

# Letter from the President

Dear shareholders, partners, and colleagues,

The unfolding geopolitical landscape persisted in exerting substantial pressure on Russia's economy, investment climate, and financial markets in 2023. Amidst these challenging times, many businesses seized the moment to showcase their resilience and distinct capabilities. For FESCO, this period heralded an epoch of audacious choices and tremendous accomplishments.

We succeeded in amplifying our international sea and intermodal transportation by 23%, while boosting domestic maritime shipments by 24% and railway transportation by 17%. The Commercial Port of Vladivostok achieved a landmark figure, handling a historic high of 859 thousand TEU by the close of the year. In the reporting period, the Group augmented its container fleet to a robust 170 thousand TEU. The count of fitting platforms in our operations soared beyond 13 thousand, and for the first time, our fleet of refrigerated containers for the first time reached almost 5 thousand.

In these times, the primary goal for FESCO's Board of Directors and executive team remains the continuity of our logistical operations, broadening our geographical reach, penetrating new international markets, and upgrading our vessel and container fleets.

In 2023, we brought onstream the FESCO Saint-Petersburg Kaliningrad Line – our inaugural domestic shipping service within the Baltic Basin, creating a vital link between St Petersburg and the Kaliningrad Region. We also launched regular direct sea lines to India and Egypt: the FESCO Indian Line West extending connections to Bangladesh and Pakistan via feeder lines, and the FESCO Egypt Direct Line specifically focused on the transportation of food and agricultural commodities.

FESCO proudly established itself as the premiere Russian business to launch a maritime service from ports in China and India to St Petersburg via the deep sea route – FESCO Baltorient Line – leveraging our own assets. Through feeder lines, this service extends connections with Malaysia, Vietnam and other countries.

In 2023, our railway geographies saw a substantial expansion, too. Regular train routes now run from Novorossiysk to Moscow and from St Petersburg to Krasnoyarsk, among various other destinations. We are in the active development phase of two state-of-the-art transportation and logistics hubs adjacent to the Zabaikalsk and Nizhneleninskoye railway checkpoints.

We continued making progress in innovative development throughout the year. A major outcome within FESCO's Digital Transformation Strategy was the creation and implementation of a one-stop-shop system at ports, facilitating digital interactions with the Federal Customs Service, the Federal Service for Veterinary and Phytosanitary Surveillance (Rosselkhoznadzor), and other regulators. This system has been chosen as the underlying architecture for the National Transport and Logistics Platform, which is unfolding in line with the Russian President's order.

Another highlight in 2023 was earning the highest A+ status in the country's Leaders of Corporate Charity ranking. Indeed, our achievements are a source of genuine pride. FESCO maintains a tradition of engaging in educational and cultural collaborations with first-tier museums and universities across the nation. We place a considerable emphasis on fostering socially impactful initiatives, notably through the Sea of Opportunities grant contest, and further the FESCO for the Kids programme, dedicating resources to uplifting youth.

Looking back, we can affirm with certainty that the Company has adeptly navigated the past year's objectives and challenges. We have upheld stringent standards for the safety and reliability of our transportation services, sustained our momentum in innovation, and invested in upgrading our infrastructure and fleet. My deepest gratitude goes out to all FESCO Transportation Group team for the last year's remarkable achievements. I remain optimistic that our future holds even grander triumphs and milestones.

**Arkady Korostel'jov,**  
President, Chairman of the Executive Board

