

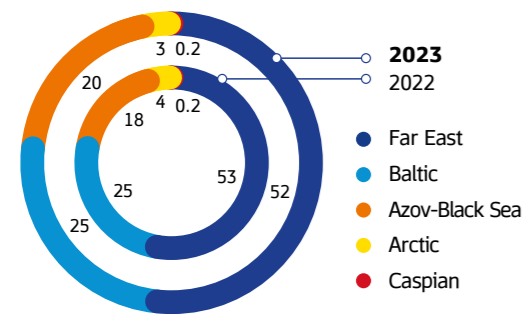
### Transit

In 2023, container transit shrank by 6% or 143 thousand TEU YoY mainly in the Asia–Europe direction due to the desire of some countries to switch to alternative transit routes (trans-Asian route, deep sea) bypassing Russia. Transit from the Russian Far East to Belarus grew by a significant 131 thousand TEU per year.

### Container handling

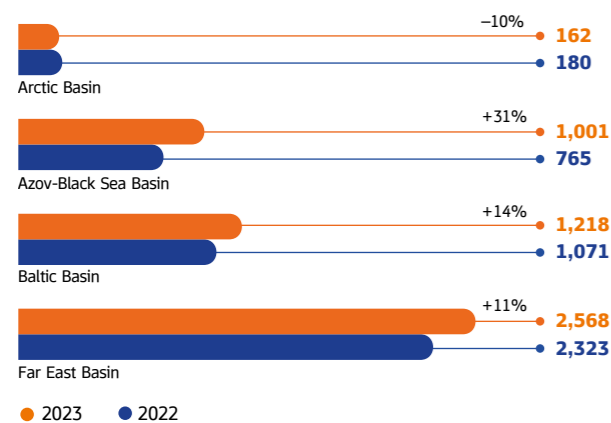
In the reporting year, container handling in Russian ports did not change dramatically across the basins. Handling in the Azov-Black Sea Basin rose to 1 million TEU thanks to sizeable growth of imports, while the Far East Basin saw a YoY increase in handling volumes of 11% despite a shrinking share. In the Arctic Basin, handling declined by 10% YoY.

### Basins' shares in total container handling, %



Source: Morcenter-TFC

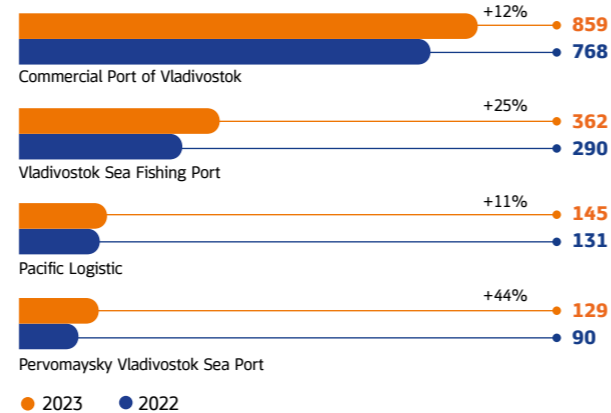
### Loaded container handling in Russian ports in 2022–2023 by basin, k TEU



Source: Morcenter-TFC

The reporting year also saw growth across all basins, except for the Arctic Basin. The biggest contributor was the Azov-Black Sea Basin.

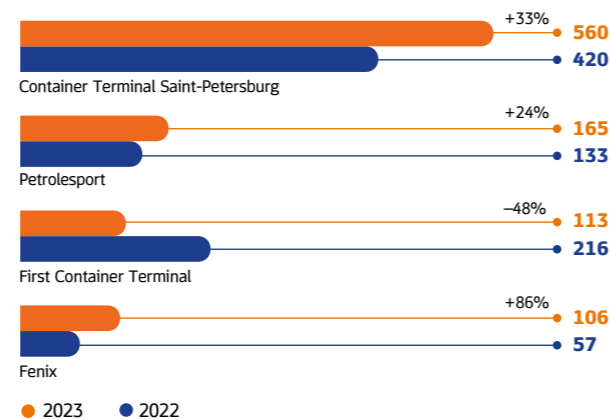
### Container handling in major container terminals of the port of Vladivostok in 2022–2023, k TEU



