

### Customer feedback

In 2023, FESCO remained focused on collecting customer feedback. Our team routinely carried out post-transportation satisfaction surveys, set up focus groups and held in-depth interviews to gauge perceptions of FESCO's market stance and communication practices. The goal was to dissect and enhance customer experiences by identifying and implementing quality enhancements.

The average NPS<sup>1</sup> for the year stood at 61%. The average CSAT<sup>2</sup> was 86%.

There was an almost 45% surge in participants of our regular NPS surveys in 2023 compared to the previous year, with survey outreach broadening across both destinations and Company units. We also added feedback feature to our mobile app, enabling customers to rate our services.

Customers commended FESCO for:

- user-friendliness of the MY.FESCO personal account
- dependable maritime services
- overall Company reliability

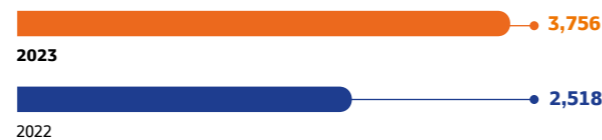
#### NPS, %



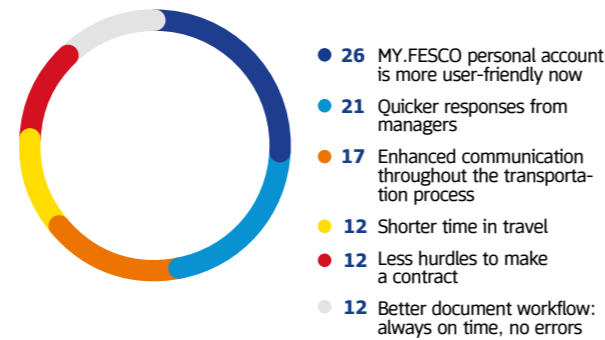
#### CSAT, %



#### Number of participants



#### Positive shifts FESCO's service quality in 2023, %



<sup>1</sup> Net Promoter Score.

<sup>2</sup> Customer Satisfaction Score.



# Financial review

## Financial overview

### Financial results

Indicator	2022	2023	YoY change, % 2023/2022
Revenue, RUB mln	162,639	<b>172,004</b>	6
EBITDA, RUB mln	71,483	<b>53,607</b>	(25)
EBITDA margin, %	44	<b>31</b>	(13) pp
CAPEX	36,733	<b>60,345</b>	64

### Revenue, RUB mln

Indicator	2022	2023	YoY change, % 2023/2022
Port Division	32,977	<b>35,238</b>	7
Rail Division	6,932	<b>8,915</b>	29
Liner and Logistics Division	138,926	<b>146,608</b>	6
Shipping Division	7,807	<b>14,850</b>	90
Fuel Division	2,788	<b>2,884</b>	3
Eliminations	(26,791)	<b>(36,491)</b>	36
FESCO Group	162,639	<b>172,004</b>	6

In 2023, the Group's consolidated revenue increased by 6% to RUB 172,004 million vs RUB 162,639 million in 2022. All business segments showed YoY growth of revenue.

The Port Division's revenue in 2023 went up by 7%, or RUB 2,261 million, to RUB 35,238 million. The main growth driver was higher container cargo transportation profits coming from rising handling volumes, increased share of imports, and additional services to manage container cargoes.

The Rail Division's revenue in 2023 rose by 29%, or RUB 1,983 million. The expansion of the fitting platform fleet accounted for most of this revenue growth.

The Liner and Logistics Division's revenue went up by RUB 7,682 million, or 6% YoY. The revenue growth was driven by:

- 23% rise in volumes carried by international routes

- 24% rise in volumes carried by domestic routes
- growing intermodal exports through the Commercial Port of Vladivostok
- increase in intermodal transit transportation volumes
- launch of FESCO Baltorient Line (FBOL) sea service
- launch of FESCO Indian Line (FIL) sea service
- growth of import land transportation services from China to Russia
- expanded geography of regular intermodal services to Chelyabinsk and Irkutsk

In 2023, the Shipping Division's revenue added 90%, or RUB 7,044 million, thanks to the acquisition of additional fleet.

The Fuel Division's revenue growth in 2023 was 3%, or RUB 96 million, driven by higher revenues from agency activities following the expansion of oil product agency services.



