

Customer experience analysis

In 2024, FESCO achieved tangible results in customer service improvement, as confirmed by customer experience evaluation metrics and research findings.

Key loyalty metrics

One of the most important success indicators was the average NPS¹ of 61% in 2024, reflecting high customer satisfaction and their willingness to recommend the Company to partners. This score shows that FESCO maintained the strong customer loyalty levels achieved in 2023, highlighting the stability and consistency of its customer service improvements.

Customer experience research

In September, the Company conducted a customer experience study covering several key areas. The centrepiece of the research was a focus group, which gathered customer feedback on interactions with FESCO across various touchpoints. Special attention was paid to evaluating the accessibility of information on the Company's official website, functionality of the MY.FESCO personal account, and usability of the Telegram bot's news feed.

Analysis of the collected data revealed the following trends in customer opinion distribution.

Service stability (49%)

Nearly half of the respondents (49%) observed no significant changes in the Company's performance. However, they emphasised that the service quality remained consistently high, which itself represents a positive opinion.

Positive changes (11%)

11% of respondents reported noticeable improvements in the Company's performance, specifically highlighting:

- significant enhancements in customer service;
- expansion of new route geography;
- rapid deployment of new services.

¹ Net Promoter Score.

Digital transformation

The study placed particular emphasis on evaluating the Company's digital solutions. The results revealed impressive progress:

- ✦ 56% of respondents identified FESCO as having the most user-friendly digital solutions;
- ✦ high scores were given to the functionality of the MY.FESCO personal account;
- ✦ the ability to obtain nearly all necessary information through digital channels was praised.

Corrective measures

Based on the research findings, corrective measures were developed and implemented to enhance the customer experience. These initiatives are aimed at further improving service quality and addressing identified shortcomings.

As a result of the research and subsequent improvements, FESCO has reinforced its reputation as a company with high-quality customer service. The consistently high NPS score and positive customer feedback on the Company's digital solutions and overall performance confirm the success of our chosen development path and the effectiveness of implemented enhancements.

FESCO remains committed to further enhancing customer experience based on the research findings and customer feedback, creating a solid foundation for future growth and success.



Conclusions and results

The conducted research enabled FESCO to:

- identify strengths of its customer service;
- pinpoint areas requiring further improvement;
- develop a clear plan of corrective measures;
- confirm the effectiveness of ongoing digital transformation.

Financial review

Financial overview

Financial results

| Indicator | 2023 | 2024 | YoY change, % 2024/2023 |
|----------------------|---------|---------|----------------------------|
| Revenue, RUB million | 172,004 | 184,978 | 8 |
| EBITDA, RUB million | 53,607 | 54,498 | 2 |
| EBITDA margin, % | 31 | 29 | (2) pp |
| CAPEX | 60,345 | 22,694 | 62 |

Revenue, RUB million

| Indicator | 2023 | 2024 | YoY change, % 2024/2023 |
|------------------------------|----------|----------|----------------------------|
| Port Division | 35,238 | 33,424 | (5) |
| Rail Division | 8,915 | 10,272 | 15 |
| Liner and Logistics Division | 146,608 | 163,129 | 11 |
| Shipping Division | 14,850 | 12,627 | (15) |
| Fuel Division | 2,884 | 3,290 | 14 |
| Eliminations | (36,491) | (37,764) | (3) |
| FESCO Group | 172,004 | 184,978 | 8 |

In 2024, the Group's consolidated revenue increased by 8% to RUB 184,978 million vs RUB 172,004 million in 2023. The Liner and Logistics Division was the main growth driver.

The Port Division's revenue in 2024 went down by 5%, or RUB 1,814 million, to RUB 33,424 million. The decline was primarily driven by lower vehicle-related income due to intensified competition among automotive terminals in the Vladivostok port area.

The Rail Division's revenue in 2024 rose by 15%, or RUB 1,357 million. The growth was mainly attributed to the expansion of the fitting platform fleet.

The Liner and Logistics Division's revenue went up by RUB 16,521 million, or 11% YoY. The increase was supported by higher transportation volumes resulting

from active commercial efforts and the development of new routes. International shipping saw a 20% growth largely due to the expansion of FESCO Baltorient Line, FESCO Indian Line West, and FESCO China Direct Line.

Revenue of the Shipping Division in 2024 decreased by 15%, or RUB 2,223 million, due to lower time-charter rates for universal bulk carriers and international fleet amid changing market conditions, as well as technical downtime of vessels prior to their sale.

