Globaltrans
Russia's Leading Private
Freight Rail Group

For immediate release **29 August 2023**

Globaltrans Investment PLC[1]

Interim 2023 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 six months ended 30 June 2023.

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

- Overall industry freight rail turnover rose 1.4% year on year. Relatively stable pricing environment sustained in both gondola and tank car segments.
- Globaltrans again demonstrated operational excellence with the Empty Run Ratio for gondola cars reduced to 39%. Freight Rail Turnover remained unchanged year on year and Average Price per Trip was up 3% year on year.
- Robust financial results with an Adjusted Revenue increase of 2% year on year to RUB 43.3 billion and an Adjusted EBITDA decline of 6% year on year to RUB 25.4 billion reflecting ongoing cost pressures.
- Total CAPEX adjusted for M&A was RUB 6.1 billion.
- Strong Free Cash Flow of RUB 11.9 billion. Net cash position at RUB 10.5 billion.
- Dividends remain suspended.
- Start of re-domiciliation to Abu Dhabi Global Market aimed at corporate structure improvement along with the unblocking of certain intra-group transactions, including the upstreaming of dividends, has been approved by shareholders at an Extraordinary General Meeting.

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

Commenting on Globaltrans' interim 2023 results, CEO Valery Shpakov said:

"Globaltrans again delivered robust results despite the challenging environment. In the first half, we were able to capitalise on our logistical strengths and further improve our gondola Empty Run Ratio. Our Free Cash Flow remained strong with robust cash generation and moderate expansion expenditure allowing us to finish the first half with a solid net cash position.

Creating shareholder value remains a priority and we therefore initiated a re-domiciliation of the holding company to the Abu Dhabi Global Market with the aim of streamlining our corporate structure and unblocking certain intra-group transactions. I would like to thank our shareholders for their support of this initiative, demonstrated at the recent Extraordinary General Meeting.

As you would expect, we continue to maintain our discipline and focus. We entered the second half of the year as a strong, efficient, and well-managed business, one that is well positioned to continue to deliver as we progress towards our value creation goals."

FINANCIAL RESULTS

Robust financial results, strong Free Cash Flow and net cash position, dividends on hold

- Revenue rose 7% year on year to RUB 52.0 billion with Adjusted Revenue (a key component) increasing 2% year on year to RUB 43.3 billion in H1 2023 reflecting stable Freight Rail Turnover and solid average pricing.
- Robust Adjusted EBITDA at RUB 25.4 billion was 6% lower year on year largely due to accelerated cost inflation despite careful control of overall costs.
- Total CAPEX adjusted for M&A was RUB 6.1 billion (a decline of 51% year on year).
- Strong Free Cash Flow of RUB 11.9 billion (H1 2022: RUB 6.4 billion).
- Profit for the period rose to RUB 20.9 billion (H1 2022: RUB 12.3 billion) reflecting the sizable impairment of rolling stock in the year-earlier period and a profit on the sale of the Group's shareholding in its leasing subsidiary Spacecom[2] in the current year.
- Net cash position was RUB 10.5 billion with Net Debt to LTM Adjusted EBITDA at (0.2)x[3].
- 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 further improved, average pricing was solid, all Service Contracts remain intact

- Continued operational excellence with the Empty Run Ratio for gondola cars significantly improved to 39% in H1 2023 (H1 2022: 42%) driven by logistics adjustments and Service Contracts. Total Empty Run Ratio (for all types of rolling stock) stood at 48% (H1 2022: 50%).
- The Group's Freight Rail Turnover remained largely unchanged year on year in H1 2023 (up 2% year on year including Engaged Fleet) with the robust performance in the rail tank segment compensating for the volatility in the gondola segment logistics.
- Solid average pricing with Average Price per Trip 3% higher year on year reflecting relatively stable industry demand.
- The Group maintained its focus on Service Contracts[4] and client retention. Service Contracts remain intact contributing about 61% of the Group's Net Revenue from Operation of Rolling Stock in H1 2023.

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

[3] *For the last twelve months ended 30 June 2023.*

[4] *As of the end of H1 2023 Globaltrans had six Service Contracts.*

H1 2023 MARKET REVIEW

Relatively stable industry demand supported by logistics transformation

- Overall industry freight rail turnover (in tonnes-km) rose 1.4% year on year with volumes (in tonnes) up 0.8% year on year.
- A moderate rise in the proportion of long-distance routes supported increased demand for railcars.

Recovery in non-oil (bulk) cargo volumes

- Overall non-oil (bulk) cargo volumes rose 1.3% year on year in H1 2023 largely supported by 1.8% and 5.2% year-on-year increases in coal and construction materials volumes respectively. In the metallurgical segment, volumes continued to recover but still remained below levels in the year-earlier period (down 1.4% year on year)[5].
- Gondola market rates recovered from the levels of the second half of 2022 but were still below first half 2022 levels.

