

**Globaltrans Investment PLC<sup>1</sup>****Full-Year 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 year ended 31 December 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**

- Steady industry performance with continued favourable market pricing.
- Globaltrans significantly improved its operational efficiency with the Empty Run Ratio for gondola cars declining to its lowest level in more than ten years at 36%.
- Further strong financial results with Adjusted EBITDA up 6% year on year to RUB 52.3 billion.
- Total CAPEX adjusted for M&A halved to RUB 10.1 billion reflecting a conservative approach to investment given elevated new rolling stock prices.
- Strong Free Cash Flow of RUB 25.8 billion and net cash position of RUB 27.4 billion.
- Successful completion of the re-domiciliation to the Abu Dhabi Global Market (“ADGM”) effective 26 February 2024 achieved within a tight schedule of about six months.
- Dividend payments are in focus but remain suspended due to certain technical issues, which are being addressed. Following the successful re-domiciliation to ADGM, the Company’s priority is on putting in place a fully operational financial framework for the Group in Abu Dhabi.

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<sup>1</sup> Imposed suspension of Global Depository Receipts (“GDRs”) trading on the London Stock Exchange continued as of the date of publication.

## **Commenting on Globaltrans' FY2023 results, CEO Valery Shpakov said:**

"It is a testament to the adaptability of our operational model that we again delivered market-leading efficiency in a volatile industry environment. Even as logistics patterns changed and rail network constraints surfaced, we achieved our best Empty Run Ratio for gondola cars in over a decade.

We again delivered a strong financial performance with our disciplined approach to cost management enabling us to keep our Adjusted EBITDA Margin stable despite inflationary pressures. We took the conservative decision to substantially cut our fleet expansion in the face of elevated prices for new railcars which led to particularly strong Free Cash Flow and a solid net cash position by year end. We are therefore well positioned to make opportunistic investments again when the time is right.

The important re-domiciliation of the holding company to the Abu Dhabi Global Market has been recently completed and we are now focused on putting in place the financial framework needed to operate in this new jurisdiction.

Our expertise, flexibility and experience ensure we have a strong competitive position and are well-placed to deliver on our strategy. I remain confident in our ability to make further progress as we move ahead."

## **FINANCIAL RESULTS**

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

- Revenue rose 11% year on year to RUB 104.7 billion with Adjusted Revenue (a key component) increasing 7% year on year to RUB 87.4 billion in 2023 largely reflecting robust average pricing.
- Adjusted EBITDA increased 6% year on year to RUB 52.3 billion with the Adjusted EBITDA Margin remaining stable year on year at 60% despite ongoing cost pressures.
- Total CAPEX adjusted for M&A was RUB 10.1 billion (2022: RUB 20.2 billion) on the back of a conservative approach to investment given elevated new rolling stock prices.
- Strong Free Cash Flow of RUB 25.8 billion (2022: RUB 14.8 billion).
- Profit for the year rose to RUB 38.6 billion (2022: RUB 24.9 billion) largely reflecting the Group's strong performance, a profit on the sale of the Group's shareholding in its leasing subsidiary Spacecom<sup>2</sup> and a year-on-year rise in net foreign exchange transaction gains on financing activities in 2023 along with the sizable impairment of rolling stock in the year-earlier period.
- Net cash position was RUB 27.4 billion with Net Debt to Adjusted EBITDA at (0.5)x.

## **OPERATIONAL PERFORMANCE**

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

- Empty Run Ratio for gondola cars significantly improved to its lowest level in more than ten years at 36% (2022: 41%). Total Empty Run Ratio (for all types of rolling stock) decreased to 45% (2022: 50%).
- Freight Rail Turnover (including Engaged Fleet) declined 2% year on year reflecting volatility in logistics and continued rail network infrastructure constraints<sup>3</sup>.
- Average Price per Trip increased 10% year on year on the back of continued favourable market pricing conditions in both bulk and liquids segments, while the Average Number of Loaded Trips per Railcar declined 5% year on year.
- The Group maintained its focus on client retention with all Service Contracts<sup>4</sup> due for renewal extended. Service Contracts contributed 61% of the Group's Net Revenue from Operation of Rolling Stock in 2023.
- Specialisation was enhanced across subsidiaries with liquid cargo and locomotive expertise consolidated within BaltTransServis enabling currently leased-out railcars to be gradually switched into operation. New Forwarding Company is fully focused on the bulk cargo segment.

