

For immediate release

28 March 2022

Globaltrans Investment PLC

Full-Year 2021 Results and Market Update

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 2021 along with the update on recent developments.

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

KEY HIGHLIGHTS

Strong market recovery, increased Free Cash Flow and reduced Net Debt further strengthened Group foundations

- Significant H2 2021 market recovery with overall Russian freight rail turnover at an all-time high in 2021 largely driven by robust bulk cargo demand.
- Recovery in gondola market rates starting in late Q2 2021 continued through the year with 2021 bulk volumes exceeding pre-COVID levels; tank market pricing remained robust with volume recovery accelerating in H2 2021.
- Two key service contracts extended in 2021 - Rosneft for 5 years and Metalloinvest for 2 years (with higher service volumes agreed).
- Adjusted EBITDA increased 8% year on year to RUB 29.0 billion.
- Free Cash Flow increased 7% year on year to RUB 16.1 billion despite the increase in Total CAPEX.
- Profit for the year rose 24% year on year to RUB 15.1 billion.
- Net Debt fell 32% with Net Debt to Adjusted EBITDA at 0.6x compared to 1.0x at end 2020.
- Above-target interim 2021 dividends delivered although the final 2021 dividends are temporarily suspended due to both technical limitations regarding upstreaming cash to the Cyprus holding company and the objective of establishing liquidity buffers.

Commenting on Globaltrans’ full-year 2021 results, CEO Valery Shpakov said:

“Globaltrans’ excellent positioning meant that the significant market recovery seen in the second half of 2021 was

converted into a strong business performance for the full year. While the start of 2022 saw these robust markets continuing, we are well aware that we have entered an unprecedented time.

We are heartened by the fact that we strengthened our business across the board in 2021 with better financial results, lower leverage and renewed key long-term contracts. Our Free Cash Flow remained strong in 2021 despite the increase in Total CAPEX and our costs were held in check.

In light of current environment, it is worth noting that all of our debt is denominated in roubles and is fixed rate, with manageable repayment schedules given the ongoing level of cash generation and good level of available liquidity. Importantly, all of our key contracts continue to perform as of today.

Globaltrans has strong foundations and world-class operations and management structures. We continue to be focused on shareholder value creation although we have temporarily put on hold final dividends for 2021 on the back of factors beyond our control. While visibility going forward is understandably low, I believe we are well positioned to weather what lies ahead.”

FINANCIAL RESULTS

Increased profitability as costs controlled; strong Free Cash Flow supported successful deleveraging

- Adjusted Revenue rose 6% year on year to RUB 58.5 billion on the back of the recovery in gondola rates in H2 2021 coupled with continued robust pricing in the tank car segment.
- Total Operating Cash Costs were held in check contributing to an increase in the Adjusted EBITDA Margin to 50% in 2021 compared to 49% in 2020.
- Adjusted EBITDA rose 8% to RUB 29.0 billion.
- Strong Free Cash Flow increased 7% year on year to RUB 16.1 billion despite a 22% increase in Total CAPEX to RUB 8.4 billion following purchases of tank cars and increased maintenance CAPEX.
- Net Debt reduced 32% in 2021 to RUB 18.5 billion compared to the end of 2020; leverage was at a low level with Net Debt to Adjusted EBITDA at 0.6x compared to 1.0x at end 2020.
- All the Group’s debt has fixed interest rates and is denominated in RUB, the functional currency of the Group.

Portfolio optimisation to increase focus on core segments

- **BaltTransServis stake acquisition – unique competencies and 100% consolidation**
 - Acquisition of the 40% outstanding stake in BaltTransServis (bringing the Company’s ownership to 100%), one of the leading Russian freight rail operators of tank cars, for RUB 9.1 billion in cash implying a 2021 P/E of about 4.5x.
 - BaltTransServis has a strong market position, long-term service contracts and unique competencies in operating its own locomotives with a total fleet of 13,136 units¹.
 - Provides increased focus on and exposure to an attractive oil products and oil segment and enables the consolidation of 100% of the Free Cash Flow of this cash generative business.
 - Globaltrans became the effective sole owner of BaltTransServis in February 2022 with closing completed in March 2022.
- **SynteRail disposal – limited scope for value growth or synergies**
 - Sale of Group’s 60% stake in small non-core container operator SynteRail completed in October 2021 for RUB 1.1 billion in cash, implying an EV/EBITDA of about 6.8x² and a return on invested capital of about 3.8x.
 - Scope for synergies with core operations and potential for further value growth were both considered limited.

¹ Including 5,471 units leased in from other Group subsidiaries and 1,693 units leased in from third parties.

² Based on estimated financial results of SynteRail for 2021, normalised assuming that all 500 new specialised containers delivered in 2021 were operational from 1 January 2021 and excluding the impact of IFRS 16.

DIVIDENDS

Robust above-target interim 2021 dividends delivered; final 2021 dividend on hold

- Improving dividend capacity over H1 2021 with gondola prices recovering enabled payment of above-target Interim 2021 dividends (regular and special) of RUB 4.0 billion or RUB 22.50 per share/GDR³ in September 2021.
- Final dividends for 2021 temporarily suspended due to both technical limitations regarding upstreaming cash to the Cyprus holding company and the objective of establishing liquidity buffers.