Demand in the oil products and oil segment was relatively steady

- Overall industry oil products and oil volumes slipped 1.5% year on year in H1 2023.
- Market pricing remained robust.

RECENT UPDATE

Relatively stable industry demand and pricing continued so far in H2 2023 but with low visibility

- Overall industry freight rail turnover rose 2.7% year on year in July 2023. Visibility remains low.
- Solid market pricing prevails in both gondola and tank segments but with the potential for volatility going forward.
- Accelerated cost pressures with regulated RZD tariffs for the traction of empty railcars (a key driver of the largest Operating Cash Cost component) up about 23% in total over H2 2022 and H1 2023[6].

Globaltrans continues to target the acquisition and leasing of railcars subject to industry conditions and fleet requirements

- The Group intends to take an opportunistic approach to the purchase and lease of railcars in the near term as the retirement of owned fleet is expected to be insignificant over the coming 18 months.
- Between 2025 - 2029 the Group expects its owned fleet retirements to average about 3,500 units per year.

Re-domiciliation is in progress

- Re-domiciliation to the Abu Dhabi Global Market (ADGM) was approved at the Extraordinary General Meeting (EGM) on 16 August 2023.
- Expected to unblock the ability to carry out certain intra-group transactions, including the upstreaming of dividends, which are currently allowed only to a very limited extent. It will not however directly trigger restoration of dividend payments to shareholders.
- Expected that listings on both the London Stock Exchange and Moscow Exchange along with the current depositary programme could be maintained post re-domiciliation. Listing of GDRs on any alternative stock exchanges is not being considered at present.
- The current international standard of corporate governance, including the number of independent directors, as well as transparency practices will be maintained.
- It is anticipated that the tax on the upstreaming of dividends upon re-domiciliation to ADGM will be 15%, the same level as currently following the recent increase from 5 to 15% on dividends to Cypriot public companies[7].

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[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 11% from 1 June 2022 and 10% from 1 January 2023.*

[7] *The withholding tax on upstreaming dividends from Russia to Cyprus increased from 5% to 15% for public companies which meet certain*

- The fundamental rights of shareholders will not be affected by the re-domiciliation, in part due to the fact that the legislation in Cyprus and the applicable ADGM regulations are both grounded in English law.
- The process is expected to take about six months[8].

DOWNLOADS

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

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: Tuesday, 29 August 2023

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

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

Webcast: https://us06web.zoom.us/webinar/register/WN_Vozf9gbHSiKNpRQ-__Tiwg#/registration

Q&A Session: Please note that this will be a listen-only session. Should you have any questions, please submit them by 11:30 Moscow time on 29 August 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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criteria as Russia suspended the double taxation treaty with Cyprus in August 2023.

[8] The completion of the re-domiciliation to Abu Dhabi Global Market ("Re-domiciliation") is subject to certain regulatory approvals and other consents and there can be no guarantee that these will be granted. Furthermore, potential legislative or regulatory changes and/or other external factors may impact the Re-domiciliation and the Company's ability to achieve its intended objectives.

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 depositary receipts (GDRs) have been listed on the Main Market of the London Stock Exchange (ticker symbol: GLTR) since May 2008[9] 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 about 66 thousand units as of the end of June 2023, 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 (70% 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 66 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 six months ended 30 June 2023 and 2022.

EU IFRS financial information

	H1 2022 RUB mln	H1 2023 RUB mln	Change %
Revenue	48,415	**51,972**	7%
Total cost of sales, selling and marketing costs and administrative expenses	(30,063)	**(32,277)**	7%
Profit on sale of subsidiary	-	**3,400**	NM
Other gains/(losses) - net	19	**(86)**	NM
Operating profit	18,370	**23,009**	25%
Finance (costs)/gains - net	(1,561)	**1,705**	NM
Profit before income tax	16,809	**24,714**	47%
Income tax expense	(4,469)	**(3,811)**	-15%
Profit for the period	12,341	**20,903**	69%
Profit attributable to:			
Owners of the Company	11,804	**20,906**	77%
Non-controlling interests	536	**(3)**	NM
Basic and diluted earnings per share for profit attributable to the equity holders of the Company during the period (RUB per share)	66.07	**117.24**	77%

[9] *Imposed suspension of GDRs trading on the London Stock Exchange continued as of the date of publication.*

	H1 2022 RUB mln	H1 2023 RUB mln	Change %
Cash generated from operations (after changes in working capital)	26,006	**24,169**	-7%
Tax paid	(4,399)	**(3,664)**	-17%
Net cash from operating activities	21,607	**20,505**	-5%
Net cash used in investing activities	(12,464)	**(5,077)**	-59%
Net cash used in financing activities	(9,548)	**(3,009)**	-68%