Source: Morcenter-TFC

In 2023, container handling at VMTP increased by 12% YoY, with Vladivostok Sea Fishing Port showing the largest increase for the year (cargo turnover up 25% YoY). Pacific Logistic showed an 11% growth YoY, increasing cargo turnover to 145 thousand TEU.

### Container handling in major container terminals of the Port of St Petersburg in 2022–2023, k TEU



Source: Morcenter-TFC

Among the terminals of St Petersburg port, only First Container Terminal recorded a decline in container handling (down 48% YoY). Container Terminal Saint-Petersburg showed the biggest growth, increasing its loaded container handling to 560 thousand TEU.

# Operational overview

## Maritime container transportation

FESCO provides domestic, export, import, and transit container transportation services and is the leader in shipping containers from Southeast Asian countries to Russia via the Far East. We also offer integrated services to transport dangerous, oversized, LCL, and general cargo along with special equipment. The Group operates 19 international and domestic sea routes, with its transportation geography spanning over 110 ports globally.

In 2023, we did the following in the international transportation segment:

- expanded the geography of the FCXP maritime service (Far East) connecting the ports of China and Russia, adding vessel calls to Lianyungang, Nansha, Dalian, and Shantou
- actively developed the FVDL service (launched in 2022) from Vietnam's main ports (Haiphong, Ho Chi Minh) to Russia, with over 28 thousand TEU transported (up 2.4x vs 2022). On top of that, we increased shipping frequency to Vietnam from once a month to once a week and set up a logistics hub at the port of Ho Chi Minh to consolidate and ship containerised cargo from Southeast Asia (Thailand, Malaysia, etc.) to Russia using the FVDL
- thanks to the expanded agent network we launched regular maritime container transportation from Bangladesh and Myanmar to Vladivostok with transshipment in the ports of China and Vietnam
- provided our own fleet and expanded our regular FBOL deep-sea service connecting the ports of China, India and Russia (St Petersburg)
- launched two services in the Black Sea to connect Novorossiysk with Egypt (FESCO Egypt Direct Line) and India (FESCO Indian Line)

In 2023, we did the following in the domestic transportation segment:

- replaced vessels with higher-capacity ones which, together with robust commercial activities, served to increase YoY transportation volumes by 24% to 105 thousand TEU
- ensured a seamless delivery of cargo required by the Far Eastern regions of Russia with a short navigation period as part of shipments to the northern territories of Russia. In 2023, FESCO vessels made five trips in severe ice conditions to deliver over 1.5 thousand TEU of consumer goods, construction materials, and other essentials to Chukotka
- launched FSKL, a regular maritime cargo transportation line between St Petersburg and Kaliningrad, with 16.3 thousand TEU transported in 2023. Key types of cargo include consumer goods, construction materials, and household appliances

These measures helped the Company to:

- ramp up international shipping by 23% YoY to 419 thousand TEU
- increase domestic maritime transportation by 24% YoY to 105 thousand TEU

**>110** ports

our transportation geography globally

### Key operating results of maritime container shipments, k TEU

Indicator	2020	2021	2022	2023	YoY change, % 2023/2022
International routes, k TEU	295	288	342	419	23
Domestic routes, k TEU	80	81	84	105	24

Source: Company data

## Tramp shipping

FESCO implements a range of logistics solutions for its fleet aimed at project and special shipments.