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<sup>2</sup> In February 2023 Globaltrans completed the restructuring of its liquid cargo segment with the intra-group acquisition of 5,800 railcars by BaltTransServis from Spacecom (including Spacecom Trans), a 65.25% owned leasing subsidiary of Globaltrans and the subsequent disposal of Globaltrans' shareholding in Spacecom (including 680 units) to its minority shareholder.

<sup>3</sup> The Group's Freight Rail Turnover declined 4% year on year excluding Engaged Fleet.

<sup>4</sup> As of the end of 2023 Globaltrans had six Service Contracts.

## MARKET REVIEW

### Relatively stable industry performance, continued favourable market pricing

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

## RECENT UPDATE

### Re-domiciliation to the Abu Dhabi Global Market (“ADGM”) successfully completed

- Re-domiciliation from Cyprus to the ADGM was completed effective 26 February 2024 within a tight schedule of about six months.
- The Group’s commitment to international standards of corporate governance and transparency practices are to be maintained.
- The revised Articles of Association took effect from the date of the re-domiciliation<sup>5</sup>.
- The new Board of Directors including three independent directors was approved by the Extraordinary General Meeting of shareholders on 4 April 2024.
- Listings on both the London Stock Exchange<sup>6</sup> and Moscow Exchange along with the current depositary programme are to remain in place. Listing of GDRs on any alternative stock exchanges is not being considered at present.
- Re-domiciliation is expected to unblock the ability to carry out certain intra-group transactions, including the upstreaming of dividends, which were allowed only to a very limited extent prior to the re-domiciliation. It will not, however, directly trigger the restoration of dividend payments to shareholders.
- It is anticipated that the tax on the upstreaming of dividends to ADGM will be 15%, the same level as for Cyprus following the recent tax increase from 5% to 15% on dividends to Cypriot public companies<sup>7</sup>.
- The Company’s shares will be dematerialised, which means there will be no paper share certificates but instead they will be maintained electronically in line with ADGM regulations.
- No actions are required from the Company’s shareholders in relation to the re-domiciliation.

### Mixed industry environment in the beginning of 2024

- Industry continues to face challenges due to fluctuating demand, logistics changes and rail network constraints.
- Extreme weather conditions and rail network constraints impacted industry performance in Q1 2024 with overall industry freight rail turnover down 7.2% year on year<sup>8</sup>.
- Favourable market pricing prevailed in both key segments in Q1 2024 but with the potential for volatility going forward.
- Cost pressures continue.

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<sup>5</sup> The revised Articles of Association was approved by shareholders at the Extraordinary General Meeting (“EGM”) held on 16 August 2023 and is available at [www.globaltrans.com](http://www.globaltrans.com).

<sup>6</sup> Imposed suspension of GDRs trading on the London Stock Exchange continued as of the date of publication.

<sup>7</sup> The withholding tax on upstreaming dividends from Russia to Cyprus increased from 5% to 15% for public companies which meet certain criteria as Russia suspended the double taxation treaty with Cyprus in August 2023.

<sup>8</sup> Overall industry freight rail transportation volumes declined 3.1% year on year in Q1 2024.

## **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 during 2024.
- Between 2025 - 2029 the Group expects its owned fleet retirements to average about 3,500 units per year.

## **DOWNLOADS**

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

## **ANALYST AND INVESTOR EVENT**

The release of the Group's financial and operational results will be accompanied by an analyst and investor event.