Non-IFRS financial information

	H1 2022 RUB mln	H1 2023 RUB mln	Change %
Adjusted Revenue	42,627	**43,323**	2%
Including			
Net Revenue from Operation of Rolling Stock	40,263*	**40,584***	1%
Operating leasing of rolling stock	1,926	**2,074**	8%
Total Operating Cash Costs	15,654	**17,861**	14%
Including			
Empty Run Cost	8,043*	**9,748***	21%
Employee benefit expense	3,560	**3,874**	9%
Repairs and maintenance	1,928	**2,134**	11%
Fuel and spare parts - locomotives	994	**934**	-6%
Adjusted EBITDA	26,973	**25,427**	-6%
Adjusted EBITDA Margin, %	63%	**59%**	-
Total CAPEX (incl. maintenance CAPEX)	3,697	**4,272**	16%
Total CAPEX adjusted for M&A	12,497	**6,103**	-51%
Free Cash Flow	6,356	**11,866**	87%
Attributable Free Cash Flow	5,820	**11,869**	104%

Debt profile

	As of 31 Dec 2022 RUB mln	As of 30 June 2023 RUB mln	Change %
Total debt	20,649	**20,424**	-1%
Cash and cash equivalents	16,052	**30,951**	93%
Net Debt	4,596	**(10,527)**	NM
Net Debt to LTM Adjusted EBITDA (x)[10]	0.1	**(0.2)**	-

Operational information

	H1 2022	H1 2023	Change %
Freight Rail Turnover, billion tonnes-km (excl. Engaged Fleet)	68.3	**68.2**	0%
Transportation Volume, million tonnes (excl. Engaged Fleet)	38.6	**37.8**	-2%
Average Price per Trip, RUB	67,510	**69,485**	3%
Average Rolling Stock Operated, units	56,563	**57,220**	1%
Average Distance of Loaded Trip, km	1,753	**1,794**	2%
Average Number of Loaded Trips per Railcar	10.5	**10.2**	-3%
Total Empty Run Ratio (for all types of rolling stock), %	50%	**48%**	-
Empty Run Ratio for gondola cars, %	42%	**39%**	-
Share of Empty Run Kilometres paid by Globaltrans, %	98%	**99%**	-
Total Fleet, units (at period end), including:	67,346	**65,915**	-2%
Owned Fleet, units (at period end)	62,027	**62,020**	0%
Leased-in Fleet, units (at period end)	5,319	**3,895**	-27%
Leased-out Fleet, units (at period end)	8,627	**6,997**	-19%
Average age of Owned Fleet, years (at period end)	14.2	**14.7**	-
Total number of employees (at period end)	1,816	**1,803**	-1%

[10] *For the last twelve months.*

Revenue

In the first six months of 2023, the Group's Total revenue increased 7% year on year to RUB 51,972 million reflecting the combination of a 2% year-on-year rise in Adjusted Revenue (a key component) and a 49% 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 six months ended 30 June 2023 and 2022.

	H1 2022 RUB mln	H1 2023 RUB mln	Change %
Railway transportation – operators services (tariff borne by the Group)[11]	13,959	19,019	36%
Railway transportation – operators services (tariff borne by the client)	32,224	30,590	-5%
Operating leasing of rolling stock	1,926	2,074	8%
Other	306	289	-6%
Total revenue	**48,415**	**51,972**	**7%**

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 the first six months of 2023, the Group's Adjusted Revenue was RUB 43,323 million up 2% 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 six months ended 30 June 2023 and 2022 and its reconciliation to Total revenue.

	H1 2022 RUB mln	H1 2023 RUB mln	Change %
Total revenue	48,415	51,972	7%
Minus "pass through" items			
Infrastructure and locomotive tariffs: loaded trips	4,662	6,805	46%
Services provided by other transportation organisations	1,126	1,845	64%
Adjusted Revenue	**42,627**	**43,323**	**2%**

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.

The following table provides a breakdown of the components of Adjusted Revenue for the six months ended 30 June 2023 and 2022.

	H1 2022 RUB mln	H1 2023 RUB mln	Change %
Net Revenue from Operation of Rolling Stock	40,263*	40,584*	1%
Operating leasing of rolling stock	1,926	2,074	8%
Net Revenue from Engaged Fleet	132*	375*	184%
Other	306	289	-6%
Adjusted Revenue	**42,627**	**43,323**	**2%**

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

[11] *Includes "Infrastructure and locomotive tariffs: loaded trips" for H1 2023 of RUB 6,805 million (H1 2022: RUB 4,662 million) and "Services provided by other transportation organisations" of RUB 1,845 million (H1 2022: RUB 1,126 million).*

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 the first six months of 2023, increased 1% year on year to RUB 40,584 million* reflecting solid average pricing and stable Freight Rail Turnover.

Revenue from operating leasing of rolling stock

Revenue from operating leasing of rolling stock contributed 5% of the Group’s Adjusted Revenue in the first half of 2023 and increased 8% year on year to RUB 2,074 million. This reflected the rise in average leasing rates which was partially offset by the decline in the average number of leased-out fleet during the reporting period due to the sale of some rail tank cars as part of the disposal of Globaltrans’ shareholding in Spacecom[12].