### Key operating indicators of the transport fleet

Indicator	2020	2021	2022	2023	YoY change, % 2023/2022
Operable vessel days	6,503	6,236	6,931	<b>8,470</b>	22

Source: Company data

In 2023, FESCO did the following:

- developed multi-purpose vessel transportation between Pevek, Nakhodka, Southeast Asian countries, and China. A total of over 84 thousand tonnes of general cargo and 1.6 thousand TEU were transported
- performed eight trips as part of a project to foster shipping along the Northern Sea Route
- continued cooperation with the National Centre for Polar and Ocean Research under the Ministry of Earth Science of India: diesel-electric ship Vasilii Golovnin successfully completed its first trip under a new five-year contract by delivering cargo to Bharati and Maitri Indian research stations



## Intermodal services

FESCO provides domestic and international (export, import, and transit) intermodal container services.

In 2023, FESCO continued to develop its key services and tapped into new markets:

- we launched a regular FESCO Irkutsk Shuttle from Novorossiysk to Moscow (Bely Rast station). The service enables our customers to order cargo delivery by road from the station to their own warehouse in Moscow or other Russian regions
- we launched a regular FESCO Neva Enisey Shuttle from St Petersburg to Krasnoyarsk. The service seeks to meet growing demand from the Northwestern Federal District for shipments to Eastern Siberia
- to expand domestic routes, we launched an intermodal container route from Moscow to Kaliningrad via St Petersburg. The route covers delivery by rail from Moscow (Bely Rast station) to St Petersburg (port of Bronka) as part of a new FESCO Moscow Baltic Shuttle railway service
- we launched a regular FESCO Irkutsk Shuttle from Vladivostok to Irkutsk. The service primarily focuses on the transportation of imported goods arriving at VMTP from East and Southeast Asia to Irkutsk
- we launched FESCO Chelyabinsk Shuttle, a regular container train from Vladivostok to Chelyabinsk with an option of domestic transportation and export delivery to Southeast Asia
- we launched FESCO Irtysh Shuttle, a regular container train from Moscow to Omsk. The service seeks to meet growing demand of the Group's Moscow and Moscow Region customers for a fast cargo delivery to the Omsk Region and the neighbouring Western Siberia
- we launched FESCO Automotive to transport cars and automotive industry cargo. FESCO delivers cars, SKD and CKD kits, and car parts from Asia to Russia using

sea, rail and intermodal transportation solutions, our offices receive and have cars loaded into containers in China

- we launched FESCO Agro to transport agricultural products. FESCO leverages in-house services and assets to offer the multimodal transportation of bulk and liquid cargo on export, import and domestic routes via the ports of the Far East, Novorossiysk and St Petersburg

By developing new services and ramping up import land transportation from China to Russia, FESCO was able to increase intermodal shipments by 23% or 118 thousand TEU YoY.

**118** <sup>+23% YoY</sup> thousand TEU  
intermodal transportation growth

### Key operating results of intermodal shipments, k TEU

Indicator	2020	2021	2022	2023	YoY change, % 2023/2022
Volume	393	465	507	<b>625</b>	23

Source: Company data

## Terminal operations

FESCO provides stevedoring, surveyor, and freight forwarding services, including loading and discharging of vessels, railcars, and trucks, using its own terminal network, which comprises:

- the largest universal port in the Russian Far East,

VMTP, handling a broad variety of cargo types, including containerised, LCL, bulk, and general cargoes, machinery, and heavy-duty vehicles

- FESCO Gaydamak Terminal focusing on handling general cargoes, grain, construction materials, timber, and vehicles for export/import shipments

### Key operating results of VMTP and FESCO Gaydamak Terminal

Indicator	2020	2021	2022	2023	YoY change, % 2023/2022
<b>Total handling, kt</b>	<b>11,436</b>	<b>13,318</b>	<b>13,884</b>	<b>13,637</b>	<b>(2)</b>
Container handling, k TEU	672	757	768	<b>859</b>	12
General cargoes handling, kt	4,614	5,195	5,138	<b>4,328</b>	(16)
Vehicle handling, units	71,248	81,748	110,783	<b>97,443</b>	(12)
Oil product handling, kt	358	389	480	<b>454</b>	(5)

Source: Company data

### Heavyweight containers

The container handling volume increased by 91.3 thousand TEU YoY to 859 thousand TEU. The growth in container cargo turnover

was due to a timely increase in own assets (containers, fleet, fitting platforms), active cooperation with third-party sea carriers and freight forwarders, and the implementation of VMTP's integrated territory development programme.