Date: Monday, 8 April 2024

Time: 13:00 London / 15:00 Moscow / 16:00 Abu Dhabi / 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\\_OYQf9pu4SSWuQISuTn7K\\_Q#/registration](https://us06web.zoom.us/webinar/register/WN_OYQf9pu4SSWuQISuTn7K_Q#/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 8 April 2024 to [irteam@globaltrans.com](mailto:irteam@globaltrans.com).

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

## **NON-DEAL ROADSHOW**

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

## **ENQUIRIES**

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## **ABOUT GLOBALTRANS**

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

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.

Globaltrans Global Depository Receipts (GDRs) have been listed on the Main Market of the London Stock Exchange (ticker symbol: GLTR) since May 2008<sup>9</sup> 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 and serves a broad range of clients in 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 2023, of which about 94% are owned by the Company.

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

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

## RESULTS IN DETAIL

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

### EU IFRS financial information

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

<sup>9</sup> Imposed suspension of GDRs trading on the London Stock Exchange continued as of the date of publication.

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

### Non-IFRS financial information

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

### Debt profile

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

### Operational information

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

## Revenue

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

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

	2022 RUB mln	2023 RUB mln	Change %
Railway transportation – operators services (tariff borne by the Group) <sup>10</sup>	30,341	36,656	21%
Railway transportation – operators services (tariff borne by the client)	60,197	62,930	5%
Operating leasing of rolling stock	3,372	4,538	35%
Other	564	624	11%
<b>Total revenue</b>	<b>94,474</b>	<b>104,748</b>	<b>11%</b>

## Adjusted Revenue

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

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

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

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

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 years ended 31 December 2023 and 2022.

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

## Net Revenue from Operation of Rolling Stock

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

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

tariffs: loaded trips”).

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

### **Revenue from operating leasing of rolling stock**

Revenue from operating leasing of rolling stock contributed 5% of the Group’s Adjusted Revenue in 2023 and increased 35% year on year to RUB 4,538 million. This reflected a rise in the average leasing rates which was partially offset by a decline in the average number of leased-out fleet during the reporting year due to the sale of some railcars as part of the disposal of Globaltrans’ shareholding in Spacecom<sup>11</sup>.

### **Net Revenue from Engaged Fleet**

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

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

### **Other revenue**

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

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

The following table provides a breakdown of Cost of sales, selling and marketing costs and administrative expenses for the years ended 31 December 2023 and 2022.

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

The Group’s Total cost of sales, selling and marketing costs and administrative expenses rose 8% year on year to RUB 63,740 million in 2023 principally due to the following factors:

- “Pass through” cost items (a combination of “Infrastructure and locomotive tariffs: loaded trips” and “Services provided by other transportation organisations”) increased 35% year on year to RUB 17,360 million primarily due to an increase in the proportion of clients that pay Infrastructure and locomotive tariffs: loaded trips through the Group along with the rise in regulated infrastructure and locomotive tariffs and a higher number of Engaged Fleet operations.
- The Group’s Total cost of sales, selling and marketing costs and administrative expenses adjusted for “pass-through” cost items rose 1% year on year to RUB 46,380 million in 2023, due to:
  - An 8% year-on-year increase in Total Operating Cash Costs to RUB 35,049 million which largely reflected accelerated cost inflation, primarily in the regulated tariffs for the traction of empty railcars, along with an increase in employee benefit expense and repairs and maintenance costs.
  - Total Operating Non-Cash Costs decreased 17% year on year to RUB 11,331 million largely due to the fact that there was no significant impairment of rolling stock in 2023 compared to the RUB 3,933 million

<sup>11</sup> In February 2023 Globaltrans completed the restructuring of its liquid cargo segment with the intra-group acquisition of 5,800 railcars by BaltTransServis from Spacecom (including Spacecom Trans), a 65.25% owned leasing subsidiary of Globaltrans and the subsequent disposal of Globaltrans’ shareholding in Spacecom (including 680 units) to its minority shareholder.



impairment in 2022 related to rolling stock blocked in Ukraine. This was partially offset by a 31% increase in Depreciation of property, plant and equipment largely due to both the addition, as well as the higher depreciation of acquired rolling stock<sup>12</sup> 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:

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

### “Pass through” cost items

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

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

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

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

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

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

### **Total Operating Cash Costs**

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

Total Operating Cash Costs for 2023 of RUB 35,049 million were 8% higher compared to the previous year due

<sup>12</sup> Including wheel pairs.