Net Revenue from Engaged Fleet

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

Net Revenue from Engaged Fleet, which contributed less than 1% of the Group’s Adjusted Revenue in the first half of 2023, increased 184% year on year in the first six months of 2023 to RUB 375 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 the first half of 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 decreased 6% year on year to RUB 289 million in the first six months of 2023.

Cost of sales, selling and marketing costs and administrative expenses

The following table provides a breakdown of Cost of sales, selling and marketing costs and administrative expenses for the six months ended 30 June 2023 and 2022.

	H1 2022 RUB mln	**H1 2023 RUB mln**	**Change %**
Cost of sales	27,452	29,563	8%
Selling and marketing costs	118	165	40%
Administrative expenses	2,493	2,549	2%
Total cost of sales, selling and marketing costs and administrative expenses	**30,063**	**32,277**	**7%**

A 7% year-on-year rise in the Group’s Total cost of sales, selling and marketing costs and administrative expenses to RUB 32,277 million in the first six months of 2023 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”) increased 49% year on year to RUB 8,649 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 RZD infrastructure and locomotive tariffs.
- The Group’s Total cost of sales, selling and marketing costs and administrative expenses adjusted for “pass-through” cost items declined 3% year on year to RUB 23,628 million in the first half of 2023, due to:
  - A 14% year-on-year increase in Total Operating Cash Costs to RUB 17,861 million in the first six months of 2023, which largely reflected accelerated cost inflation primarily in the regulated RZD tariffs for the traction of empty railcars, along with the rise in employee benefit expense and repairs and maintenance costs. Total Operating Cash Costs (excluding Empty Run Costs) rose only 7% year on year.

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

- Total Operating Non-Cash Costs decreased 33% year on year to RUB 5,767 million primarily due to the fact that there was no significant impairment of rolling stock in the first half of 2023 compared to RUB 3,713 million impairment related to the rolling stock blocked in Ukraine in the first half of 2022. This was partially offset by a 35% increase in Depreciation of property, plant and equipment largely due to both the addition as well as the higher depreciation of acquired rolling stock[13] along with a decrease in the scrap value of rolling stock.

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

	H1 2022 RUB mln	H1 2023 RUB mln	Change %
"Pass through" cost items	**5,788**	**8,649**	**49%**
Infrastructure and locomotive tariffs: loaded trips	4,662	6,805	46%
Services provided by other transportation organisations	1,126	1,845	64%
Total cost of sales, selling and marketing costs and administrative expenses (adjusted for "pass through" cost items)	**24,275**	**23,628**	**-3%**
Total Operating Cash Costs	**15,654**	**17,861**	**14%**
Empty Run Costs	8,043*	9,748*	21%
Employee benefit expense	3,560	3,874	9%
Repairs and maintenance	1,928	2,134	11%
Fuel and spare parts – locomotives	994	934	-6%
Infrastructure and Locomotive Tariffs - Other Tariffs	554*	639*	15%
Engagement of locomotive crews	72	48	-34%
Expense relating to short-term leases (rolling stock)	27	13	-53%
Other Operating Cash Costs	475	472	-1%
Total Operating Non-Cash Costs	**8,622**	**5,767**	**-33%**
Depreciation of property, plant and equipment	3,360	4,525	35%
Depreciation of right-of-use assets	1,349	1,158	-14%
Loss on derecognition arising on capital repairs	190	144	-24%
Net impairment losses on trade and other receivables	1	34	4644%
Impairment/(reversal of) charge on property, plant and equipment	3,713	(24)	NM
Loss/(gain) on sale of property, plant and equipment	10	(71)	NM
Amortisation of intangible assets	0.01	0.2	2588%
Total cost of sales, selling and marketing costs and administrative expenses	**30,063**	**32,277**	**7%**

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

The 46% year-on-year increase in this item in the first six months of 2023 to RUB 6,805 million primarily reflected the higher proportion of clients that pay infrastructure and locomotive tariffs: loaded trips through the Group along with the rise in regulated RZD 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 64% year on year to RUB 1,845 million in the first half of 2023 primarily due to a higher number of Engaged Fleet operations along with a rise in the cost of fleet engagement.

[13] *Including wheel pairs.*

[14] *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.*

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 the first six months of 2023 of RUB 17,861 million were 14% higher compared to the same period of 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 six months ended 30 June 2023 and 2022.

