

For immediate release

19 September 2022

Globaltrans Investment PLC

Interim 2022 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 six months ended 30 June 2022 along with the update on the 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

- Unprecedented environment kept market under pressure with strong Q1 2022 followed by deceleration in bulk cargo market volumes and substantial downward pressure in gondola market pricing.
- Tanker segment market volumes remained relatively stable with continued robust market pricing.
- Globaltrans improved its operational efficiency with Service Contracts intact.
- Strong financial results were delivered with growth achieved across all key metrics.
- Robust financial profile maintained with further deleveraging.
- Expansion CAPEX remained on hold in H1 2022.
- Dividends remain suspended.

Commenting on Globaltrans’ interim 2022 results, CEO Valery Shpakov said:

“Globaltrans again demonstrated the strength of its operating model by rapidly adjusting its logistical footprint to respond to the current unprecedented circumstances. We maintained our focus on efficiency and saw improvements both at an operational level and in terms of our financial results.

Our strong performance and robust free cash flow generation supported further strengthening of our balance sheet as we continued to deleverage. While market visibility remains low, I have confidence that the model that has stood us in good stead so far will continue to successfully underpin our business and our ability to create value for shareholders.”

FINANCIAL RESULTS

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

- Revenue rose to RUB 48.4 billion with Adjusted Revenue increasing to RUB 42.6 billion (+26% compared to H2 2021) largely on the back of the continued recovery in gondola market pricing from the depressed levels of H1 2021.
- Profit for the period increased 13% compared to H2 2021 rising to RUB 12.3 billion.
- Adjusted EBITDA rose 45% compared to H2 2021 increasing to RUB 27.0 billion, supported by the Group's continued cost control (Total Operating Cash Costs up 3% half on half).
- Robust Free Cash Flow of RUB 6.4 billion despite the acquisition of the 40% outstanding stake in BaltTransServis¹.
- RUB 3.7 billion of impairment of property, plant and equipment reflecting the blocking of about 3.3k units of rolling stock (mostly gondolas) in Ukraine.
- Dividend payments continue to be suspended due to the technical limitations regarding upstreaming cash to the holding company incorporated in Cyprus.
- Net Debt reduced 31% to RUB 12.8 billion compared to the end of 2021; further deleveraging with Net Debt to LTM Adjusted EBITDA² at 0.28x compared to 0.62x at the end of 2021.
- All the Group's debt has fixed interest rates and is denominated in RUB, the functional currency of the Group.

OPERATIONAL PERFORMANCE

Improved operational efficiency and rapid logistics readjustments supported by the Group's best-in-class operational capabilities

- The Group successfully adjusted its logistics in the challenging operational environment with Empty Run Ratio for gondola cars improving to 42% (H1 2021: 46%). Total Empty Run Ratio (for all types of rolling stock) improved to 50% (H1 2021: 52%).
- The Group's Freight Rail Turnover was 3% lower year on year in H1 2022 reflecting the reorientation of clients' cargo flows and overall volatility in logistics.
- Average pricing remained strong for most of H1 2022 reflecting a continued recovery in gondola market pricing from the depressed levels of H1 2021 with continued solid pricing in the oil products and oil segment. However, from late Q2 2022, gondola market pricing substantially deteriorated.
- The Group maintained its focus on Service Contracts³ and client retention: Service Contracts remain intact contributing about 56% of the Group's Net Revenue from Operation of Rolling Stock in H1 2022.
- Globaltrans successfully substituted units by expanding leased-in fleet as well as adjusting its logistical footprint in order to manage the blocking of about 3.3k units of the Group's rolling stock (mostly gondola cars) in Ukraine.

MARKET REVIEW

Market under pressure due to the unprecedented environment

- Following a strong Q1 2022 with overall Russian freight rail turnover up 4.0% year on year, cargo volumes and freight rail turnover started to deteriorate largely on the back of the weakening bulk cargo segment.
- Overall Russia's freight rail turnover rose 0.7% year on year in January-August 2022 with volumes down 3.4% year on year over the same period. Looking ahead, visibility remains low.
- Ongoing transformation of logistics towards Russia's Far East increases the share of long-distance routes supporting overall freight rail turnover (measured in tonnes-km) thereby increasing demand for railcars.

¹ BaltTransServis is one of the leading Russian freight rail operators of tank cars, with a strong market position, long-term service contracts and unique competencies in operating its own locomotives; total fleet of 13.1k units as of end of 2021 (including 5.5k units leased in from other Group subsidiaries and 1.7k units leased in from third parties).

² For the last twelve months period.

³ Service Contracts represent contracts with an initial term greater than one-year that stipulates an obligation to transport a specified amount of cargoes with the client. As of the end of H1 2022 Globaltrans had six service contracts.

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

- Overall non-oil (bulk) cargo volumes decreased 4.2% year on year in January-August 2022 which was largely driven by the deterioration in coal (-5.8% year on year) and metallurgical cargoes (-3.9% year on year) volumes⁴. Gondola market pricing recovered from the depressed levels of H1 2021 but have substantially deteriorated since late Q2 2022 reflecting demand volatility.