OPERATIONAL PERFORMANCE

Freight Rail Turnover growth resumed and gondola rates recovered amid growing demand for Globaltrans' services

- The Group's Freight Rail Turnover (excluding Engaged Fleet) returned to growth in H2 2021, rising 8% on H1 2021, but could not fully compensate for the weather-related delays, congestion at key client facilities and sluggish demand in the oil products and oil segment seen in H1 2021 with full-year Freight Rail Turnover 2% lower year on year⁴.
- Average Price per Trip rose 11% year on year in 2021 reflecting a recovery in gondola market rates in H2 2021 with continued solid pricing in the oil products and oil segment.
- Growing demand for Globaltrans' services drove the increase in the number of leased-in gondola cars with 2.2 thousand units added and underpinned the purchase of 381 tank cars, with 197 delivered in 2021. The remainder will be delivered by the end of March 2022 along with an additional 119 tanks cars acquired in early 2022.
- Gondola Empty Run Ratio further improved to 44% (2020: 45%) - one of the lowest in the Russian market - reflecting continued adjustments to cargo and client mix due to the ongoing impact of the COVID-19 pandemic.
- Total Empty Run Ratio (for all types of rolling stock) was unchanged year on year at 51%.
- Total Fleet declined 4% or 2,582 units to 69,106 units as of the end of 2021 largely reflecting the sale of the specialised container operator SyntezRail in October 2021. The average age of the Group's Owned Fleet was 13.8 years as of the end of 2021.

Robust client retention with successful key contract extensions in 2021

- Strong portfolio of service contracts contributed 59% of Net Revenue from Operation of Rolling Stock in 2021.
- These long-term service contracts provide for better volume visibility and lower pricing volatility and enable logistical efficiencies.
- Two key service contracts were successfully extended in 2021:
 - Rosneft for 5 years to the end of March 2026.
 - Metalloinvest for 2 years to the end of 2023 with serviced volumes increased to approximately 70% of Metalloinvest's freight rail needs from 50% previously.

2021 MARKET REVIEW

Strong H2 2021 recovery: gondola rates improvement and accelerated recovery in tank car demand

- Full-year overall Russian freight rail turnover reached an all-time high rising 3.6% year on year in 2021, exceeding the pre-COVID level of 2019 by 1.3%.
- Strong performance continued into the beginning of 2022 with overall Russian freight rail turnover in January - February 2022 up 4.3% year on year, which is 4.5% and 1.1% higher than the same period in 2020 and 2019 respectively.

³ Global Depositary Receipt.

⁴ The Group's Transportation Volumes (excluding Engaged Fleet) decreased 4% year on year in 2021 and were up 1% in H2 2021 compared to H1 2021.

Non-oil (bulk) cargo volumes have exceeded pre-COVID levels

- Overall non-oil (bulk) cargo volumes rose 3.0% year on year in 2021 and were up 1.8% compared to 2019.
- Market-wide net additions of gondolas declined about 20% year on year to about 15.3 thousand units in 2021 (+2.7% compared to the end of 2020)⁵.
- Recovery in gondola rates which began in late Q2 2021 continued through 2021.

Accelerated improvement in oil products and oil segment volumes in H2 2021 despite the ongoing impact of the COVID-19 pandemic and continued OPEC+ limits

- Overall oil products and oil volume in H2 2021 rose 8.9% year on year resulting in a 4.2% year-on-year increase for full-year 2021 which was nonetheless 6.2% below the 2019 level.
- Market-wide net additions of oil products and oil tank cars stood at about 3.8 thousand units (+2.1% compared to the end of 2020)⁶.
- Robust pricing conditions continued through 2021.

OUTLOOK

Industry volumes are solid but visibility is now low; nonetheless Globaltrans remains well positioned to weather the unprecedented environment

- Market demand and pricing have been relatively solid to date in 2022 but visibility is now low and volatility is expected to rise going forward.
- Impact of sanctions on volumes of key industrial cargoes is not yet known.
- Far East rail infrastructure expansion project is ongoing and will support rise in exports to Asia.

Globaltrans has strong operational capabilities and extensive financial buffers

- Impact on operations to date is moderate with all key service contracts continuing to perform as of today.
- Temporary blocking of about 5% of the Group's Total Fleet in Ukraine mitigated by Globaltrans' ability to make necessary logistics adjustments.
- The Group had RUB 6.6 billion in cash as of the end of February 2022, continued free cash flow generation and moderate debt repayments of RUB 13.7 billion due in 2022. 100% of debt is RUB denominated with a fixed rate.
- Focus on cash flow is driving a temporary suspension of expansion CAPEX and ongoing strict cost control.

Continued focus on shareholder value

- Ongoing GDR buyback programme⁷: 0.19% of the Company's share capital purchased in February - March 2022. The Board of Directors recommended shareholders approve at the Annual General Meeting ("AGM") called for 26 April 2022 a new buyback programme (for up to 10% of the share capital, including GDRs already held by the Company) to run for a twelve-month period from the date of the AGM.
- Final 2021 dividends temporarily suspended due to both technical limitations regarding upstreaming cash to the Cyprus holding company and the objective of establishing liquidity buffers.
- Imposed suspension of GDRs trading on the London Stock Exchange and Moscow Exchange continued as of the date of publication.

⁵ Estimated by the Company. Net change in Russia's overall fleet of gondola cars as of 31 December 2021 compared to the end of 2020.

⁶ Estimated by the Company. Net change in Russia's overall fleet of oil products and oil tank cars as of 31 December 2021 compared to the end of 2020.

⁷ The Programme is for the Company's GDRs listed on the Main Market of the London Stock Exchange and the Moscow Exchange and is executed under the authority that was granted by shareholders at the AGM held on 29 April 2021. This authority lasts for a period of twelve months from that date and permits the Company to repurchase a total number of GDRs not to exceed 5% of the Company's share capital (equivalent to 8,937,046 shares, with each GDR representing one ordinary share). The actual number of GDRs repurchased by the Company will depend on market conditions.