### General and bulk cargoes

General cargo handling went down 16% to 4.3 million tonnes due to the Group focusing on container transportation.

### Vehicles

Handling of vehicles and machinery decreased by 12% to 97.4 thousand units vs 110.8 thousand units in 2022 as a result of restrictive sanctions from Japan and a higher recycling charge in Russia.

Vessel handling (unloading/loading) went up by 25% or 554 units YoY and reached 2,796 units.

**1,885** + 17% YoY  
vessels  
handled at FESCO terminals in 2023

### Key operating indicators of VMTP and FESCO Gaydamak Terminal

Indicator	2020	2021	2022	2023	YoY change, % 2023/2022
Vessel handling (unloading/loading), units	2,377	1,670	2,242	<b>2,796</b>	25
Vessel calls	1,790	1,128	1,613	<b>1,885</b>	17
Average daily fleet handling, kt	31.25	35.42	36.72	<b>36.12</b>	(2)
Rolling stock handling, k units	210.5	222.0	224.4	<b>217.5</b>	(3)
Average daily railcar handling, units	575	608	615	<b>596</b>	(3)

Source: Company data

### Inland terminals

#### Key operating results of inland terminals, k TEU

Container handling	2020	2021	2022	2023	YoY change, % 2023/2022
Novosibirsk	90	101	117	<b>116</b>	(1)
Khabarovsk	52	52	52	<b>43</b>	(17)
Tomsk	10	7	8	<b>9</b>	13
<b>Total</b>	<b>152</b>	<b>160</b>	<b>177</b>	<b>168</b>	<b>(5)</b>

Source: Company data

In 2023, inland terminal handling volumes shrank by 5% YoY to 168 thousand TEU.

The decrease was associated with tougher external restrictions imposed by Russian Railways due to the prioritisation of export non-container cargo (coal, oil products, etc.), which had a significant adverse impact on the terminals' operating performance.

Routes going through terminals in Novosibirsk and Khabarovsk were altered to improve the Group's operating efficiency:

- the Company launched a new regular service from Novosibirsk to Irkutsk

- volumes and the share of regular services from Novosibirsk to Khabarovsk and Vladivostok went up
- the share of loaded container handling and receipt of loaded containers from western routes increased

With container handling unchanged in 2023, these measures helped FESCO boost its operating efficiency, revenue, commercial activity, and transportation geography via Novosibirsk.

## Refrigerated transportation

FESCO dominates the refrigerated transportation market and is the only Russian operator relying entirely on its own assets.

In 2023, the Group continued to work on innovations for cargo shipments under continuous temperature maintenance and control. The diesel generator container fleet grew by 28% YoY to enable us to expand our geography in line with growing demand.

In 2023, we continued to tap into new markets, which yielded the following results in terms of freight turnover:

- a new FESCO Turkey Black Sea (FTBS) line from Turkey to Novorossiysk – 732 TEU

- a new FESCO Egypt Direct Line (FEDL) from Egypt to Novorossiysk – 244 TEU
- a new FESCO Saint-Petersburg Kaliningrad Line (FSKL) – 412 TEU
- FESCO Baltorient Line (FBOL) from Southeast Asia to St Petersburg and back – 1,084 TEU

As part of the Fish Shuttle project, we organised a comfortable transportation from domestic ports to Southeast Asia translating into a stable cargo flow on this route.

In 2023, refrigerated transportation volumes added 19% YoY and reached 20.2 thousand TEU.