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

to a combination of the factors described below.

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

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

### **Empty Run Costs**

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

Empty Run Costs, which accounted for 52% of the Group’s Total Operating Cash Costs in 2023, increased 6% year on year to RUB 18,297 million\* due to:

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

### **Employee benefit expense**

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

### **Repairs and maintenance**

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

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

### **Fuel and spare parts - locomotives**

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

### **Infrastructure and Locomotive Tariffs - Other Tariffs**

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

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

### Engagement of locomotive crews

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

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

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

### Other Operating Cash Costs

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

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

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

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

### Total Operating Non-Cash Costs

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

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

	2022	2023	Change
	RUB mln	RUB mln	%
Depreciation of property, plant and equipment	6,753	8,853	31%
Depreciation of right-of-use assets	2,597	2,446	-6%
Loss on derecognition arising on capital repairs <sup>14</sup>	310	284	-8%
Net impairment losses on trade and other receivables	21	50	145%
Amortisation of intangible assets	0.3	0.4	32%
Gain on sale of property, plant and equipment	(13)	(280)	2120%
Impairment/(reversal of impairment) of property, plant and equipment	3,933	(22)	NM
<b>Total Operating Non-Cash Costs</b>	<b>13,600</b>	<b>11,331</b>	<b>-17%</b>

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

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

- No large impairment of property, plant and equipment in 2023 compared to RUB 3,933 million in 2022 related to the impairment of rolling stock blocked in Ukraine.
- A 31% year-on-year rise in Depreciation of property, plant and equipment largely due to both the addition as well as the higher depreciation of acquired rolling stock<sup>15</sup> along with a decrease in the scrap value of rolling stock.

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

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

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

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

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

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

<sup>15</sup> Including wheel pairs.

## Finance income and costs

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

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

### Finance costs

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

### Finance income

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

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

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

### Profit from sale of subsidiary

The Group had a Profit from sale of subsidiary in the amount of RUB 3,400 million in 2023 (2022: nil) which reflected the disposal of the Company's shareholding in Spacecom<sup>16</sup>.

<sup>16</sup> In February 2023 Globaltrans completed the restructuring of its liquid cargo segment with the intra-group acquisition of 5,800 railcars by BaltTransServis from Spacecom (including Spacecom Trans), a 65.25% owned leasing subsidiary of Globaltrans and the subsequent disposal of Globaltrans' shareholding in Spacecom (including 680 units) to its minority shareholder.

## **Profit before income tax**

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

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

## **Income tax expense**

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

## **Profit for the year**

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

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

## **LIQUIDITY AND CAPITAL RESOURCES**

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

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

The Group manages its liquidity based on expected cash flows. As at 31 December 2023, the Group had Net Working Capital of RUB 6,048 million\*. Given its anticipated operating cash flow and borrowings, the Group believes that it has sufficient working capital to operate successfully.

## **Cash flows**

The following table sets out the principal components of the Group's consolidated cash flow statement for the years ended 31 December 2023 and 2022.