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 CONFERENCE CALL / WEBCAST

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

Date: Monday, 28 March 2022

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

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

UK toll free: 0800 279 6877

International: +44 (0) 330 165 4012

Russia: +7 (8) 495 646 5137

Conference ID:

EN – 9396320

RU – 8863111

There will be a simultaneous translation for the call, with both English and Russian available using the conference IDs provided. There will also be a webcast of the call available through the Globaltrans website (www.globaltrans.com).

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 28 March 2022 to irteam@globaltrans.com.

VIRTUAL NON-DEAL ROADSHOW

The results announcement will be followed by a virtual non-deal roadshow. We are offering conference calls from 29 March to 8 April 2022. If you are interested in talking to the Company, please contact the IR Team; details are below.

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NOTES TO EDITORS

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

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

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

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

Globaltrans global depositary receipts (GDRs) have been traded on the Main Market of the London Stock Exchange (ticker symbol: GLTR) since May 2008 and on the Level One quotation list of the Moscow Exchange since October 2020 (ticker symbol: GLTR)⁸.

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 including some of Russia’s leading companies.

Globaltrans has a total fleet (including owned and leased in under finance and operating leases) of more than 69 thousand units as of the end of 2021, 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 2021 and 2020.

EU IFRS financial information

	2020 RUB mln	2021 RUB mln	Change %
Revenue	68,367	73,151	7%
Total cost of sales, selling and marketing costs and administrative expenses	(50,664)	(52,630)	4%
Operating profit	18,811	21,627	15%
Finance costs - net	(2,100)	(2,189)	4%
Profit before income tax	16,712	19,438	16%
Income tax expense	(4,525)	(4,338)	-4%
Profit for the year	12,187	15,100	24%
<i>Profit attributable to:</i>			
Owners of the Company	10,587	12,987	23%
Non-controlling interests	1,600	2,113	32%
Basic and diluted earnings per share for profit attributable to the equity holders of the Company during the year (RUB per share)	59.24	72.69	23%

⁸ Imposed suspension of GDRs trading on the London Stock Exchange and Moscow Exchange continued as of the date of publication.

	2020 RUB mln	2021 RUB mln	Change %
Cash generated from operations (after changes in working capital)	28,278	30,058	6%
Tax paid	(3,052)	(2,808)	-8%
Net cash from operating activities	25,226	27,250	8%
Net cash used in investing activities	(6,528)	(6,854)	5%
Net cash used in financing activities	(20,357)	(12,517)	-39%

Non-IFRS financial information

	2020 RUB mln	2021 RUB mln	Change %
Adjusted Revenue	54,934	58,492	6%
<i>Including</i>			
Net Revenue from Operation of Rolling Stock	50,527*	54,319*	8%
Operating lease of rolling stock	1,932	1,832	-5%
Net Revenue from Specialised Container Transportation	1,923*	1,643*	-15%
Total Operating Cash Costs	29,121	29,751	2%
<i>Including</i>			
Empty Run Cost	15,799*	15,429*	-2%
Employee benefit expense	4,154	5,491	32%
Repairs and maintenance	4,261	3,969	-7%
Fuel and spare parts - locomotives	1,630	1,972	21%
Adjusted EBITDA	26,807	29,044	8%
Adjusted EBITDA Margin, %	49%	50%	
Total CAPEX (including maintenance CAPEX)	6,941	8,439	22%
Free Cash Flow	15,103	16,131	7%
Attributable Free Cash Flow	13,503	14,018	4%

Debt profile

	As of 31 December 2020 RUB mln	As of 31 December 2021 RUB mln	Change %
Total debt	32,015	31,318	-2%
Cash and cash equivalents	4,978	12,855	158%
Net Debt	27,037	18,464	-32%
Net Debt to Adjusted EBITDA (x)	1.0	0.6	

Operational information

	2020	2021	Change, %
Freight Rail Turnover, billion tonnes-km (excluding Engaged Fleet)	150.3	146.8	-2%
Transportation Volume, million tonnes (excluding Engaged Fleet)	88.9	85.1	-4%
Average Price per Trip, RUB	36,909	41,075	11%
Average Rolling Stock Operated, units	57,484	57,347	0%
Average Distance of Loaded Trip, km	1,681	1,716	2%
Average Number of Loaded Trips per Railcar	23.8	23.1	-3%
Total Empty Run Ratio (for all types of rolling stock), %	51%	51%	
Empty Run Ratio for gondola cars, %	45%	44%	
Share of Empty Run Kilometres paid by Globaltrans, %	99%	99%	
Total Fleet, units (at year end), including:	71,688	69,106	-4%
Owned Fleet, units (at year end)	67,762	65,067	-4%
Leased-in Fleet, units (at year end)	3,926	4,039	3%
Leased-out Fleet, units (at year end)	7,032	8,458	20%
Average age of Owned Fleet, years (at year end)	12.4	13.8	
Total number of employees (at year end)	1,697	1,777	5%

Revenue

In 2021, the Group's Total revenue increased 7% year on year to RUB 73,151 million reflecting a 6% year-on-year rise in Adjusted Revenue and an 18% year-on-year increase in "pass through item "Infrastructure and locomotive tariffs: loaded trips". Net Revenue from Operation of Rolling Stock (a key component of Adjusted Revenue) benefited from improved pricing conditions in the gondola segment in the second half of 2021 and increased 8% year on year.

The following table provides details of Total revenue, broken down by revenue-generating activity, for the years ended 31 December 2021 and 2020.

	2020 RUB mln	2021 RUB mln	Change %
Railway transportation – operators services (tariff borne by the Group) ⁹	27,197	31,744	17%
Railway transportation – operators services (tariff borne by the client)	36,671	37,238	2%
Operating lease of rolling stock	1,932	1,832	-5%
Revenue from specialised container transportation	2,168	1,824	-16%
Other	400	514	29%
Total revenue	68,367	73,151	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.