### Operating indicators of refrigerated transportation, TEU

Indicator	2020	2021	2022	2023	YoY change, % 2023/2022
Volumes	9,952	11,362	17,004	<b>20,219</b>	19

Source: Company data

## Supply chain management

FESCO Supply Chain is responsible for managing our supply chains. As a 3PL service provider, FESCO cooperates with a wide range of partners across the globe. We represent freight owners during transportation and offer cargo delivery, storage and transfer to consignees using in-house and third-party (if necessary) transportation, warehousing, loading, and other solutions.

In 2023, we continued to develop our logistics services – Fesco Agro, Fesco Air, Fesco LCL, and Fesco Automotive, while also expanding the footprint of Fesco Supply Chain in Russia and abroad.

Key developments in supply chain management in 2023:

- a pilot LCL cargo was exported to the United Arab Emirates

- LCL cargo transportation increased on domestic routes (Sakhalin, Magadan, Petropavlovsk-Kamchatsky, and Chukotka) and railways by 52% YoY
- over 100 tonnes of cargo was transported by charter and regular flights as part of the FESCO Air project (a fourfold increase YoY)
- the first export cargo of 892 TEU arrived from Russia to South Africa
- process equipment was delivered to the manufacturer of photovoltaic modules in Novocheboksarsk
- we strengthened a network of external agents to provide a service with a wider outreach (Australia, Africa, Mexico)

FESCO is working to develop the transportation of chemicals in tank containers on export, import, and domestic routes. In 2023, the fleet of tank containers operated by the Group reached 667 units, as we expanded the number of leased containers to 317 and acquired 350 units.



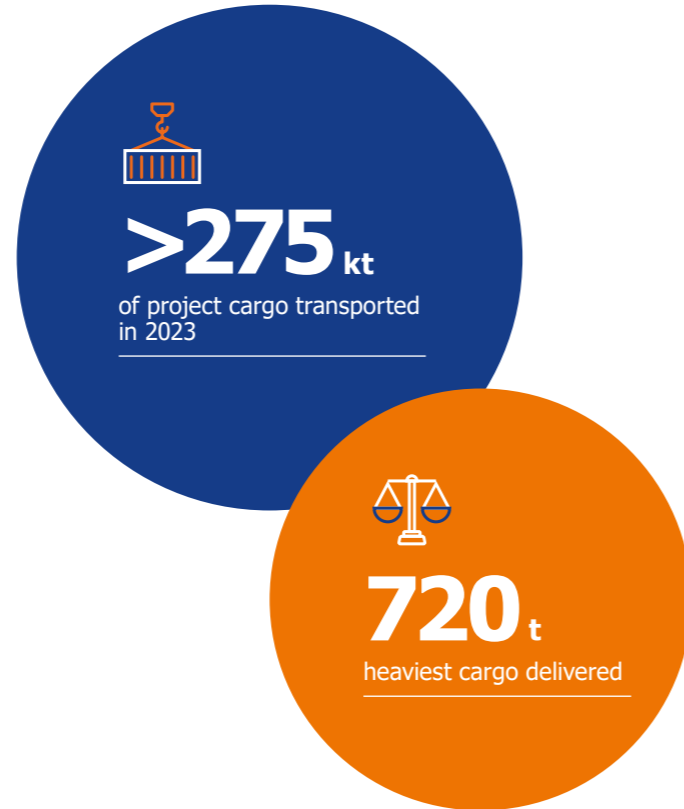
## Project logistics

FESCO offers turnkey project transportation of bulky and heavyweight cargoes: from receipt at the manufacturing plant to lifting to the design position at the destination point. Transportation is fully compliant with the regulatory requirements for transit of cargo along the route, including border crossings.

FESCO's business priorities include expanding the portfolio of contracts signed with large customers and increasing the share of the market for transportation of heavyweight and oversize cargoes.