Demand in oil products and oil segment stabilised

- Overall Russia's oil products and oil volumes increased 0.2% year on year in the January-August 2022 period overcoming volatility.
- Market pricing conditions in the oil products and oil segment remained robust.

RECENT DEVELOPMENTS AND MANAGEMENT FOCUS

Market volumes and gondola market pricing remain under pressure and visibility is low

- Market volumes have been under pressure since Q2 2022 reflecting the weakening bulk cargoes market, with overall Russian freight rail turnover down 1.0% year on year and transportation volumes down 5.3% in July-August 2022.
- Gondola market pricing continues to be under downward pressure as of today driven by weakening demand. Tanker market pricing remains robust.
- Logistics continues to be adapted to the new environment by rerouting most of the cargo flows to Russia's Far East region.
- Cost pressures accelerated with regulated RZD tariffs for the traction of empty railcars up 18.6% over the first half of 2022 following increases on 1 January and 1 June 2022⁵.

Management focus

- Continued focus on flexibility of logistics and operational efficiency in a volatile market as well as strict cost control in response to accelerated inflationary pressures.
- Expansion CAPEX will be subject to identifying attractive opportunities.
- Value accretive cancellation of treasury shares acquired under the buyback programmes approved⁶.
- Dividend payments continue to be suspended due to the technical limitations regarding upstreaming cash to the holding company incorporated in Cyprus.
- Ongoing analysis of options to address limitations of corporate structure and listing constraints.

DOWNLOADS

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

⁴ Coal including coke; metallurgical cargoes including ferrous metals, scrap metal and ores.

⁵ An increase of 6.8% from 1 January 2022 and an additional increase of 11% from 1 June 2022 (compared to the level of the January-May 2022 period).

⁶ The cancellation of 422,657 shares (representing 0.24% of the Company's share capital) purchased in the form of GDRs under the buyback programmes and held in treasury was approved by the Board of Directors. Following the cancellation of these shares the total number of shares of the Company in issue (including GDRs) will be 178,318,259 with no shares/GDRs held in treasury. The respective announcement will be released once the cancellation is completed.

ANALYST AND INVESTOR EVENT

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

Date: Monday, 19 September 2022

Time: 13.00 London / 15.00 Moscow / 08.00 New York

Webcast: www.webcast-eqs.com/globaltrans20220919

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

Q&A Session: Please note that this will be a listen-only session. Should you have any questions, please submit them by 11:30 Moscow time on 19 September 2022 to irteam@globaltrans.com.

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

VIRTUAL NON-DEAL ROADSHOW

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

ENQUIRIES

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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 depository receipts (GDRs) have been traded on the Main Market of the London Stock

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

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

Globaltrans has a total fleet (including owned and leased in under finance and operating leases) of more than 67 thousand units as of the end of the first half of 2022, of which about 92% are owned by the Company. The core of the fleet is universal gondola cars used for a broad range of bulk cargoes (68% of total fleet) and tank cars for transporting oil products and oil (30% 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 six months ended 30 June 2022 and 2021.

EU IFRS financial information

	H1 2021 RUB mln	H2 2021 RUB mln	H1 2022 RUB mln
Revenue	32,079	41,072	48,415
Total cost of sales, selling and marketing costs and administrative expenses	(25,720)	(26,910)	(30,063)
Operating profit	6,603	15,025	18,370
Finance costs - net	(1,088)	(1,101)	(1,561)
Profit before income tax	5,515	13,923	16,809
Income tax expense	(1,352)	(2,986)	(4,469)
Profit for the period	4,162	10,937	12,341
<i>Profit attributable to:</i>			
Owners of the Company	3,281	9,706	11,804
Non-controlling interests	881	1,231	536
Basic and diluted earnings per share for profit attributable to the equity holders of the Company during the period (RUB per share)	18.36	54.33	66.16

	H1 2021 RUB mln	H2 2021 RUB mln	H1 2022 RUB mln
Cash generated from operations (after changes in working capital)	10,463	19,594	26,006
Tax paid	(827)	(1,981)	(4,399)
Net cash from operating activities	9,637	17,613	21,607
Net cash used in investing activities	(3,835)	(3,019)	(12,464)
Net cash used in financing activities	(6,398)	(6,119)	(9,548)

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

Non-IFRS financial information

	H1 2021 RUB mln	H2 2021 RUB mln	H1 2022 RUB mln
Adjusted Revenue	24,785	33,707	42,627
<i>Including</i>			
Net Revenue from Operation of Rolling Stock	22,635*	31,684*	40,263*
Operating lease of rolling stock	875	957	1,926
Total Operating Cash Costs	14,553	15,198	15,654
<i>Including</i>			
Empty Run Cost	7,759*	7,670*	8,043*
Employee benefit expense	2,281	3,210	3,560
Repairs and maintenance	2,163	1,805	1,928
Fuel and spare parts - locomotives	911	1,061	994
Adjusted EBITDA	10,392	18,652	26,973
Adjusted EBITDA Margin, %	42%	55%	63%
Total CAPEX (incl. maintenance CAPEX)	3,966	4,473	3,697
Total CAPEX adjusted for M&A	3,966*	3,663*	12,497*
Free Cash Flow	4,159	11,972	6,356
Attributable Free Cash Flow	3,278	10,740	5,820