The Group’s Adjusted Revenue was RUB 58,492 million up 6% year on year primarily as a result of the 8% year-on-year rise in Net Revenue from Operation of Rolling Stock.

The following table provides details of Adjusted Revenue for the years ended 31 December 2021 and 2020 and its reconciliation to Total revenue.

	2020 RUB mln	2021 RUB mln	Change %
Total revenue	68,367	73,151	7%
<i>Minus “pass through” items</i>			
Infrastructure and locomotive tariffs: loaded trips	10,957	12,964	18%
Services provided by other transportation organisations	2,476	1,695	-32%
Adjusted Revenue	54,934	58,492	6%

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 2021 and 2020.

	2020 RUB mln	2021 RUB mln	Change %
Net Revenue from Operation of Rolling Stock	50,527*	54,319*	8%
Operating leasing of rolling stock	1,932	1,832	-5%
Net Revenue from Specialised Container Transportation	1,923*	1,643*	-15%
Net Revenue from Engaged Fleet	152	184	21%
Other	400	514	29%
Adjusted Revenue	54,934	58,492	6%

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 93% of the Group’s Adjusted Revenue in 2021, increased 8% year on year to RUB 54,319 million*, principally due to the improved pricing

⁹ Includes “Infrastructure and locomotive tariffs: loaded trips” for 2021 of RUB 12,964 million (2020: RUB 10,957 million) and “Services provided by other transportation organisations” of RUB 1,695 million (2020: RUB 2,476 million).

conditions in the gondola segment in the second half of 2021.

- Average Price per Trip was RUB 41,075, an 11% year-on-year increase resulting from a recovery in gondola pricing and continued solid pricing in the tank cars segment.
- Average Rolling Stock Operated remained unchanged year on year at 57,347 units.
- Average Number of Loaded Trips per Railcar declined 3% year on year as weather related delays at the main export ports as well as congestion at key gondola client facilities impacted the gondola segment performance.

Revenue from operating leasing of rolling stock

Revenue from operating leasing of rolling stock contributed 3% of the Group's Adjusted Revenue in 2021 and was 5% lower year on year at RUB 1,832 million reflecting the decline in average leasing rates in the tank car segment.

Net Revenue from Specialised Container Transportation

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

Net Revenue from Specialised Container Transportation, which accounted for 3% of Adjusted Revenue in 2021, was down 15% year on year to RUB 1,643 million* in 2021 due the deconsolidation of this business segment reflecting the sale of SyntezRail from October 2021.

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 2021, increased 21% year on year in 2021 to RUB 184 million*, largely reflecting a rise in the number of Engaged Fleet operations in the oil products and oil segment.

Other revenue

Other revenue, comprising 1% of the Group's Adjusted Revenue in 2021, 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 29% year on year to RUB 514 million in 2021 primarily due to higher revenues from repair and maintenance services.

Cost of sales, selling and marketing costs and administrative expenses

The following table provides a breakdown of Cost of sales, selling and marketing costs and administrative expenses for the years ended 31 December 2021 and 2020.

	2020 RUB mln	2021 RUB mln	Change %
Cost of sales	47,066	48,334	3%
Selling and marketing costs	205	249	22%
Administrative expenses	3,394	4,046	19%
Total cost of sales, selling and marketing costs and administrative expenses	50,664	52,630	4%

A 4% year-on-year rise in the Group's Total cost of sales, selling and marketing costs and administrative expenses to RUB 52,630 million in 2021 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 to RUB 14,659 million up 9% year on year resulting

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

- The Group's Total cost of sales, selling and marketing costs and administrative expenses adjusted for "pass-through" cost items rose 2% year on year to RUB 37,971 million in 2021, due to:
 - Optimisation measures that helped the Company to hold Total Operating Cash Costs relatively steady, increasing just 2% year on year to RUB 29,751 million in 2021. Reductions in Empty Run Costs, Repairs and maintenance, Engagement of locomotive crews and Expense relating to short-term leases (rolling stock) were more than offset by year-on-year increases in Employee benefit expense, Fuel and spare parts - locomotives expenses and Infrastructure and Locomotive Tariffs - Other Tariffs.
 - Total Operating Non-Cash Costs increased 1% year on year to RUB 8,221 million as a 5% year-on-year decrease in the Depreciation of property, plant and equipment and a 99% year-on-year decline in the Amortisation of intangible assets were more than offset by a 72% rise in the Depreciation of right-of-use assets as the Group increased the number of leased-in gondola cars.

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:

	2020 RUB mln	2021 RUB mln	Change %
"Pass through" cost items	13,434	14,659	9%
Infrastructure and locomotive tariffs: loaded trips	10,957	12,964	18%
Services provided by other transportation organisations	2,476	1,695	-32%
Total cost of sales, selling and marketing costs and administrative expenses (adjusted for "pass through" cost items)	37,231	37,971	2%
Total Operating Cash Costs	29,121	29,751	2%
Empty Run Costs	15,799*	15,429*	-2%
Employee benefit expense	4,154	5,491	32%
Repairs and maintenance	4,261	3,969	-7%
Fuel and spare parts – locomotives	1,630	1,972	21%
Infrastructure and Locomotive Tariffs - Other Tariffs	998*	1,219*	22%
Engagement of locomotive crews	421	294	-30%
Expense relating to short-term leases (rolling stock)	824	274	-67%
Other Operating Cash Costs	1,034	1,103	7%
Total Operating Non-Cash Costs	8,109	8,221	1%
Depreciation of property, plant and equipment	6,969	6,643	-5%
Depreciation of right-of-use assets	655	1,127	72%
Loss on derecognition arising on capital repairs	420	484	15%
Net impairment losses on trade and other receivables	6	8	40%
Amortisation of intangible assets	60	0.7	-99%
Net loss/(gain) on sale of property, plant and equipment	0.3	(42)	NM
Total cost of sales, selling and marketing costs and administrative expenses	50,664	52,630	4%

"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 Group¹⁰ and is reflected in equal amounts in both the Group's Total revenue and Cost of sales.