	H1 2023 % of total	H1 2022 RUB mln	H1 2023 RUB mln	Change %
Empty Run Costs	55%	8,043*	9,748*	21%
Employee benefit expense	22%	3,560	3,874	9%
Repairs and maintenance	12%	1,928	2,134	11%
Fuel and spare parts - locomotives	5%	994	934	-6%
Infrastructure and Locomotive Tariffs - Other Tariffs	4%	554*	639*	15%
Engagement of locomotive crews	0.3%	72	48	-34%
Expense relating to short-term leases (rolling stock)	0.1%	27	13	-53%
Other Operating Cash Costs	3%	475	472	-1%
Total Operating Cash Costs	**100%**	**15,654**	**17,861**	**14%**

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 55% of the Group's Total Operating Cash Costs in the first half of 2023, increased 21% year on year to RUB 9,748 million* due to:

- A rise in regulated RZD tariffs for the traction of empty railcars of about 23% in total over H2 2022 and H1 2023[15] which was partially offset by:
- A significant improvement in the Empty Run Ratio for gondola cars to 39% (H1 2022: 42%) with the Share of Empty Run Kilometers paid by Globaltrans remaining stable at 99% (H1 2022: 98%).

Employee benefit expense

Employee benefit expense, which represented 22% of the Group's Total Operating Cash Costs in the first six months of 2023, increased 9% year on year to RUB 3,874 million. This resulted from the inflation-driven growth in wages, salaries and bonuses. The average headcount was little changed (down 2% year on year).

Repairs and maintenance

Repairs and maintenance costs, which comprised 12% of the Group's Total Operating Cash Costs in the first half of 2023, increased 11% year on year to RUB 2,134 million, resulting largely 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 5% of the Group's Total Operating Cash Costs in the first six months of 2023, declined 6% year on year to RUB 934 million largely reflecting lower fuel costs.

[15] *Regulated RZD tariffs for the traction of empty railcars rose 11% from 1 June 2022 and 10% from 1 January 2023.*

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 the first half of 2023 and rose 15% year on year to RUB 639 million*, impacted largely by the rise in the regulated RZD infrastructure and locomotive tariffs.

Engagement of locomotive crews

Costs related to the engagement of locomotive crews from RZD in the first six months of 2023 (less than 1% of the Group's Total Operating Cash Costs) declined 34% year on year to RUB 48 million due to a 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 the first six months of 2023, Expense relating to short-term leases (rolling stock), representing less than 1% of the Group's Total Operating Cash Costs, fell 53% year on year to RUB 13 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 (office)", "Taxes (other than income tax and value added taxes)" and "Other expenses".

The following table provides a breakdown of the Other Operating Cash Costs for the six months ended 30 June 2023 and 2022.

	H1 2022 RUB mln	H1 2023 RUB mln	Change %
Legal, consulting and other professional fees	47	62	33%
Expense relating to short-term leases (office)	46	48	3%
Advertising and promotion	18	23	23%
Auditors' remuneration	22	22	-2%
Communication costs	12	13	8%
Information services	8	10	15%
Taxes (other than on income and value added taxes)	13	7	-50%
Other expenses	308	289	-6%
Other Operating Cash Costs	**475**	**472**	**-1%**

Other Operating Cash Costs, which comprised 3% of the Group's Total Operating Cash Costs, fell 1% year on year to RUB 472 million in the first half of 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) charge on 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 six months ended 30 June 2023 and 2022.

	H1 2022 RUB mln	H1 2023 RUB mln	Change %
Depreciation of property, plant and equipment	3,360	4,525	35%
Depreciation of right-of-use assets	1,349	1,158	-14%
Loss on derecognition arising on capital repairs[16]	190	144	-24%
Net impairment losses on trade and other receivables	1	34	4644%
Amortisation of intangible assets	0.01	0.2	2588%
Impairment/(reversal of) charge on property, plant and equipment	3,713	(24)	NM
Loss/(gain) on sale of property, plant and equipment	10	(71)	NM
Total Operating Non-Cash Costs	**8,622**	**5,767**	**-33%**

A 33% year-on-year decrease in Total Operating Non-Cash Costs to RUB 5,767 million in the first six months of 2023 stemmed primarily from:

- No large impairment of property, plant and equipment in the first half of 2023 compared to RUB 3,713 million related to the impairment of rolling stock blocked in Ukraine in the same period in the previous year.
- A 35% 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[17] 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) charge on property, plant and equipment", "Impairment of intangible assets", "Loss on derecognition arising on capital repairs", "Reversal of impairment of intangible assets" and "Profit on sale of subsidiary".

The Group's Adjusted EBITDA declined 6% year on year to RUB 25,427 million in the first six months of 2023. The Adjusted EBITDA Margin narrowed to 59% in the first half of 2023 from 63% in the same period in 2022 reflecting the 2% year-on-year increase in Adjusted Revenue and a 14% year-on-year rise in Total Operating Cash Costs.

The following table provides details on Adjusted EBITDA for the six months ended 30 June 2023 and 2022, and its reconciliation to EBITDA and Profit for the period.

