties” and “VAT recoverable”, less the sum of the current portions of “Trade payables - 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 (tank containers)”, “Expense relating to short-term leases (office)”, “Taxes (other than income tax and value added taxes)” and “Other expenses”.

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

Service Contracts represent 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, Engaged Fleet, flat cars and containers used in specialised container transportation) 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”, “Acquisition of subsidiary undertakings - net of cash acquired” 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, Engaged Fleet, flat cars and containers used in specialised container transportation) in the relevant period.

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

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

FORWARDING LOOKING INFORMATION

This announcement may contain forward-looking statements regarding future events or the future financial performance of Globaltrans. You can identify forward looking statements by terms such as “expect”, “believe”, “estimate”, “anticipate”, “intend”, “will”, “could”, “may”, or “might”, the negative of such terms or other similar expressions. These forward-looking statements include matters that are not historical facts and statements regarding the Company’s intentions, beliefs or current expectations concerning, among other things, Globaltrans’ results of operations, financial condition, liquidity, prospects, growth, strategies, and the industry in which the Company operates. By their nature, forward looking statements involve risks and uncertainties, because they relate to events and depend on circumstances that may or may not occur in the future. The Company cautions you that forward-looking statements are not guarantees of future performance and that Globaltrans’ actual results of operations, financial condition, liquidity, prospects, growth, strategies and the development of the industry in which Globaltrans operates may differ materially from those described in or suggested by the forward-looking statements contained in this announcement. In addition, even if Globaltrans’ results of operations, financial condition, liquidity, prospects, growth strategies and the development of the industry in which the Company operates are consistent with the forward-looking statements contained in this announcement, those results or developments may not be indicative of results or developments in future periods. The Company does not intend to update this announcement or reflect events and circumstances occurring after the date hereof or to reflect the occurrence of unanticipated events. Many factors could cause actual results to differ materially from those contained in forward-looking statements of Globaltrans, including, among others, general economic conditions, the competitive environment, risks associated with operating in Russia, market changes in the Russian freight rail market, as well as many of the risks specifically related to Globaltrans and its operations. No reliance may be placed for any purposes whatsoever on the information contained in this announcement or on its completeness, accuracy or fairness.