The 18% year-on-year increase in this item in 2021 to RUB 12,964 million primarily reflected the higher proportion of clients that pay infrastructure and locomotive tariffs: loaded trips through the Group.

Services provided by other transportation organisations

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

Services provided by other transportation organisations fell 32% year on year to RUB 1,695 million in 2021 primarily due to a lower number of Engaged Fleet operations in the gondola segment.

¹⁰ 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 2021 of RUB 29,751 million were 2% higher compared to 2020 due to a combination of the factors described below.

The following table provides a breakdown of the Total Operating Cash Costs for the year ended 31 December 2021 and 2020.

	2021 % of total	2020 RUB mln	2021 RUB mln	Change %
Empty Run Costs	52%	15,799*	15,429*	-2%
Employee benefit expense	18%	4,154	5,491	32%
Repairs and maintenance	13%	4,261	3,969	-7%
Fuel and spare parts - locomotives	7%	1,630	1,972	21%
Infrastructure and Locomotive Tariffs - Other Tariffs	4%	998*	1,219*	22%
Engagement of locomotive crews	1%	421	294	-30%
Expense relating to short-term leases (rolling stock)	1%	824	274	-67%
Other Operating Cash Costs	4%	1,034	1,103	7%
Total Operating Cash Costs	100%	29,121	29,751	2%

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 52% of the Group's Total Operating Cash Costs in 2021, declined 2% year on year to RUB 15,429 million* due to:

- A 3.7% year-on-year increase in regulated RZD tariffs for the traction of empty railcars.
- A 2% year-on-year decrease in the Group's Freight Rail Turnover.
- A Total Empty Run Ratio (for all types of rolling stock) that was unchanged year on year at 51% with the Share of Empty Run Kilometers paid by Globaltrans also remaining broadly stable year on year at 99%.

Employee benefit expense

Employee benefit expense for 2021, which represented 18% of the Group's Total Operating Cash Costs, increased 32% year on year to RUB 5,491 million. This resulted from:

- Inflation driven growth in wages and salaries.
- A 5% year-on-year increase in the average headcount due to the continued shift to in-house locomotive crews.
- Increases in bonuses reflecting the strong 2021 business performance and an increase in reserves for the share price linked key management remuneration programme.

Repairs and maintenance

Repairs and maintenance costs, which comprised 13% of the Group's Total Operating Cash Costs in 2021, declined 7% year on year to RUB 3,969 million as lower prices for depot repairs and expenses for other spare parts and repair works were partially offset by the increase in depot repairs undertaken in the reporting year.

Fuel and spare parts - locomotives

Fuel and spare parts - locomotives expenses, which accounted for 7% of the Group's Total Operating Cash Costs in 2021, rose 21% year on year to RUB 1,972 million in 2021 reflecting an inflation-driven rise in the cost of fuel and certain spare parts along with greater usage of owned locomotives in light of the post-COVID recovery in the oil products and oil sector.

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 2021 and rose 22% year on year to RUB 1,219 million* in 2021, impacted by higher regulated RZD tariffs and increased costs for relocating rolling stock to and from maintenance.

Engagement of locomotive crews

Costs related to the engagement of locomotive crews from RZD in 2021 (1% of the Group's Total Operating Cash Costs) declined 30% year on year to RUB 294 million due to the reduction in the amount of outsourcing of locomotive crews as the Group increased its use of in-house crews.

Expense relating to short-term leases (rolling stock)

In 2021, Expense relating to short-term leases (rolling stock), representing 1% of the Group's Total Operating Cash Costs, fell 67% year on year to RUB 274 million primarily due to the intentional decrease in the number of leased-in tank cars.

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 2021 and 2020.

	2020 RUB mln	2021 RUB mln	Change %
Expense relating to short-term leases (office)	109	99	-10%
Legal, consulting and other professional fees	69	74	7%
Auditors' remuneration	55	57	3%
Advertising and promotion	35	46	32%
Taxes (other than on income and value added taxes)	25	27	11%
Communication costs	26	25	-4%
Expense relating to short-term leases (tank containers)	24	23	-1%
Information services	16	16	5%
Other expenses	675	735	9%
Other Operating Cash Costs	1,034	1,103	7%

Other Operating Cash Costs, which comprised 4% of the Group's Total Operating Cash Costs, climbed 7% year on year to RUB 1,103 million in 2021.

Total Operating Non-Cash Costs

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

The following table provides a breakdown of the Total Operating Non-Cash Costs for the years ended 31 December 2021 and 2020.

	2020	2021	Change
	RUB mln	RUB mln	%
Depreciation of property, plant and equipment	6,969	6,643	-5%
Depreciation of right-of-use assets	655	1,127	72%
Loss on derecognition arising on capital repairs ¹¹	420	484	15%
Net impairment losses on trade and other receivables	6	8	40%
Amortisation of intangible assets	60	0.7	-99%
Net loss/(gain) on sale of property, plant and equipment	0.3	(42)	NM
Total Operating Non-Cash Costs	8,109	8,221	1%

A 1% year-on-year increase in Total Operating Non-Cash Costs to RUB 8,221 million in 2021 stemmed primarily from: a 72% year-on-year rise in Depreciation of right-of-use assets as the Group increased the number of leased-in gondola cars, a 5% year-on-year decline in Depreciation of property, plant and equipment and a 99% year-on-year decline in Amortisation of intangible assets reflecting the full amortisation of intangible assets linked to the service contract with MMK.