**Operating expenses, RUB mln**

Indicator	2022	2023	YoY change, % 2023/2022
Port Division	9,517	<b>10,630</b>	12
Rail Division	1,773	<b>2,526</b>	42
Liner and Logistics Division	82,033	<b>113,288</b>	38
Shipping Division	3,521	<b>5,211</b>	48
Fuel Division	2,588	<b>2,622</b>	1
Eliminations	(26,717)	<b>(36,431)</b>	36
FESCO Group	72,715	<b>97,846</b>	35

In 2023, the Port Division's operating expenses increased by 12%, or RUB 1,113 million, driven by improved cargo turnover and, as a result, higher expenses for additional cargo handling services, including third-party services, freight forwarding services, and dispatcher support for rolling stock.

In 2023, the Rail Division's operating expenses went up by 42%, or RUB 753 million, due to an increase in the rolling stock fleet and associated growth of repair and maintenance expenses, as well as a rise in railway tariff expenses.

Operating expenses of the Liner and Logistics Division grew by 38%, or RUB 31,255 million, due to higher transportation volumes and launch of new lines, which

triggered an increase in voyage expenses and a rise in expenses associated with railway tariffs, terminal services, and containers.

The Shipping Division's operating expenses were up by 48%, or RUB 1,690 million, mainly due to an increase in the number of vessels entailing higher fleet operating expenses.

In 2023, the Fuel Division's operating expenses saw a slight increase of 1%, or RUB 34 million.

**Gross profit**

In 2022, FESCO's gross profit stood at RUB 74,158 million vs RUB 89,924 million in 2021.

**Administrative expenses, RUB mln**

Indicator	2022	2023	YoY change, % 2023/2022
Salary and other staff related costs	15,559	<b>15,181</b>	(2)
Professional fees	1,520	<b>3,235</b>	113
Office rent	237	<b>334</b>	41
Other administrative expenses	2,323	<b>5,005</b>	115
<b>Total administrative expenses</b>	<b>19,639</b>	<b>23,755</b>	<b>21</b>

Increase in administrative expenses was primarily driven by higher legal, consultancy, business trip, and hospitality expenses to foster new businesses and unlock growth opportunities, as well as higher IT expenses.

**EBITDA, RUB mln**

Indicator	2022	2023	YoY change, % 2023/2022
Port Division	20,749	<b>20,364</b>	(2)
Rail Division	3,947	<b>5,005</b>	27
Liner and Logistics Division	48,771	<b>22,347</b>	(54)
Shipping Division	3,446	<b>9,141</b>	165
Fuel Division	125	<b>154</b>	23
Extra-divisional Group	(5,555)	<b>(3,404)</b>	37
FESCO Group	71,483	<b>53,607</b>	(25)

**EBITDA margin, %**

Indicator	2022	2023	YoY change, % 2023/2022
Port Division	63	<b>58</b>	(5)
Rail Division	57	<b>56</b>	(1)
Liner and Logistics Division	35	<b>15</b>	(20)
Shipping Division	44	<b>62</b>	18
Fuel Division	4	<b>5</b>	1
FESCO Group	44	<b>31</b>	(13)

The Port Division's EBITDA shrank by 2%, or RUB 385 million. While revenue increased by 7%, poorer EBITDA performance came as a result of higher production and administrative expenses.

In 2023, the Rail Division's EBITDA rose by 27%, or RUB 1,058 million, due to the expansion of the core fleet of fitting platforms.

In 2023, EBITDA of the Liner and Logistics Division decreased by 54%, or RUB 26,424 million, due to the revision of freight rates on key routes.

Freight rates on international routes went down to pre-pandemic values due to the recovery of supply chains and sufficient level of liner equipment in Russia.

In 2023, the Shipping Division's EBITDA gained 165% YoY, or RUB 5,695 million, mainly due to operation of new vessels.

A 23%, or RUB 29 million, increase in the Fuel Division's EBITDA in 2023 was driven by higher revenue rates and growing agency activities, as well as a reduction in boiler and heat maintenance costs.

### Depreciation and amortisation, RUB mln

Indicator	2022	2023	YoY change, % 2023/2022
Port Division	941	<b>1,044</b>	11
Rail Division	1,901	<b>2,319</b>	22
Liner and Logistics Division	1,713	<b>4,942</b>	189
Shipping Division	1,709	<b>2,695</b>	58
Fuel Division	3	<b>3</b>	0
Extra-divisional Group	382	<b>511</b>	34
<b>FESCO Group</b>	<b>6,648</b>	<b>11,514</b>	<b>73</b>

In 2023, the Group's depreciation and amortisation charges added 73% to reach RUB 11,514 million vs RUB 6,648 million in 2022. The increase came on the back of the acquisition of new fleet, rolling stock, and containers.