The Fuel Division's revenue in 2024 rose by 14%, or RUB 406 million. The growth was driven by higher sales volumes of oil products, increased agency services, and a shift in the oil product transshipment structure toward a larger share of heavy oil products.

Operating expenses, RUB million

| Indicator | 2023 | 2024 | YoY change, % 2024/2023 |
|------------------------------|----------|----------|----------------------------|
| Port Division | 10,630 | 10,290 | (3) |
| Rail Division | 2,526 | 3,390 | 34 |
| Liner and Logistics Division | 113,288 | 123,597 | 9 |
| Shipping Division | 5,211 | 8,520 | 63 |
| Fuel Division | 2,622 | 2,930 | 12 |
| Eliminations | (36,431) | (37,487) | (3) |
| FESCO Group | 97,846 | 111,240 | 14 |

Operating expenses of the Port Division in 2024 decreased by 3%, or RUB 340 million, primarily due to reduced spending on freight forwarding services.

The Rail Division's operating expenses in 2024 went up by 34%, or RUB 864 million. This growth was driven by the expansion of the rolling stock fleet, leading to higher repair and maintenance expenses, as well as increased prices for spare parts and materials.

Operating expenses of the Line and Logistics Division rose by 9%, or RUB 10,309 million. Higher fleet voyage expenses resulted from increased international shipment volumes. Infrastructure constraints associated with the railway network complicated container repositioning to Southeast Asia, increasing repositioning times and consequently raising container equipment costs. The expansion of the Company's container fleet also contributed to higher maintenance and repositioning expenses.

The Shipping Division's operating expenses went up by 63%, or RUB 3,309 million, mainly due to the acquisition of new vessels, which led to higher fleet operating costs, as well as increased expenses for fleet repairs and maintenance.

The Fuel Division's operating expenses increased by 12%, or RUB 308 million driven by higher procurement volumes of oil products for sale.

Gross profit

In 2024, FESCO's gross profit stood at RUB 73,738 million vs RUB 74,158 million in 2023.

FESCO's administrative expenses decreased by 11% to RUB 21,071 million in 2024 from RUB 23,755 million in 2023.

This reduction was primarily driven by lower payroll expenses, legal and consulting fees, and business travel and hospitality expenses.

Administrative expenses, RUB million

| Indicator | 2023 | 2024 | YoY change, % 2024/2023 |
|--------------------------------------|--------|--------|----------------------------|
| Salary and other staff related costs | 15,181 | 13,296 | (12) |
| Professional fees | 3,235 | 2,683 | (17) |
| Office rent | 334 | 438 | 31 |
| Other administrative expenses | 5,005 | 4,654 | (7) |
| Total administrative expenses | 23,755 | 21,071 | (11) |

EBITDA, RUB million

| Indicator | 2023 | 2024 | YoY change, % 2024/2023 |
|------------------------------|---------|--------|----------------------------|
| Port Division | 20,364 | 19,458 | (4) |
| Rail Division | 5,005 | 5,434 | 9 |
| Liner and Logistics Division | 22,347 | 26,846 | 20 |
| Shipping Division | 9,141 | 1,640 | (82) |
| Fuel Division | 154 | 211 | 37 |
| Extra-divisional Group | (3,404) | 908 | 127 |
| FESCO Group | 53,607 | 54,498 | 2 |

EBITDA margin, %

| Indicator | 2023 | 2024 | YoY change, % 2024/2023 |
|------------------------------|------|------|----------------------------|
| Port Division | 58 | 58 | – |
| Rail Division | 56 | 53 | (3) |
| Liner and Logistics Division | 15 | 16 | 1 |
| Shipping Division | 62 | 13 | (49) |
| Fuel Division | 5 | 6 | 1 |
| FESCO Group | 31 | 29 | (2) |

In 2024, the Port Division's EBITDA declined by 4% YoY, or RUB 906 million, mainly due to reduced vehicle-related revenue.

The Rail Division's EBITDA rose by 9% YoY, or RUB 429 million, supported by the expansion of the core fleet of fitting platforms.

The Line and Logistics Division's EBITDA increased by 20% YoY, or RUB 4,499 million, driven by a rise in international shipment volumes resulting from expanded service geography and the development of new services.

The Shipping Division's EBITDA decreased by 82%YOY, or RUB 7,501 million, primarily due to lower time-charter rates amid unfavourable market changes, increased fleet repair and maintenance costs, and technical idling of ageing vessels prior to their disposal.

The Fuel Division's EBITDA rose by 37% YoY, or RUB 59 million, mainly owing to a shift in the oil product transshipment structure toward a larger share of heavy oil products.