Debt profile

	As of 31 Dec 2021 RUB mln	As of 30 June 2022 RUB mln
Total debt	31,318	24,711
Cash and cash equivalents	12,855	11,943
Net Debt	18,464	12,768
Net Debt to LTM Adjusted EBITDA (x) ⁸	0.62	0.28

Operational information

	H1 2021	H1 2022
Freight Rail Turnover, billion tonnes-km (excluding Engaged Fleet)	70.7	68.3
Transportation Volume, million tonnes (excluding Engaged Fleet)	42.3	38.6
Average Price per Trip, RUB	34,506	67,510
Average Rolling Stock Operated, units	57,001	56,563
Average Distance of Loaded Trip, km	1,659	1,753
Average Number of Loaded Trips per Railcar	11.5	10.5
Total Empty Run Ratio (for all types of rolling stock), %	52%	50%
Empty Run Ratio for gondola cars, %	46%	42%
Share of Empty Run Kilometres paid by Globaltrans, %	100%	98%
Total Fleet, units (at period end), including:	72,045	67,346
Owned Fleet, units (at period end)	68,123	62,027
Leased-in Fleet, units (at period end)	3,922	5,319
Leased-out Fleet, units (at period end)	7,260	8,627
Average age of Owned Fleet, years (at period end)	12.8	14.2
Total number of employees (at period end)	1,777	1,816

Revenue

In the first six months of 2022, the Group's Total revenue increased 51% year on year to RUB 48,415 million reflecting the combination of a 72% year-on-year rise in Adjusted Revenue and a 28% year-on-year decrease in "pass through" item "Infrastructure and locomotive tariffs: loaded trips".

The following table provides details of Total revenue, broken down by revenue-generating activity, for the six months ended 30 June 2022 and 2021.

⁸ For the last twelve months period.

	H1 2021 RUB mln	H1 2022 RUB mln	Change %
Railway transportation – operators services (tariff borne by the Group) ⁹	15,242	13,959	-8%
Railway transportation – operators services (tariff borne by the client)	14,642	32,224	120%
Operating lease of rolling stock	875	1,926	120%
Revenue from specialised container transportation	1,042	-	-100%
Other	277	306	10%
Total revenue	32,079	48,415	51%

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 42,627 million in the first six months of 2022 up 72% year on year largely driven by the increase in Net Revenue from Operation of Rolling Stock.

The following table provides details of Adjusted Revenue for the six months ended 30 June 2022 and 2021 and its reconciliation to Total revenue.

	H1 2021 RUB mln	H1 2022 RUB mln	Change %
Total revenue	32,079	48,415	51%
Minus “pass through” items			
Infrastructure and locomotive tariffs: loaded trips	6,442	4,662	-28%
Services provided by other transportation organisations	851	1,126	32%
Adjusted Revenue	24,785	42,627	72%

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 six months ended 30 June 2022 and 2021.

	H1 2021 RUB mln	H1 2022 RUB mln	Change %
Net Revenue from Operation of Rolling Stock	22,635*	40,263*	78%
Operating leasing of rolling stock	875	1,926	120%
Net Revenue from Specialised Container Transportation	938*	-	-100%
Net Revenue from Engaged Fleet	60*	132*	122%
Other	277	306	10%
Adjusted Revenue	24,785	42,627	72%

Net Revenue from Operation of Rolling Stock

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

The Group’s Net Revenue from Operation of Rolling Stock, which accounted for 94% of the Group’s Adjusted Revenue in the first six months of 2022 increased 78% year on year to RUB 40,263 million* reflecting the recovery in both the gondola and tank car segments’ revenue streams. The gondola segment market pricing recovered over the last twelve months from the depressed levels of the first six months of 2021. The tanker segment market pricing remained robust over the same period.

⁹ Includes “Infrastructure and locomotive tariffs: loaded trips” for H1 2022 of RUB 4,662 million (H1 2021: RUB 6,442 million) and “Services provided by other transportation organisations” of RUB 1,126 million (H1 2021: RUB 851 million).

Revenue from operating leasing of rolling stock

Revenue from operating leasing of rolling stock contributed 5% of the Group's Adjusted Revenue in the first half of 2022 and increased 120% year on year to RUB 1,926 million reflecting the increase in the average number of leased-out fleet along with a rise in average leasing rates.

Net Revenue from Specialised Container Transportation

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

Net Revenue from Specialised Container Transportation was eliminated in the first six months of 2022 due to the deconsolidation of this business segment reflecting the sale of SyntezRail (a subsidiary of Globaltrans) in October 2021. In the same period in 2021 the revenue from this segment amounted to RUB 938 million* and accounted for 4% of the Group's Adjusted Revenue.

Net Revenue from Engaged Fleet

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

Net Revenue from Engaged Fleet, which contributed less than 1% of the Group's Adjusted Revenue in the first six months of 2022, increased 122% year on year in the first half of 2022 to RUB 132 million*, largely reflecting a rise in the number of Engaged Fleet operations in the oil products and oil segment.