### Profit from operating activity

In 2022, FESCO's profit from operating activity stood at RUB 38,375 million vs RUB 50,899 million in 2022.

### Net profit

Net profit stood at RUB 37,851 million vs RUB 39,388 million in 2022.

### Other financial expenses

FESCO's other financial income and expenses (net) came in at RUB 5,256 million vs RUB 5,771 million in 2022.

### Debt obligations, RUB mln

Indicator	31 December 2022	EBITDA	31 December 2023	EBITDA
Cash and cash equivalents	(30,677)	(0.4x)	<b>(4,641)</b>	(0.1x)
Debt obligations and lease liabilities <sup>1</sup>	33,308	0.5x	<b>29,450</b>	0.6x
◦ Short-term	4,133		<b>5,332</b>	
◦ Long-term	29,175		<b>24,118</b>	
<b>Net debt</b>	<b>2,631</b>	<b>0.04x</b>	<b>24,809</b>	<b>0.5x</b>

FESCO's liabilities as at 31 December 2023:

- RUB 26,515 million – loans and borrowings
- RUB 2,935 million – lease liabilities

Net debt rose from RUB 2,631 million as at 31 December 2022 to RUB 24,809 million.

Net debt / EBITDA ratio as at 31 December 2023 increased to 0.5x (excluding IFRS 16 impact).

<sup>1</sup> Lease liabilities do not include obligations under contracts of lease which was recognised as operating until IFRS 16 came into force on 1 January 2019. So, to calculate ratios, adjusted EBITDA excluding the impact of the IFRS 16 adoption is also used.

### Capital expenditures

**RUB 60,345 mln** +64% YoY  
the Group's CAPEX totalled in 2023

Fleet purchase CAPEX in 2023 came in at RUB 19,189 million. In 2023, FESCO's transport fleet added five new container vessels to grow international transportation on the FBOL line, and another three container vessels to strengthen domestic and Black Sea transportation. This increased the total deadweight by 144 thousand tonnes. Delivery of the sixth new container vessel under the contract signed in 2023 is expected in 1H 2024.

In 2023, FESCO continued expanding its rolling stock and invested RUB 8,428 million in it. Most investments went to the core fleet of fitting platforms. The fleet of FESCO's own fitting platforms was expanded with 114 40-foot platforms and 1,945 80-foot platforms to meet the growing demand amid the development of new railway services. Investments in the creation of innovative platforms totalled RUB 821 million.

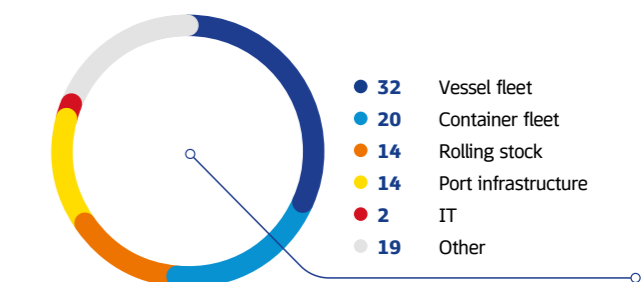
Investments in the Port Division's capacities totalled RUB 8,411 million during the year. The Company continues its development programme to ramp up the throughput capacity of the Port of Vladivostok. Most investments in 2023 went to the acquisition of cranes and machinery, and expansion/upgrade of capacities. VMTP's throughput capacity as at the end of 2023 reached 859 thousand TEU.

In 2023, the container fleet operated by the Company expanded to 170 thousand TEU. CAPEX required to purchase heavyweight containers in 2023 came in at RUB 12,096 million. The fleet of dry containers grew by 23% to reach 96,823 units, while the fleet of refrigerated containers expanded by 6% to 4,928 units. A total of 350 tank containers were purchased to support the chemical cargo transportation segment.

In 2023, FESCO invested RUB 988 million in IT with the aim of developing and maintaining corporate information systems of the production unit and back office, as well as substituting imports of software products.

Other capital expenses were associated with acquisition and repairs of wheel sets, dry docking, investments in inland terminals, tractors, trailers, along with other maintenance CAPEX.

### CAPEX for 2023, %



◊ Source: Company data