	H1 2022 RUB mln	H1 2023 RUB mln	Change %
Profit for the period	12,341	20,903	69%
Plus (Minus)			
Income tax expense	4,469	3,811	-15%
Finance costs/(gains) – net	1,561	(1,705)	NM
Net foreign exchange transaction (losses)/gains on financing activities	(473)	2,501	NM
Amortisation of intangible assets	0.01	0.2	2588%
Depreciation of right-of-use assets	1,349	1,158	-14%
Depreciation of property, plant and equipment	3,360	4,525	35%
EBITDA	**22,606**	**31,194**	**38%**
Minus (Plus)			
Loss on derecognition arising on capital repairs	(190)	(144)	-24%
Profit on sale of subsidiary	-	3,400	NM
Net foreign exchange transaction (losses)/gains on financing activities	(473)	2,501	NM
Other gains/(losses) – net	19	(86)	NM
(Loss)/gain on sale of property, plant and equipment	(10)	71	NM
(Impairment)/reversal of charge on property, plant and equipment	(3,713)	24	NM
Adjusted EBITDA	**26,973**	**25,427**	**-6%**

[16] The cost of each major periodic capital repair (incl. 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.

[17] Including wheel pairs.

Finance income and costs

The following table provides a breakdown of Finance income and costs for the six months ended 30 June 2023 and 2022.

	H1 2022 RUB mln	H1 2023 RUB mln	Change %
Interest expense:			
Bank borrowings	(710)	(945)	33%
Non-convertible bonds	(321)	(135)	-58%
Total interest expense calculated using the effective interest rate method	(1,031)	(1,079)	5%
Other lease liabilities	(484)	(214)	-56%
Total interest expense	(1,515)	(1,294)	-15%
Other finance costs	(0.05)	(0.1)	17%
Total finance costs	**(1,515)**	**(1,294)**	**-15%**
Interest income:			
Bank balances	238	453	90%
Short term deposits	167	24	-86%
Loans to related parties	10	10	-2%
Loans to third parties	-	2	NM
Total interest income calculated using the effective interest rate method	415	490	18%
Finance leases – related parties	1	0.4	-52%
Finance leases – third parties	9	7	-23%
Total interest income	425	497	17%
Other finance income	2	-	-100%
Total finance income	**427**	**497**	**16%**
Net foreign exchange transaction losses on borrowings and other liabilities	(2)	-	-100%
Net foreign exchange transaction (losses)/gains on cash and cash equivalents and other monetary assets	(472)	2,501	NM
Net foreign exchange transaction (losses)/gains on financing activities	**(473)**	**2,501**	**NM**
Net finance (costs)/gains	**(1,561)**	**1,705**	**NM**

Finance costs

Total finance costs for the first half of 2023 decreased 15% year on year to RUB 1,294 million. A 5% 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 1,079 million was more than offset by the 56% year-on-year decline in Other lease liabilities to RUB 214 million as the Group decreased the number of fleet leased-in under long-term operating leases.

Finance income

In the first half of 2023, the Group's Total finance income increased 16% year on year to RUB 497 million primarily due to increases in bank balances along with a rise in deposit rates compared to the same period of 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 2,501 million in the first half of 2023 compared to RUB 473 million of Net foreign expense losses on financing activities in the same period in 2022. This resulted from foreign exchange volatility on the available cash and cash equivalents denominated in foreign currency.

Profit on sale of subsidiary

The Group had a Profit on sale of subsidiary in the amount of RUB 3,400 million in the first six months of 2023 (H1 2022: nil) which reflected the disposal of the Company's shareholding in Spacecom[18].

Profit before income tax

The Group reported a year-on-year increase of 47% in Profit before income tax to RUB 24,714 million in the first six months of 2023, reflecting a 25% year-on-year increase in the Group's Operating profit to RUB 23,009 million, which was largely linked to the factors described above, including:

- No large impairment of property, plant and equipment in the first half of 2023 compared to RUB 3,713 million related to the impairment of rolling stock blocked in Ukraine in the same period the previous year.
- RUB 3,400 million of Profit on sale of subsidiary related to the disposal of the Company's shareholding in Spacecom.

Income tax expense

Income tax expense was down 15% year on year to RUB 3,811 million in the first half of 2023 largely reflecting the year-on-year decline in the estimated average interim tax rate. This was due to the reduction of intra-group dividends and the realisation of profits from the sale of a subsidiary as well as foreign exchange differences which are exempt from tax at the level of the parent company.

Profit for the period

The Group's Profit for the period increased 69% year on year to RUB 20,903 million reflecting the factors described above.

Profit for the period attributable to the owners of the Company increased 77% year on year to RUB 20,906 million reflecting the factors described above.

LIQUIDITY AND CAPITAL RESOURCES

In the first six months of 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 30 June 2023, the Group had Net Working Capital of RUB 3,864 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 condensed consolidated interim cash flow statement for the six months ended 30 June 2023 and 2022.