In 2023, we transported over 275 thousand tonnes of project cargo with the maximum weight of 720 tonnes and provided a full range of services, including infrastructure set-up and constructing temporary berthing facilities as part of equipment delivery. On top of that, we took part in unique projects to tow 56 to 93-thousand tonne marine facilities and structures.

In 2023, FESCO continued to operate a cargo terminal of the Akkuyu Nuclear Power Plant in Turkey, with more than 35 thousand tonnes of oversize and key heavyweight equipment of the reactor pressure vessel, steam generators, and a turbo generator delivered to the construction site. The equipment's maximum weight was 450 tonnes.



Additionally, FESCO implemented a number of projects to lift and install heavyweight and oversize cargo to the design position, assemble and start up process lines at facilities under construction. A total of 2 thousand tonnes of equipment was assembled at various key facilities.

## Bunkering

FESCO provides a full range of oil product services: from fuel purchase and its handling at the Company's petroleum tank farm to transfer to the tanks of transport vessels at the ports of the Primorye Territory (in particular Vladivostok, Nakhodka, and Vostochny). As a fuel agent, FESCO arranges the supply of oil products to its fleet at foreign ports and renders centralised oil product logistics support to its own companies across Russia. Oil products are purchased from Russian producers and delivered

to the destination as well as from regional suppliers and distribution companies and delivered to vessels or land facilities.

In 2023, the Company rendered bunkering services primarily to its own companies.

By the end of 2023, bunkering volumes grew by 54% YoY to 151 thousand tonnes due to a fleet increase and expanded geography of FESCO vessels' operation.

### Key operating indicators of the bunkering complex, kt

Indicator	2020	2021	2022	2023	YoY change, % 2023/2022
Bunkering volumes	67	63	98	151	54

Source: Company data

# Digitalisation

In 2023, FESCO rolled out an extensive array of digitalisation initiatives, unlocking new opportunities for business development.

Our principal digitalisation challenges centred around maintaining FESCO's operational continuity amidst import substitution hurdles. Concurrently, we advanced projects set to build new logistics solutions and information systems. We also pursued innovative ventures as part of Data Office, a dedicated area we focus our efforts on.

FESCO's IT units now comprise a 280-strong workforce, with key expertise hubs in Moscow and Vladivostok and local offices across over 17 Russian cities. We are setting up competence and business support centres in FSU nations (Kazakhstan, Uzbekistan, Belarus) and in our offices overseas.

Collectively, these IT units manage and support upwards of 80 information systems for FESCO Group's over 6.5 thousand employees.

Guided by our digital strategy in effect, in the forthcoming years we will focus on the priority digitalisation areas below:

- critical information infrastructure and no reliance on imports
- digital business continuity
- digital architecture upgrades
- ongoing evolution into a digital freight forwarding business
- cybersecurity

**>280 employees**

in FESCO's IT units

**>17 cities in Russia**

FESCO's office network

## Business digitalisation projects

### Customer's personal account

MY.FESCO customer's personal account is a self-service portal for our customers.

Improvement of this service is the key priority of FESCO digitalisation. The main objective of the project is to provide a fully digital transportation service. Our efforts on portal improvement enabled us to implement one of the best and most feature-rich solutions in the market.

Priority areas of personal account improvement in 2023:

- Dalrefrans personal account launched
- contractual work (expanding the scope of electronic workflow operators for contract signing, entering into contracts with non-residents) continued

- export and import tracking systems for port-to-port shipments enhanced
- coverage of digitisation of door-to-door delivery calculations using a map location expanded
- routes as part of the approval protocol for dangerous goods transportation extended
- an API<sup>1</sup> suite for seamless customer system integration implemented
- a general cargo calculator for domestic shipments designed

The personal account was piloted in 2017 and back then only supported requests for intermodal imports from Southeast Asia to Vladivostok and Moscow. Today, the service can be used to request any of FESCO's key transportation services.

<sup>1</sup> Application Programming Interface.