	2022	2023
	RUB mln	RUB mln
<b>Cash flows from operating activities</b>	<b>47,963</b>	<b>52,042</b>
Changes in working capital:	668	(2,848)
Inventories	548	442
Trade receivables	(86)	(2,424)
Other assets	(1,285)	1,892
Other receivables	389	(260)
Trade and other payables	1,660	(2,489)
Contract liabilities	(557)	(10)
Cash generated from operations	48,631	49,194
Tax paid	(8,455)	(8,267)
<b>Net cash from operating activities</b>	<b>40,176</b>	<b>40,926</b>
<b>Cash flows from investing activities</b>		
Payment for acquisition of non-controlling interest	(8,800)	-
Proceeds from sale of subsidiaries - net of cash disposed of	-	4,772
Payment for rolling stock to disposed subsidiary	-	(6,603)
Purchases of property, plant and equipment	(11,422)	(8,260)
Purchases of intangible assets	(2)	(1)
Proceeds from sale of property, plant and equipment	238	627
Loans granted to third parties	-	(885)
Loans granted to related parties	(800)	-
Loan repayments received from third parties	-	885
Loan repayments received from related parties	400	400
Interest received	761	2,161
Receipts from finance lease receivable – third parties	28	43
Receipts from finance lease receivable – related parties	9	11
Other	(65)	-
<b>Net cash used in investing activities</b>	<b>(19,652)</b>	<b>(6,851)</b>
<b>Cash flows from financing activities</b>		
Net cash outflows from borrowings and financial leases <sup>17</sup> :	(10,549)	(5,138)
Proceeds from bank borrowings	2,750	8,800
Repayments of borrowings	(9,549)	(10,188)
Repayments of non-convertible unsecured bonds	(3,750)	(3,750)
Purchase of treasury shares	(114)	-
Principal elements of lease payments for other lease liabilities	(2,403)	(2,478)
Interest paid on bank borrowings and non-convertible unsecured bonds	(1,939)	(2,051)
Interest paid on other lease liabilities	(786)	(460)
Dividends paid to non-controlling interests in subsidiaries	(1,728)	(334)
<b>Net cash used in financing activities</b>	<b>(17,520)</b>	<b>(10,462)</b>
Net increase in cash and cash equivalents	3,005	23,614
Exchange gains on cash and cash equivalents	193	3,111
Cash and cash equivalents at beginning of the year	12,855	16,052
<b>Cash and cash equivalents at the end of the year</b>	<b>16,052</b>	<b>42,777</b>

### Net cash from operating activities

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

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

### Net cash used in investing activities

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

- A 28% or RUB 3,162 million year-on-year decrease in Purchases of property, plant and equipment (on a cash basis; including maintenance CAPEX) to RUB 8,260 million on the back of significantly lower investments given elevated new rolling stock prices.

<sup>17</sup> Net cash inflows (outflows) from borrowings and financial leases (a non-IFRS financial measure) is defined as the balance between the following line items: “Proceeds from bank borrowings”, “Proceeds from issue of non-convertible unsecured bonds”, “Repayments of borrowings” and “Principal elements of lease payments for leases with financial institutions”.

- A RUB 6,603 million Payment for rolling stock to a disposed subsidiary in 2023 related to the completion of the intra-group acquisition of railcars by BaltTransServis from Spacecom (a leasing subsidiary disposed of in February 2023)<sup>18</sup>.
- A RUB 4,772 million Proceeds from sale of subsidiaries - net of cash disposed of in 2023 related to the disposal of the Group's shareholding in Spacecom after acquiring the majority of its railcars compared to a RUB 8,800 million Payment for acquisition of non-controlling interest (the remaining 40% shareholding in BaltTransServis) that was carried out in the first half of 2022.

### Net cash used in financing activities

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

- The Group continued to repay its debt in 2023 with Net cash outflow from borrowings and financial leases amounting to RUB 5,138 million compared to RUB 10,549 million in the previous year.
- Interest paid on bank borrowings and non-convertible unsecured bonds increased 6% year on year to RUB 2,051 million in 2023.
- Interest paid on other lease liabilities declined 41% year on year to RUB 460 million on the back of a decrease in the number of rolling stock leased-in under long-term operating leases.
- Dividends paid to non-controlling interests in subsidiaries decreased 81% year on year to RUB 334 million in 2023<sup>19</sup>.