Other revenue

Other revenue, comprising less than 1% of the Group's Adjusted Revenue in the first six months of 2022, includes revenues generated by the Group's auxiliary business activities such as freight forwarding, repair and maintenance services provided to third parties, and other. It increased 10% year on year to RUB 306 million in the first six months of 2022 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 six months ended 30 June 2022 and 2021.

	H1 2021 RUB mln	H1 2022 RUB mln	Change %
Cost of sales	23,886	27,452	15%
Selling and marketing costs	114	118	4%
Administrative expenses	1,720	2,493	45%
Total cost of sales, selling and marketing costs and administrative expenses	25,720	30,063	17%

A 17% year-on-year rise in the Group's Total cost of sales, selling and marketing costs and administrative expenses to RUB 30,063 million in the first six months of 2022 was principally due to the following factors:

- "Pass through" cost items (a combination of "Infrastructure and locomotive tariffs: loaded trips" and "Services provided by other transportation organisations") decreased 21% year on year to RUB 5,788 million primarily due to a decrease in the proportion of clients that pay Infrastructure and locomotive tariffs: loaded trips through the Group.
- The Group's Total cost of sales, selling and marketing costs and administrative expenses adjusted for "pass-through" cost items rose 32% year on year to RUB 24,275 million in the first six months of 2022, due to:
 - An 8% year-on-year increase in Total Operating Cash Costs to RUB 15,654 million in the first six months of 2022, which largely reflected the rise in Empty Run Costs and Employee benefit expense that were partially

offset by the decline in Repairs and maintenance costs.

- Total Operating Non-Cash Costs rose 123% year on year to RUB 8,622 million largely reflecting the impairment of about 3.3k units of rolling stock (mostly gondola cars) blocked in Ukraine along with a 259% year-on-year increase in Depreciation of right-of-use assets as the Group sizably increased the number of gondola cars leased-in under long-term operating leases.

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

	H1 2021 RUB mln	H1 2022 RUB mln	Change %
“Pass through” cost items	7,293	5,788	-21%
Infrastructure and locomotive tariffs: loaded trips	6,442	4,662	-28%
Services provided by other transportation organisations	851	1,126	32%
Total cost of sales, selling and marketing costs and administrative expenses (adjusted for “pass through” cost items)	18,427	24,275	32%
Total Operating Cash Costs	14,553	15,654	8%
Empty Run Costs	7,759*	8,043*	4%
Employee benefit expense	2,281	3,560	56%
Repairs and maintenance	2,163	1,928	-11%
Fuel and spare parts – locomotives	911	994	9%
Infrastructure and Locomotive Tariffs - Other Tariffs	548*	554*	1%
Engagement of locomotive crews	163	72	-56%
Expense relating to short-term leases (rolling stock)	209	27	-87%
Other Operating Cash Costs	518	475	-8%
Total Operating Non-Cash Costs	3,874	8,622	123%
Impairment of property, plant and equipment	-	3,713	NM
Depreciation of property, plant and equipment	3,269	3,360	3%
Depreciation of right-of-use assets	376	1,349	259%
Loss on derecognition arising on capital repairs	283	190	-33%
Net (gain)/loss on sale of property, plant and equipment	(52)	10	NM
Net impairment (gains)/losses on trade and other receivables	(2)	1	NM
Amortisation of intangible assets	1	0.01	-99%
Total cost of sales, selling and marketing costs and administrative expenses	25,720	30,063	17%

“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 28% year-on-year decrease in this item in the first six months of 2022 to RUB 4,662 million primarily reflected the lower proportion of clients that pay infrastructure and locomotive tariffs: loaded trips through the Group.

Services provided by other transportation organisations

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

Services provided by other transportation organisations rose 32% year on year to RUB 1,126 million in the first six months of 2022 primarily due to a higher number of Engaged Fleet operations in the oil products and oil segment along with the rise in the cost of fleet engagement.

Total Operating Cash Costs

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

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 for the first six months of 2022 of RUB 15,654 million were 8% higher compared to the same period of the previous year due to a combination of the factors described below.

The following table provides a breakdown of the Total Operating Cash Costs for the six months ended 30 June 2022 and 2021.

	H1 2022 % of total	H1 2021 RUB mln	H1 2022 RUB mln	Change %
Empty Run Costs	51%	7,759*	8,043*	4%
Employee benefit expense	23%	2,281	3,560	56%
Repairs and maintenance	12%	2,163	1,928	-11%
Fuel and spare parts - locomotives	6%	911	994	9%
Infrastructure and Locomotive Tariffs - Other Tariffs	4%	548*	554*	1%
Engagement of locomotive crews	0.5%	163	72	-56%
Expense relating to short-term leases (rolling stock)	0.2%	209	27	-87%
Other Operating Cash Costs	3%	518	475	-8%
Total Operating Cash Costs	100%	14,553	15,654	8%

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 51% of the Group's Total Operating Cash Costs in the first six months of 2022, increased 4% year on year to RUB 8,043 million* due to:

- Regulated RZD tariffs for the traction of empty railcars which rose 6.8% from 1 January 2022 and additionally by 11% from 1 June 2022.
- A decline in the Group's Freight Rail Turnover of 3% year on year in the first six months of 2022.
- An improved Total Empty Run Ratio (for all types of rolling stock) of 50% (H1 2021: 52%) with the Share of Empty Run Kilometers paid by Globaltrans declining to 98% (H1 2021: 100%).