Adjusted EBITDA (non-IFRS financial measure)

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

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

The Group's 2021 Adjusted EBITDA rose 8% year on year to RUB 29,044 million. The Adjusted EBITDA Margin widened to 50% in 2021 from 49% in 2020 reflecting the 6% year-on-year increase in Adjusted Revenue while Total Operating Cash Costs rose 2% year on year.

The following table provides details on Adjusted EBITDA for the years ended 31 December 2021 and 2020, and its reconciliation to EBITDA and Profit for the year.

	2020	2021	Change
	RUB mln	RUB mln	%
Profit for the year	12,187	15,100	24%
<i>Plus (Minus)</i>			
Income tax expense	4,525	4,338	-4%
Finance costs – net	2,100	2,189	4%
Net foreign exchange transaction gains/(losses) on financing activities	147	(10)	NM
Amortisation of intangible assets	60	0.7	-99%
Depreciation of right-of-use assets	655	1,127	72%
Depreciation of property, plant and equipment	6,969	6,643	-5%
EBITDA	26,642	29,388	10%
<i>Minus (Plus)</i>			
Loss on derecognition arising on capital repairs	(420)	(484)	15%
Net foreign exchange transaction gains/(losses) on financing activities	147	(10)	NM
Other gains – net	108	796	639%
Net (loss)/gain on sale of property, plant and equipment	(0.3)	42	NM
Adjusted EBITDA	26,807	29,044	8%

Finance income and costs

The following table provides a breakdown of Finance income and costs for the years ended 31 December 2021 and 2020.

¹¹ 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.

	2020 RUB mln	2021 RUB mln	Change %
<i>Interest expense:</i>			
Bank borrowings	(1,482)	(1,483)	0%
Non-convertible bonds	(808)	(772)	-4%
Interest expenses on loans	(5)	-	-100%
Other interest expense	(2)	-	-100%
Total interest expense calculated using the effective interest rate method	(2,298)	(2,255)	-2%
Leases with financial institutions	(74)	-	-100%
Other lease liabilities	(113)	(202)	78%
Total interest expense	(2,485)	(2,457)	-1%
Other finance costs	(25)	(50)	96%
Total finance costs	(2,510)	(2,507)	0%
<i>Interest income:</i>			
Bank balances	190	209	10%
Short term deposits	27	72	166%
Interest income on loans	0.1	3	NM
Total interest income calculated using the effective interest rate method	217	284	31%
Finance leases - related parties	-	0.4	NM
Finance leases - third parties	47	42	-12%
Total interest income	264	326	24%
Other finance income	-	0.8	NM
Total finance income	264	327	24%
Net foreign exchange transaction (losses)/gains on borrowings and other liabilities	(6)	3	NM
Net foreign exchange transaction gains/(losses) on cash and cash equivalents and other monetary assets	153	(12)	NM
Net foreign exchange transaction gains/(losses) on financing activities	147	(10)	NM
Net finance costs	(2,100)	(2,189)	4%

Finance costs

Total finance costs for 2021 remained unchanged year on year at RUB 2,507 million.

Finance income

In 2021, the Group's Total finance income increased 24% year on year to RUB 327 million primarily due to increases in short term deposits and bank balances along with the rise in deposit rates over the period.

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

The Group had Net foreign exchange transaction losses on financing activities of RUB 10 million in 2021 compared to Net foreign exchange transaction gains on financing activities of RUB 147 million in 2020. This resulted from foreign exchange volatility on the available cash and cash equivalents denominated in foreign currency.

Profit before income tax

The Group reported an increase of 16% in Profit before income tax to RUB 19,438 million in 2021 compared to 2020, reflecting in large part the 15% year-on-year increase in the Group's Operating profit to RUB 21,627 million, which was largely linked to the factors described above.

Income tax expense

Income tax expense fell 4% year on year to RUB 4,338 million in 2021 following a decline in the average tax rate to 22% in 2021 compared to 27% in 2020.

Profit for the year

The 24% year-on-year increase in the Group's Profit for the year to RUB 15,100 million reflected the factors described above.

Profit for the year attributable to the owners of the Company increased 23% year on year to RUB 12,987 million reflecting the factors described above.

LIQUIDITY AND CAPITAL RESOURCES

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

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

The Group manages its liquidity based on expected cash flows. As at 31 December 2021, the Group had Net Working Capital of RUB 2,571 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 2021 and 2020.