### Capital expenditure (including M&A)

*Total CAPEX (a non-IFRS financial measure) calculated on a cash basis as the sum of "Purchases of property, plant and equipment" (which includes maintenance CAPEX), "Purchases of intangible assets" and "Principal elements of lease payments for leases with financial institutions".*

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

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

- Total CAPEX (including maintenance CAPEX) down 28% year on year to RUB 8,261 million in 2023:
  - Maintenance CAPEX increased 4% year on year to RUB 6,637 million\*.
  - Expansion CAPEX decreased 68% to RUB 1,623 million\*<sup>20</sup> reflecting the Group's conservative approach to investment given elevated new rolling stock prices.
- A RUB 6,603 million Payment for rolling stock to a disposed subsidiary in 2023 related to the completion of the intra-group acquisition of railcars by BaltTransServis from Spacecom (a leasing subsidiary disposed of in February 2023).
- A RUB 4,772 million Proceeds from sale of subsidiaries net of cash disposed of in 2023 related to the disposal of the Group's shareholding in Spacecom after acquiring the majority of its railcars compared to a RUB 8,800 million Payment for acquisition of non-controlling interest (the remaining 40% shareholding in BaltTransServis) that was carried out in the first half of 2022.

<sup>18</sup> In February 2023 Globaltrans completed the restructuring of its liquid cargo segment with the intra-group acquisition of 5,800 railcars by BaltTransServis from Spacecom (including Spacecom Trans), a 65.25% owned leasing subsidiary of Globaltrans and the subsequent disposal of Globaltrans' shareholding in Spacecom (including 680 units) to its minority shareholder. Deferred payments for the purchased railcars were executed after the disposal of Spacecom, thus as per IFRS requirements these payments have been reflected in the cash flow statement for 2023.

<sup>19</sup> Effective from February 2023 Globaltrans has 100% shareholdings in all its subsidiaries.

<sup>20</sup> Including Purchases of intangible assets.



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

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

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

## Free Cash Flow

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

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

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

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

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

## Capital resources

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

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

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

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

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

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

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

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

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

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

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

## PRESENTATION OF INFORMATION

The information in this announcement is subject to verification, completion and change. Accordingly, no representation or warranty, express or implied, is made or given by or on behalf of the Company or any of its shareholders, directors, officers or employees or any other person as to the accuracy, completeness or fairness of the information or opinions contained in this announcement. None of the Company nor any of its shareholders, directors, officers or any other person accepts any liability (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 Group's consolidated management report and consolidated financial statements (audited) of the Company and has been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union and the requirements of Cyprus Companies Law, Cap. 113 ("EU IFRS"). The Group's consolidated management report and consolidated financial statements, selected operational information as at and for the years ended 31 December 2023 and 2022 along with historical financial and operational information are available at Globaltrans' corporate website ([www.globaltrans.com](http://www.globaltrans.com)).

The presentational 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 and market information that is presented in this announcement from third-party sources. 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.

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](http://www.globaltrans.com).

## DEFINITIONS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**Leased-out Fleet** is defined as fleet leased out to third parties under operating leases.

**Leverage Ratio or Net Debt to Adjusted EBITDA** (a non-IFRS financial measure) is the ratio of Net Debt on the

last day of a particular financial period to Adjusted EBITDA in respect of the twelve months to the end of that same period.

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

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

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

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

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

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

**Service Contracts** are contracts with an initial term greater than one-year that stipulates an obligation to transport a specified amount of cargoes for the client.

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

**Total CAPEX** (a non-IFRS financial measure) is calculated on a cash basis as the sum of "Purchases of property, plant and equipment" (which includes maintenance CAPEX), "Purchases of intangible assets" and "Principal elements of lease payments for leases with financial institutions".

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

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

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

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

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

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

## **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.