Employee benefit expense

Employee benefit expense, which represented 23% of the Group's Total Operating Cash Costs in the first six months of 2022, increased 56% year on year to RUB 3,560 million. This resulted from:

- Inflation-driven growth in wages and salaries.
- A 4% year-on-year increase in the average headcount due to the continued shift to in-house locomotive crews.
- Increases in bonuses largely reflecting the Group's strong business performance over the last twelve months period and successful M&A.

Repairs and maintenance

Repairs and maintenance costs, which comprised 12% of the Group's Total Operating Cash Costs in the first six months of 2022, declined 11% year on year to RUB 1,928 million as a decrease in the number of depot repairs and a rise in proceeds from the disposal of second-hand spare parts were partially offset by the inflation-driven rise in costs of certain repair works and spare parts in the reporting period.

Fuel and spare parts - locomotives

Fuel and spare parts - locomotives expenses, which accounted for 6% of the Group's Total Operating Cash Costs in the first six months of 2022, rose 9% year on year to RUB 994 million reflecting an inflation-driven rise in the cost of fuel and certain spare parts.

Infrastructure and Locomotive Tariffs - Other Tariffs

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

and the relocation of rolling stock in and from lease operations, as well as other expenses.

Infrastructure and Locomotive Tariffs - Other Tariffs represented 4% of the Group's Total Operating Cash Costs in the first six months of 2022 and rose 1% year on year to RUB 554 million*, impacted by higher regulated RZD tariffs and an increased number of fleet relocated in and from lease operations.

Engagement of locomotive crews

Costs related to the engagement of locomotive crews from RZD in the first six months of 2022 (less than 1% of the Group's Total Operating Cash Costs) declined 56% year on year to RUB 72 million due to the reduction in the amount of outsourcing of locomotive crews as the Group continued to increase its use of in-house crews.

Expense relating to short-term leases (rolling stock)

In the first six months of 2022, Expense relating to short-term leases (rolling stock), representing less than 1% of the Group's Total Operating Cash Costs, fell 87% year on year to RUB 27 million primarily due to the intentional decrease in the average number of fleet leased-in under short-term operating leases.

Other Operating Cash Costs

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

The following table provides a breakdown of the Other Operating Cash Costs for the six months ended 30 June 2022 and 2021.

	H1 2021 RUB mln	H1 2022 RUB mln	Change %
Legal, consulting and other professional fees	37	47	27%
Expense relating to short-term leases (office)	50	46	-8%
Auditors' remuneration	15	22	45%
Advertising and promotion	21	18	-13%
Taxes (other than on income and value added taxes)	14	13	-4%
Communication costs	12	12	-5%
Information services	8	8	9%
Expense relating to short-term leases (tank containers)	14	-	-100%
Other expenses	347	308	-11%
Other Operating Cash Costs	518	475	-8%

Other Operating Cash Costs, which comprised 3% of the Group's Total Operating Cash Costs, fell 8% year on year to RUB 475 million in the first six months of 2022.

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 "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 six months ended 30 June 2022 and 2021.

	H1 2021 RUB mln	H1 2022 RUB mln	Change %
Impairment of property, plant and equipment	-	3,713	NM
Depreciation of property, plant and equipment	3,269	3,360	3%
Depreciation of right-of-use assets	376	1,349	259%
Loss on derecognition arising on capital repairs ¹¹	283	190	-33%
Net (gain)/loss on sale of property, plant and equipment	(52)	10	NM
Net impairment (gains)/ losses on trade and other receivables	(2)	1	NM
Amortisation of intangible assets	1	0.01	-99%
Total Operating Non-Cash Costs	3,874	8,622	123%

A 123% year-on-year increase in Total Operating Non-Cash Costs to RUB 8,622 million in the first six months of 2022 stemmed primarily from:

- Impairment of property, plant and equipment in the amount of RUB 3,713 million related to the impairment of about 3.3k units of rolling stock (mostly gondola cars) blocked in Ukraine.
- A 259% year-on-year rise in Depreciation of right-of-use assets as the Group sizably increased the number of gondola cars leased-in under long-term operating leases.

Adjusted EBITDA (non-IFRS financial measure)

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

Adjusted EBITDA (a non-IFRS financial measure) represents EBITDA excluding "Net foreign exchange transaction (gains)/losses on financing activities", "Share of profit/(loss) of associate", "Other gains/(losses) - net", "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 Adjusted EBITDA rose 160% year on year to RUB 26,973 million in the first six months 2022. The Adjusted EBITDA Margin increased to 63% in the first six months of 2022 from 42% in the same period in 2021 reflecting the 72% year-on-year increase in Adjusted Revenue while Total Operating Cash Costs rose 8% year on year.

The following table provides details on Adjusted EBITDA for the six months ended 30 June 2022 and 2021, and its reconciliation to EBITDA and Profit for the period.