Depreciation and amortisation, RUB million

| Indicator | 2023 | 2024 | YoY change, % 2024/2023 |
|------------------------------|--------|--------|----------------------------|
| Port Division | 1,044 | 987 | (5) |
| Rail Division | 2,319 | 2,854 | 23 |
| Liner and Logistics Division | 4,942 | 4,240 | (14) |
| Shipping Division | 2,695 | 4,375 | 62 |
| Fuel Division | 3 | 3 | 0 |
| Extra-divisional Group | 511 | 448 | (12) |
| FESCO Group | 11,514 | 12,907 | 12 |

In 2024, the Group's depreciation and amortisation charges increased by 12% to RUB 12,907 million from RUB 11,514 million in 2023. The growth came on the back of the acquisition of new fleet and rolling stock.

Profit from operating activity

In 2023, FESCO's profit from operating activity amounted to RUB 36,297 million compared to RUB 38,375 million in 2022.

Other financial expenses

FESCO's other net financial income and expenses came in at RUB 3,635 million compared to RUB 5,256 million in 2023.

Net profit

Net profit stood at RUB 25,408 million compared to RUB 37,851 million in 2023.

FESCO's liabilities as at 31 December 2024:

- ▢ RUB 32,450 million – loans and borrowings;
- ▢ RUB 12,099 million – lease liabilities.



Net debt decreased from RUB 24,809 million as at 31 December 2023 to RUB 24,270 million as at 31 December 2024.

Net debt / EBITDA ratio as at 31 December 2024 remained flat at 0.5x (excluding IFRS 16 impact).

Debt obligations, RUB million

| Indicator | 31.12.2023 | EBITDA | 31.12.2024 | EBITDA |
|---|---------------|-------------|---------------|-------------|
| Cash and cash equivalents | (4,641) | (0.1x) | (20,279) | (0.4x) |
| Debt obligations and lease liabilities ¹ | 29,450 | 0.6x | 44,549 | 0.8x |
| Short-term | 5,332 | | 7,798 | |
| Long-term | 24,118 | | 36,751 | |
| Net debt | 24,809 | 0.5x | 24,270 | 0.5x |

¹ Lease liabilities do not include obligations under lease agreements that were classified as operating leases before 1 January 2019, prior to the adoption of IFRS 16. Therefore, an adjusted EBITDA figure is used for ratio calculations that excludes the impact of IFRS 16 adoption.

Capital expenditures

In 2024, the Group's CAPEX totalled RUB 22,695 million, down 62% YoY.

Fleet purchase CAPEX in 2024 came in at RUB 6,863 million. During the year, FESCO expanded its transport fleet with two new container vessels for operations on domestic routes in the Russian Far East and on the international FBOL line.

In 2024, the container fleet operated by the Company expanded to 200 thousand TEU. CAPEX for heavyweight container acquisitions amounted to RUB 5,452 million, including 16 thousand dry containers and 200 refrigerated containers. This expanded FESCO's overall container fleet by 17% to 118,990 units. The Company also acquired 130 tank containers to develop its chemical cargo transportation segment.

Investments in the Port Division's capacities totalled RUB 3,296 million in 2024. The Company continues its development programme to ramp up the throughput capacity of the Port of Vladivostok. Most investments in 2024 went to the acquisition of cranes and machinery, as well as the expansion and upgrade of terminal infrastructure. VMTP's throughput capacity as at the end of 2024 reached 928 thousand TEU.

In 2024, FESCO invested RUB 1,297 million to further expand its rolling stock fleet. The Company completed the acquisition of Logbox LLC, adding 1,826 fitting platforms (up 14%) and bringing its total fitting platform fleet to 14,844 units as at year-end. The Company also continued investments in the development of innovative platforms.

1,400

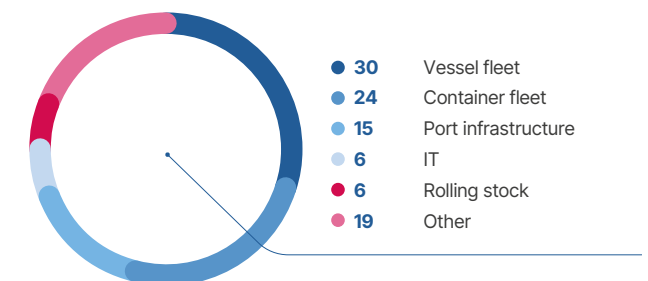
RUB million

FESCO's IT investment in 2024

In 2024, FESCO invested RUB 1,400 million in IT with the aim of developing and maintaining corporate information systems for enterprise and production management, 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 2024, %



Source: Company data