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

	H1 2022 RUB mln	H1 2023 RUB mln
Cash flows from operating activities	26,997	25,345
Changes in working capital:	(991)	(1,176)
Inventories	219	224
Trade receivables	(1,478)	(1,644)
Other assets	675	2,495
Other receivables	283	(25)
Trade and other payables	355	(2,143)
Contract liabilities	(1,044)	(84)
Cash generated from operations	26,006	24,169
Tax paid	(4,399)	(3,664)
Net cash from operating activities	**21,607**	**20,505**
Cash flows from investing activities		
Payment for acquisition of non-controlling interest	(8,800)	-
Proceeds from sale of subsidiaries (net of cash disposed)	-	4,772
Purchases of property, plant and equipment	(3,697)	(4,272)
Proceeds from disposal of property plant and equipment	12	135
Payment for rolling stock to disposed subsidiary	-	(6,603)
Loans granted to third parties	-	(859)
Loans granted to related parties	(400)	-
Loan repayments received from third parties	-	856
Loan repayments received from related parties	-	400
Interest received	430	468
Receipts from finance lease receivable	23	26
Other	(31)	-
Net cash used in investing activities	**(12,464)**	**(5,077)**
Cash flows from financing activities		
Net cash outflows from borrowings and financial leases[19]:	(6,569)	(139)
Proceeds from bank borrowings	-	8,800
Repayments of borrowings	(6,569)	(8,939)
Principal elements of lease payments for other lease liabilities	(1,200)	(1,152)
Interest paid on bank borrowings and non-convertible unsecured bonds	(1,074)	(1,165)
Interest paid on other lease liabilities	(479)	(219)
Dividends paid to non-controlling interests in subsidiaries	(111)	(334)
Purchase of treasury shares	(114)	-
Net cash used in financing activities	**(9,548)**	**(3,009)**
Net (decrease)/increase in cash and cash equivalents	(405)	12,419
Effect of exchange rate changes on cash and cash equivalents	(507)	2,479
Cash and cash equivalents at beginning of the period	12,855	16,052
Cash and cash equivalents at the end of the period	**11,943**	**30,951**

Net cash from operating activities

In the first half of 2023, Net cash from operating activities decreased 5% year on year to RUB 20,505 million primarily due to the following factors:

- Cash generated from operations (after "Changes in working capital") decreased 7% year on year to RUB 24,169 million.
- Tax paid was 17% lower year on year at RUB 3,664 million.

Net cash used in investing activities

Net cash used in investing activities decreased 59% (or RUB 7,387 million) year on year to RUB 5,077 million largely reflecting:

- A 16% or RUB 575 million year-on-year increase in Purchases of property, plant and equipment (on a cash basis; including maintenance CAPEX) to RUB 4,272 million principally due to the purchase of 200 gondola cars in the reporting period.
- A RUB 6,603 million Payment for rolling stock to a disposed subsidiary in the first six months of 2023 related to the completion of the intra-group acquisition of tank cars by BaltTransServis from Spacecom (a leasing

[19] *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".*

subsidiary disposed of in February 2023)[20].

- A RUB 4,772 million Proceeds from sale of subsidiaries (net of cash disposed) in the first six months of 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.

Net cash used in financing activities

Net cash used in financing activities decreased 68% year on year to RUB 3,009 million in the first half of 2023, due to the factors described below:

- Proceeds from borrowings almost matched repayments in the first half of 2023 resulting in a Net cash outflow from borrowings and financial leases amounting to RUB 139 million compared to RUB 6,569 million in same period the previous year.
- Interest paid on bank borrowings and non-convertible unsecured bonds increased 8% year on year to RUB 1,165 million in the first half of 2023.
- Interest paid on other lease liabilities declined to RUB 219 million from RUB 479 million on the back of a decrease in the number of rolling stock leased-in under long-term operating leases.
- As previously announced, the Company 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 the first six months of 2023 as well as in the same period the previous year.
- Dividends paid to non-controlling interests in subsidiaries increased 200% year on year to RUB 334 million in the first half of 2023.

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 6,103 million, a decrease of 51% or RUB 6,394 million compared to the same period the previous year reflecting the following factors:

- Total CAPEX (including maintenance CAPEX) rose 16% or RUB 575 million year on year to RUB 4,272 million in the first half of 2023:
    - Maintenance CAPEX remained relatively unchanged at RUB 3,305 million* (up 1% year on year).
    - Expansion CAPEX increased to RUB 967 million* compared to RUB 422 million* in the same period the previous year largely reflecting the purchase of 200 new gondola cars.
- A RUB 6,603 million Payment for rolling stock to a disposed subsidiary in the first half of 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) in the first six months of 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.

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

The following table sets out the principal components of the Group's Total CAPEX and Total CAPEX adjusted for M&A for the six months ended 30 June 2023 and 2022.

	H1 2022 RUB mln	H1 2023 RUB mln	Change %
Purchase of property, plant and equipment	(3,697)	(4,272)	16%
Total CAPEX (incl. maintenance CAPEX)	**(3,697)**	**(4,272)**	**16%**
Proceeds from sale of subsidiaries (net of cash disposed)	-	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	**(12,497)**	**(6,103)**	**-51%**

The Group's capital expenditure (including maintenance CAPEX) on an accrual basis was RUB 5,091 million in the first six months of 2023 (H1 2022: RUB 4,311 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)".