	H1 2021 RUB mln	H1 2022 RUB mln	Change %
Profit for the period	4,162	12,341	196%
<i>Plus (Minus)</i>			
Income tax expense	1,352	4,469	230%
Finance costs – net	1,088	1,561	43%
Net foreign exchange transaction losses on financing activities	(12)	(473)	3901%
Amortisation of intangible assets	1	0.01	-99%
Depreciation of right-of-use assets	376	1,349	259%
Depreciation of property, plant and equipment	3,269	3,360	3%
EBITDA	10,236	22,606	121%
<i>Minus (Plus)</i>			
Loss on derecognition arising on capital repairs	(283)	(190)	-33%
Net foreign exchange transaction losses on financing activities	(12)	(473)	3901%
Other gains – net	87	19	-79%
Net gain/(loss) on sale of property, plant and equipment	52	(10)	NM
Impairment of property, plant and equipment	-	(3,713)	NM
Adjusted EBITDA	10,392	26,973	160%

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.

Finance income and costs

The following table provides a breakdown of Finance income and costs for the six months ended 30 June 2022 and 2021.

	H1 2021 RUB mln	H1 2022 RUB mln	Change %
<i>Interest expense:</i>			
Bank borrowings	(700)	(710)	1%
Non-convertible bond	(400)	(321)	-20%
Total interest expense calculated using the effective interest rate method	(1,099)	(1,031)	-6%
Other lease liabilities	(53)	(484)	820%
Total interest expense	(1,152)	(1,515)	31%
Other finance costs	(16)	(0.05)	-100%
Total finance costs	(1,168)	(1,515)	30%
<i>Interest income:</i>			
Bank balances	62	238	286%
Short term deposits	5	167	2994%
Loans to related parties	-	10	NM
Loans to third parties	1	-	-100%
Total interest income calculated using the effective interest rate method	68	415	512%
Finance leases – related parties	-	1	NM
Finance leases – third parties	24	9	-64%
Total interest income	92	425	361%
Other finance income	-	2	NM
Total finance income	92	427	363%
Net foreign exchange transaction gains/(losses) on borrowings and other liabilities	1	(2)	NM
Net foreign exchange transaction losses on cash and cash equivalents and other monetary assets	(13)	(472)	3544%
Net foreign exchange transaction losses on financing activities	(12)	(473)	3901%
Net finance costs	(1,088)	(1,561)	43%

Finance costs

Total finance costs for the first six months of 2022 increased 30% year on year to RUB 1,515 million largely due to the rise in Other lease liabilities to RUB 484 million from RUB 53 million in the first six months of 2021 as the Group increased the number of gondola cars leased-in under long-term operating leases.

Finance income

In the first six months of 2022, the Group's Total finance income increased 363% year on year to RUB 427 million primarily due to increases in short-term deposits and bank balances along with the rise in deposit rates compared to the same period the previous year.

Net foreign exchange transaction losses on financing activities

The Group had Net foreign exchange transaction losses on financing activities of RUB 473 million in the first six months of 2022 compared to RUB 12 million in the same period in 2021. This resulted from foreign exchange volatility on the available cash and cash equivalents denominated in foreign currency.

Profit before income tax

The Group reported a year-on-year increase of 205% in Profit before income tax to RUB 16,809 million in the first six months of 2022, reflecting a 178% year-on-year increase in the Group's Operating profit to RUB 18,370 million, which was largely linked to the factors described above.

Income tax expense

Income tax expense rose 230% year on year to RUB 4,469 million in the first six months of 2022 largely due to the rise in taxable profits and an increase in the estimated average interim tax rate used for the first half of 2022 to 26.6% (H1 2021: 24.5%).

Profit for the period

The Group's Profit for the period increased 196% year on year to RUB 12,341 million reflecting the factors described above.

Profit for the period attributable to the owners of the Company increased 260% year on year to RUB 11,804 million reflecting the factors described above.

LIQUIDITY AND CAPITAL RESOURCES

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

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

The Group manages its liquidity based on expected cash flows. As at 30 June 2022, the Group had Net Working Capital of RUB 4,218 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 six months ended 30 June 2022 and 2021.