	2020 RUB mln	2021 RUB mln
Cash flows from operating activities	26,932	29,104
<i>Changes in working capital:</i>	<i>1,346</i>	<i>954</i>
<i>Inventories</i>	<i>816</i>	<i>620</i>
<i>Trade receivables</i>	<i>(427)</i>	<i>(139)</i>
<i>Other assets</i>	<i>1,439</i>	<i>(488)</i>
<i>Other receivables</i>	<i>10</i>	<i>23</i>
<i>Trade and other payables</i>	<i>(208)</i>	<i>524</i>
<i>Contract liabilities</i>	<i>(283)</i>	<i>414</i>
Cash generated from operations	28,278	30,058
Tax paid	(3,052)	(2,808)
Net cash from operating activities	25,226	27,250
Cash flows from investing activities		
Cash inflow from disposal of subsidiary undertakings - net of cash disposed of	-	1,110
Loans granted to third parties	-	(75)
Loan repayments received from third parties	4	79
Purchases of property, plant and equipment	(6,941)	(8,439)
Proceeds from sale of property plant and equipment	67	78
Interest received	264	326
Receipts from finance lease receivable	78	108
Other	-	(41)
Net cash used in investing activities	(6,528)	(6,854)
Cash flows from financing activities		
Net cash inflows from borrowings and financial leases ¹² :	1,946	1,521
<i>Proceeds from bank borrowings</i>	<i>23,265</i>	<i>18,058</i>
<i>Repayments of borrowings</i>	<i>(19,603)</i>	<i>(15,287)</i>
<i>Repayments of non-convertible unsecured bonds</i>	<i>-</i>	<i>(1,250)</i>
<i>Principal elements of lease payments for leases with financial institutions</i>	<i>(1,716)</i>	<i>-</i>
Principal elements of lease payments for other lease liabilities	(672)	(1,068)
Interest paid on bank borrowings and non-convertible unsecured bonds	(2,315)	(2,239)
Interest paid on leases with financial institutions	(81)	-
Interest paid on lease liabilities	(114)	(183)
Dividends paid to the owners of the Company	(16,637)	(9,023)
Dividends paid to non-controlling interests in subsidiaries	(2,272)	(1,225)
Purchase of treasury shares	(31)	-
Prepayment for acquisition of non-controlling interest	-	(300)
Payments to non-controlling interest	(180)	-
Net cash used in financing activities	(20,357)	(12,517)
Net (decrease)/increase in cash and cash equivalents	(1,659)	7,879
Exchange (losses)/gains on cash and cash equivalents	116	(3)
Cash and cash equivalents at beginning of the year	6,522	4,978
Cash and cash equivalents at the end of the year	4,978	12,855

¹² 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".

Net cash from operating activities

Net cash from operating activities rose 8% year on year to RUB 27,250 million due to:

- The increase in Cash generated from operations (after “Changes in working capital”) which increased 6% year on year to RUB 30,058 million largely due to the 8% year-on-year increase in Cash flows from operating activities.
- Tax paid was 8% lower year on year at RUB 2,808 million primarily reflecting the decline in the average tax rate.

Net cash used in investing activities

Net cash used in investing activities increased 5% year on year to RUB 6,854 million largely reflecting:

- A 22% or RUB 1,498 million year-on-year increase in Purchases of property, plant and equipment (on a cash basis; including maintenance CAPEX) to RUB 8,439 million. This was primarily due to the acquisition of 381 tank cars in response to the accelerated post-COVID recovery in the oil products and oil segment in the second half of 2021 along with a rise in maintenance CAPEX.
- RUB 1,110 million of cash inflows from the sale of the Group’s 60% stake in the non-core specialised container subsidiary SyntezRail in October 2021.

Net cash used in financing activities

The 39% year-on-year decline in Net cash used in financing activities which decreased to RUB 12,517 million in 2021, was due to the factors described below:

- The Group continued refinancing its debt portfolio in 2021 with repayments of borrowings largely matched by proceeds from borrowings. The net cash inflows from borrowings and financial leases declined 22% year on year to RUB 1,521 million in 2021.
- Interest paid (including “Interest paid on bank borrowings and non-convertible unsecured bonds” and “Interest paid on leases with financial institutions”) was 7% lower year on year at RUB 2,239 million in 2021.
- Cash outflows in the amount of RUB 300 million related to the prepayment for the acquisition of the outstanding 40% stake in BaltTransServis.
- As per the announced targets, the amount of dividends paid to owners of the Company in 2021 (which includes total final dividends paid in respect of second half of 2020 and total interim dividends paid in respect of first half of 2021) declined 46% to RUB 9,023 million largely due to the weak pricing environment in the gondola segment which continued to the end of first half of 2021.
- Dividends paid to non-controlling interests in subsidiaries decreased 46% year on year to RUB 1,225 million in 2021 as Globaltrans upstreamed a lower amount of dividends year on year from its non-wholly owned subsidiaries.

Capital expenditure

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

In 2021 the Group’s Total CAPEX (on a cash basis, including maintenance CAPEX) was 22% or RUB 1,498 million higher year on year at RUB 8,439 million, reflecting:

- A 14% or RUB 809 million year-on-year increase in Maintenance CAPEX to RUB 6,612 million* due to a larger number of capital repairs and higher wheel pairs costs.
- A 60% or RUB 689 million year-on-year increase in Expansion CAPEX (on a cash basis) to RUB 1,828 million*¹³ mainly consisting of the acquisition of 381 tank cars and 350 specialised containers (compared to the purchase of 300 flat cars and 151 specialised containers in the previous year).

The Group’s capital expenditure (including maintenance CAPEX) on an accrual basis was RUB 7,994 million in 2021 (2020: RUB 8,626 million). The difference between capital expenditure given on a cash basis and on an

¹³ Including “Purchases of intangible assets”.

accrual basis is principally because of a time lag between the prepayments for and the delivery of rolling stock.

The following table sets out the principal components of the Group's Total CAPEX for the years ended 31 December 2021 and 2020.