Free Cash Flow increased 87% or RUB 5,510 million year on year to RUB 11,866 million in the first half of 2023, primarily due to:

- A 7% or RUB 1,836 million year-on-year decrease in Cash generated from operations (after "Changes in working capital") to RUB 24,169 million.
- Tax paid which decreased 17% or RUB 735 million year on year to RUB 3,664 million.
- A 18% or RUB 308 million 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 1,371 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 51% or RUB 6,394 million year on year to RUB 6,103 million reflecting the factors described above.

The following table sets out details on Free Cash Flow and Attributable Free Cash Flow for the six months ended 30 June 2023 and 2022, and its reconciliation to Cash generated from operations.

	H1 2022 RUB mln	H1 2023 RUB mln	Change %
Cash generated from operations (after "Changes in working capital")	26,006	24,169	-7%
Total CAPEX adjusted for M&A	(12,497)	(6,103)	-51%
Purchases of property, plant and equipment	(3,697)	(4,272)	16%
Payment for rolling stock to disposed subsidiary	-	(6,603)	NM
Payment for acquisition of non-controlling interest	(8,800)	-	-100%
Proceeds from sale of subsidiaries (net of cash disposed)	-	4,772	NM
Tax paid	(4,399)	(3,664)	-17%
Interest paid on bank borrowings and non-convertible unsecured bonds	(1,074)	(1,165)	8%
Principal elements of lease payments for other lease liabilities	(1,200)	(1,152)	-4%
Interest paid on other lease liabilities	(479)	(219)	-54%
Free Cash Flow	**6,356**	**11,866**	**87%**
Minus			
Adjusted Profit Attributable to Non-controlling Interests	536	(3)	-100%
Attributable Free Cash Flow	**5,820**	**11,869**	**104%**

Capital resources

The Group had a Net cash position of RUB 10,527 million as of 30 June 2023 compared to Net Debt of RUB 4,596 million as of 31 December 2022.

- Total debt (consisting of borrowings and non-convertible unsecured bonds) amounted to RUB 20,424 million as of 30 June 2023 (including accrued interest of RUB 182 million*), a decrease of 1% compared to the end of 2022.
- Cash and cash equivalents amounted to RUB 30,951 million, an increase of 93% compared to the end of 2022 with about 40%* denominated in foreign currency.

The Net Debt to LTM Adjusted EBITDA ratio was (0.2)x as of 30 June 2023[21] (31 December 2022: 0.1x).

Under IFRS 16, Other lease liabilities (not included in Total debt) of RUB 3,196 million were recognised on the balance sheet as of 30 June 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 LTM Adjusted EBITDA at 30 June 2023 and 31 December 2022, and the reconciliation of Net Debt to Total debt.

	As of 31 Dec 2022 RUB mln	**As of 30 June 2023 RUB mln**	**Change %**
Total debt	20,649	20,424	-1%
Minus			
Cash and cash equivalents	16,052	30,951	93%
Net Debt	**4,596**	**(10,527)**	**NM**
Net Debt to LTM Adjusted EBITDA	**0.1x**	**(0.2)x**	**-**

Rouble-denominated borrowings accounted for 100% of the Group's debt portfolio as of 30 June 2023. The Russian rouble is the functional currency of the Company.

The weighted average effective interest stood at 9.6% as of 30 June 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 30 June 2023.

The Group has a balanced maturity profile supported by the Group's solid cash flow generation, available cash and cash equivalents, as well as undrawn borrowing facilities of RUB 32,150 million as of 30 June 2023.

The following table gives the maturity profile of the Group's borrowings (including accrued interest of RUB 182 million*) as of 30 June 2023.

	As of 30 June 2023 RUB mln
Q3 2023	3,361*
Q4 2023	1,809*
Q1 2024	3,297*
Q2 2024	1,785*
H2 2024	2,510*
2025	3,560*
2026	2,114*
2027	1,918*
2028	72*
Total	**20,424**

[21] *For the last twelve months period.*

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 condensed consolidated interim financial information (unaudited) of Globaltrans Investment PLC ("the Company" and together with its consolidated subsidiaries "Globaltrans" or "the Group") as at and for the six months ended 30 June 2023 and 2022 and prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" as adopted by the European Union. The condensed consolidated interim financial information should be read in conjunction with the consolidated Management report and consolidated financial statements for the year ended 31 December 2022, which have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union and the Cyprus Companies Law, Cap. 113.

The Group's condensed consolidated interim financial information (unaudited), selected operational information as at and for the six months ended 30 June 2023 and 2022 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", "Other gains/(losses) - net", "Gain/(loss) on sale of property, plant and equipment", "Impairment/(reversal of) charge on property, plant and equipment", "Impairment of intangible assets", "Loss on derecognition arising on capital repairs", "Reversal of impairment of intangible assets" and "Profit on 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) charge on 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 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 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 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)".

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 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 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, locomotives 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) charge on 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) charge on 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).

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.