	H1 2021	H1 2022
	RUB mln	RUB mln
<i>Cash flows from operating activities</i>	10,482	26,997
<i>Changes in working capital:</i>	(19)	(991)
<i>Inventories</i>	317	219
<i>Trade receivables</i>	(537)	(1,478)
<i>Other assets</i>	374	675
<i>Other receivables</i>	(172)	283
<i>Trade and other payables</i>	(231)	355
<i>Contract liabilities</i>	231	(1,044)
Cash generated from operations	10,463	26,006
Tax paid	(827)	(4,399)
Net cash from operating activities	9,637	21,607
<i>Cash flows from investing activities</i>		
Payment for acquisition of non-controlling interest	-	(8,800)
Purchases of property, plant and equipment	(3,966)	(3,697)
Proceeds from disposal of property plant and equipment	70	12
Loans granted to third parties	(75)	-
Loans granted to related parties	-	(400)
Loan repayments received from third parties	4	-
Interest received	92	430
Receipts from finance lease receivable	60	23
Other	(20)	(31)
Net cash used in investing activities	(3,835)	(12,464)
<i>Cash flows from financing activities</i>		
Net cash inflows/(outflows) from borrowings and financial leases ¹² :	256	(6,569)
<i>Proceeds from bank borrowings</i>	9,990	-
<i>Repayments of borrowings</i>	(9,734)	(6,569)
Principal elements of lease payments for other lease liabilities	(403)	(1,200)
Interest paid on bank borrowings and non-convertible unsecured bonds	(1,059)	(1,074)
Interest paid on lease liabilities	(49)	(479)
Dividends paid to non-controlling interests in subsidiaries	(140)	(111)
Dividends paid to owners of the Company	(5,003)	-
Purchase of treasury shares	-	(114)
Net cash used in financing activities	(6,398)	(9,548)
Net decrease in cash and cash equivalents	(596)	(405)
Effect of exchange rate changes on cash and cash equivalents	(9)	(507)
Cash and cash equivalents at beginning of the period	4,978	12,855
Cash and cash equivalents at the end of the period	4,373	11,943

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

In the first six months of 2022 Net cash from operating activities rose 124% year on year to RUB 21,607 million largely reflecting the following factors:

- The increase in Cash generated from operations (after “Changes in working capital”) which rose 149% year on year to RUB 26,006 million principally due to the 158% year-on-year increase in Cash flows from operating activities.
- Tax paid which was 432% higher year on year at RUB 4,399 million primarily reflecting the increase in taxable profits.

Net cash used in investing activities

Net cash used in investing activities increased 225% (or RUB 8,629 million) year on year to RUB 12,464 million largely reflecting the following factors:

- A 7% or RUB 269 million year-on-year decrease in Purchases of property, plant and equipment (on a cash basis; including maintenance CAPEX) to RUB 3,697 million.
- RUB 8,800 million payment for the acquisition of the 40% shareholding in BaltTransServis bringing the Group’s shareholding to 100% (RUB 300 million was prepaid in the H2 2021).

Net cash used in financing activities

The 49% year-on-year rise in Net cash used in financing activities which increased to RUB 9,548 million in the first six months of 2022, was due to the factors described below:

- The Group continued to repay its debt out of its operational cash flow and available cash and cash equivalents in the first six months of 2022 with Net cash outflow from borrowings and financial leases amounting to RUB 6,569 million compared to Net cash inflow from borrowings and financial leases of RUB 256 million in the same period the previous year.
- Interest paid on bank borrowings and non-convertible unsecured bonds remained stable year on year (up 1%) at RUB 1,074 million in the first six months of 2022.
- Interest paid on lease liabilities rose to RUB 479 million from RUB 49 million on the back of an increase in the number of gondola cars leased-in under long-term operational leases.
- As previously announced, the Group suspended dividend payments due to both technical limitations regarding upstreaming cash to the Cyprus holding company and the objective of establishing liquidity buffers. As a result no dividends were paid to the owners of the Company in the first six months of 2022 comparing to RUB 5,003 million paid in the same period the previous year.
- Dividends paid to non-controlling interests in subsidiaries decreased 20% year on year to RUB 111 million in the first six months of 2022.

Capital expenditure (including M&A)

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

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

In the first six months of 2022 the Group’s Total CAPEX (on a cash basis, including maintenance CAPEX) was 7% lower year on year at RUB 3,697 million, reflecting:

- Maintenance CAPEX which decreased 5% year on year to RUB 3,275 million* with an inflationary rise in the cost of certain spare parts more than offset by the decline in the number of respective repairs.
- Expansion CAPEX which declined 19% year on year to RUB 422 million* and includes cash outflow for the purchase of tank cars contracted in 2021.

The Group’s capital expenditure (including maintenance CAPEX) on an accrual basis was RUB 4,311 million in

the first six months of 2022 (H1 2021: RUB 4,035 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.

In March 2022 Globaltrans completed the acquisition of the remaining 40% shareholding in BaltTransServis¹³ bringing the Group's shareholding to 100%. The respective payment for the acquisition of the non-controlling interest amounted to RUB 8,800 million in the first six months of 2022 (RUB 300 million was prepaid in H2 2021). As a result of this transaction, the Group's Total CAPEX adjusted for M&A increased 215% year on year to RUB 12,497 million* in the first six months of 2022.

The following table sets out the principal components of the Group's Total CAPEX and Total CAPEX adjusted for M&A for the six months ended 30 June 2022 and 2021.

	H1 2021 RUB mln	H1 2022 RUB mln	Change %
Purchase of property, plant and equipment	3,966	3,697	-7%
Total CAPEX	3,966	3,697	-7%
Payment for acquisition of non-controlling interest	-	8,800	NM
Total CAPEX adjusted for M&A	3,966*	12,497*	215%

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", "Payment for acquisition of non-controlling interest" plus "Cash inflow from disposal of subsidiary undertakings - net of cash disposed of".