	2020 RUB mln	2021 RUB mln	Change %
Purchase of property, plant and equipment	6,941	8,439	22%
Purchase of intangible assets	-	-	-
Total CAPEX	6,941	8,439	22%
<i>Not included</i>			
Principal elements of lease payments for leases with financial institutions ¹⁴	1,716	-	-

Free Cash Flow

Free Cash Flow (a non-IFRS financial measure) is calculated as "Cash generated from operations" (after "Changes in working capital") less "Tax paid", "Purchases of property, plant and equipment" (including maintenance CAPEX), "Purchases of intangible assets", "Acquisition of subsidiary undertakings - net of cash acquired", "Principal elements of lease payments for leases with financial institutions", "Principal elements of lease payments for other lease liabilities", "Interest paid on other lease liabilities", "Interest paid on bank borrowings and non-convertible unsecured bonds", "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 increased 7% year on year or RUB 1,028 million to RUB 16,131 million in 2021, primarily due to:

- A 6% or RUB 1,779 million year-on-year increase in Cash generated from operations (after "Changes in working capital") to RUB 30,058 million.
- Total CAPEX (including maintenance CAPEX) of RUB 8,439 million which was 22% or RUB 1,498 million higher year on year.
- Lower Tax paid, down 8% or RUB 244 million year on year to RUB 2,808 million.
- A 59% or RUB 395 million year-on-year rise in Principal elements of lease payments for other lease liabilities which rose to RUB 1,068 million as the Group substantially increased the number of leased-in gondola fleet to meet the growing demand for its services.

The following table sets out details on Free Cash Flow and Attributable Free Cash Flow for the years ended 31 December 2021 and 2020, and its reconciliation to Cash generated from operations.

	2020 RUB mln	2021 RUB mln	Change %
Cash generated from operations (after "Changes in working capital")	28,278	30,058	6%
Total CAPEX (including maintenance CAPEX)	(6,941)	(8,439)	22%
Tax paid	(3,052)	(2,808)	-8%
Interest paid on bank borrowings and non-convertible unsecured bonds	(2,315)	(2,239)	-3%
Principal elements of lease payments for other lease liabilities	(672)	(1,068)	59%
Interest paid on leases with financial institutions	(81)	-	-100%
Interest paid on other lease liabilities	(114)	(183)	61%
Cash inflow from disposal of subsidiary undertakings - net of cash disposed of	-	1,110	NM
Prepayment for acquisition of non-controlling interest	-	(300)	NM
Free Cash Flow¹⁴	15,103	16,131	7%
<i>Minus</i>			
Adjusted Profit Attributable to Non-controlling Interests	1,600	2,113	32%
Attributable Free Cash Flow¹⁴	13,503	14,018	4%

Capital resources

As of 31 December 2021, the Group's financial indebtedness consisted of borrowings and non-convertible unsecured bonds for an aggregate principal amount of RUB 31,318 million (including accrued interest of RUB 398 million*), a decrease of 2% compared to the end of 2020.

Under IFRS 16, Other lease liabilities (not included in Total debt) of RUB 5,842 million were recognised on the balance sheet as of 31 December 2021 (31 December 2020: RUB 1,405 million) which was primarily related to

¹⁴ Free Cash Flow, Attributable Free Cash Flow and Total CAPEX are presented net of principal elements of lease payments for leases with financial institutions for 2020. During the first six months of 2020 the entire financial lease portfolio was refinanced to bilateral loans, therefore principal elements of lease payments were eliminated.

the long-term leasing of certain fleet and offices. The increase largely reflects a significant rise in the number of leased-in gondola cars in response to strong demand for the Group's services in 2021.

The Group's Net Debt decreased 32% to RUB 18,464 million compared to 31 December 2020 with the Net Debt to Adjusted EBITDA ratio improving to 0.6x compared to 1.0x at the end of 2020.

The following table sets out details on the Group's total debt, Net Debt and Net Debt to Adjusted EBITDA at 31 December 2021 and 2020, and the reconciliation of Net Debt to Total debt.

	As of 31 December 2020 RUB mln	As of 31 December 2021 RUB mln	Change %
Total debt	32,015	31,318	-2%
<i>Minus</i>			
Cash and cash equivalents	4,978	12,855	158%
Net Debt	27,037	18,464	-32%
Net Debt to Adjusted EBITDA	1.0	0.6	-

Rouble-denominated borrowings accounted for 100% of the Group's debt portfolio as of 31 December 2021. The Russian rouble is the functional currency of the Company.

The weighted average effective interest rate rose to 7.5% as of 31 December 2021 (31 December 2020: 6.9%) reflecting a backdrop of higher rates across the financial markets in Russia. All of the Group's debt had fixed interest rates as of the end of 2021.

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 42,888 million as of 31 December 2021.

The following table gives the maturity profile of the Group's borrowings (including accrued interest of RUB 398 million*) as of 31 December 2021.

	As of 31 December 2021 RUB mln
Q1 2022	3,318*
Q2 2022	2,631*
Q3 2022	5,473*
Q4 2022	2,246*
2023	11,189*
2024	5,431*
2025	1,031*
Total	31,318

PRESENTATION OF INFORMATION

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

The financial information contained in this announcement is derived from the consolidated management report and consolidated financial statements (audited) of Globaltrans Investment PLC (the "Company" and, together with its subsidiaries, "Globaltrans" or the "Group") and has been prepared in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of Cyprus Companies Law, Cap. 113 ("EU IFRS").

The Group' consolidated management report and consolidated financial statements, selected operational information as at and for the years ended 31 December 2021 and 2020 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.

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

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

tariffs: loaded trips”).

Net Working Capital (a non-IFRS financial measure) is calculated as the sum of the current portions of “Inventories”, “Current income tax assets”, “Trade receivables - net”, “Other receivables - net” (“Other receivables - third parties” and “Other receivables - related parties” net of “Provision for impairment of other receivables”), “Prepayments - third parties”, “Prepayments - related parties” and “VAT recoverable”, less the sum of the current portions of “Trade payables to third parties”, “Trade payables to related parties”, “Other payables to third parties”, “Other payables to related parties”, “Accrued expenses”, “Accrued key management compensation, including share-based payment”, “VAT payable and other taxes”, “Contract liabilities” and “Current tax liabilities”.

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

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

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

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

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

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

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

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

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

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