Free Cash Flow increased 53% or RUB 2,197 million year on year to RUB 6,356 million in the first six months of 2022, primarily due to:

- A 149% or RUB 15,542 million year-on-year increase in Cash generated from operations (after "Changes in working capital") to RUB 26,006 million.
- Total CAPEX (including maintenance CAPEX) of RUB 3,697 million which was 7% or RUB 269 million lower year on year.
- Tax paid which increased 432% or RUB 3,572 million year on year to RUB 4,399 million.
- A 272% or RUB 1,227 million year-on-year rise in a combined "Principal elements of lease payments for other lease liabilities" and "Interest paid on lease liabilities" which rose to RUB 1,679 million as the Group substantially increased the number of gondola cars leased-in under long-term operating leases.

The following table sets out details on Free Cash Flow and Attributable Free Cash Flow for the six months ended 30 June 2022 and 2021, and its reconciliation to Cash generated from operations.

	H1 2021 RUB mln	H1 2022 RUB mln	Change %
Cash generated from operations (after "Changes in working capital")	10,463	26,006	149%
Total CAPEX (including maintenance CAPEX)	(3,966)	(3,697)	-7%
Tax paid	(827)	(4,399)	432%
Interest paid on bank borrowings and non-convertible unsecured bonds	(1,059)	(1,074)	1%
Principal elements of lease payments for other lease liabilities	(403)	(1,200)	198%
Interest paid on other lease liabilities	(49)	(479)	874%
Payment for acquisition of non-controlling interest	-	(8,800)	NM
Free Cash Flow	4,159	6,356	53%
<i>Minus</i>			
Adjusted Profit Attributable to Non-controlling Interests	881	536	-39%
Attributable Free Cash Flow	3,278	5,820	78%

¹³ BaltTransServis is one of the leading Russian freight rail operators of tank cars, with a strong market position, long-term service contracts and unique competencies in operating its own locomotives; total fleet of 13.1k units as of end of 2021 (including 5.5k units leased in from other Group subsidiaries and 1.7k units leased in from third parties).

Capital resources

As of 30 June 2022, the Group's financial indebtedness consisted of borrowings and non-convertible unsecured bonds for an aggregate principal amount of RUB 24,711 million (including accrued interest of RUB 344 million*), a decrease of 21% compared to the end of 2021.

Under IFRS 16, Other lease liabilities (not included in Total debt) of RUB 6,928 million were recognised on the balance sheet as of 30 June 2022 (31 December 2021: RUB 5,842 million) which was primarily related to the long-term leasing of certain fleet and offices.

As of 30 June 2022, the Group's Net Debt decreased 31% to RUB 12,768 million compared to 31 December 2021 with the Net Debt to LTM Adjusted EBITDA ratio¹⁴ improving to 0.28x compared to 0.62x at the end of 2021.

The following table sets out details on the Group's total debt, Net Debt and Net Debt to LTM Adjusted EBITDA at 30 June 2022 and 2021, and the reconciliation of Net Debt to Total debt.

	As of 31 Dec 2021 RUB mln	As of 30 June 2022 RUB mln	Change %
Total debt	31,318	24,711	-21%
<i>Minus</i>			
Cash and cash equivalents	12,855	11,943	-7%
Net Debt	18,464	12,768	-31%
Net Debt to LTM Adjusted EBITDA	0.62x	0.28x	-

Rouble-denominated borrowings accounted for 100% of the Group's debt portfolio as of 30 June 2022. The Russian rouble is the functional currency of the Company.

The weighted average effective interest remained unchanged at 7.5% as of 30 June 2022 compared to the end of 2021 despite significant market interest rate volatility over the first half of 2022. All of the Group's debt had fixed interest rates as of 30 June 2022.

The Group has a balanced maturity profile supported by the Group's cash flow generation, available cash and cash equivalents, as well as undrawn borrowing facilities of RUB 36,730 million as of 30 June 2022.

The following table gives the maturity profile of the Group's borrowings (including accrued interest of RUB 344 million*) as of 30 June 2022.

	As of 30 June 2022 RUB mln
Q3 2022	4,811*
Q4 2022	2,246*
Q1 2023	4,504*
Q2 2023	1,926*
H2 2023	4,764*
2024	5,431*
2025	1,029*
Total	24,711

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 condensed consolidated interim financial information (unaudited) of Globaltrans Investment PLC ("the Company" and together with its consolidated subsidiaries "Globaltrans" or "the Group") as at and for the six months ended 30 June 2022 and 2021 and prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" as

¹⁴ For the last twelve months period.

adopted by the European Union. The condensed consolidated interim financial information should be read in conjunction with the consolidated Management report and consolidated financial statements for the year ended 31 December 2021, which have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union and the Cyprus Companies Law, Cap. 113.

The Group's condensed consolidated interim financial information (unaudited), selected operational information as at and for the six months ended 30 June 2022 and 2021 along with historical financial and operational information are available at Globaltrans' corporate website (www.globaltrans.com).

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

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

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

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

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”, “Acquisition of non-controlling interest” and “Payment for acquisition of non-controlling interest” plus “Cash inflow from disposal of subsidiary undertakings - net of cash disposed of”.

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

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

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

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

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

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

Net Revenue from Engaged Fleet (a non-IFRS financial measure, derived from management accounts)

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

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

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

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

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

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

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

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

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

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

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

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

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