

**PUBLIC JOINT STOCK COMPANY  
TRANSCONTAINER**

**International Financial Reporting Standards  
Interim Condensed Consolidated Financial  
Statements**

For the Three- and Six-Month Periods ended  
30 June 2021

# PJSC TRANSCONTAINER

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**STATEMENT OF MANAGEMENT'S RESPONSIBILITIES FOR THE PREPARATION AND APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE- AND SIX-MONTH PERIODS ENDED 30 JUNE 2021**

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Management is responsible for the preparation of the interim condensed consolidated financial statements that present fairly the financial position of PJSC TransContainer (the "Company") and its subsidiaries (the "Group") as at 30 June 2021 and the results of its operations for the three-month and six-month periods then ended and cash flows and changes in equity for the six-month period then ended, in compliance with International Financial Reporting Standard 34 "Interim Financial Reporting".

In preparing the interim condensed consolidated financial statements, Management is responsible for:

- Properly selecting and applying accounting policies;
- Presenting information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- Providing additional disclosures when compliance with the specific requirements in IFRS are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group's consolidated financial position and financial performance;
- Making an assessment of the Group's ability to continue as a going concern.

Management is also responsible for:

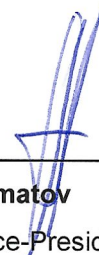
- Designing, implementing and maintaining an effective system of internal controls throughout the Group;
- Maintaining adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the consolidated financial position of the Group, and which enable them to ensure that the interim condensed consolidated financial statements of the Group comply with International Financial Reporting Standard 34 "Interim Financial Reporting";
- Maintaining statutory accounting records in compliance with local legislation and accounting standards in the respective jurisdictions in which the companies of the Group operate;
- Taking necessary steps to safeguard the Group's assets;
- Preventing and detecting fraud and other irregularities.

The interim condensed consolidated financial statements of the Group for the three- and six-month periods ended 30 June 2021 were approved on 26 August 2021 by:



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**V. N. Markov**  
Acting President



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**I. V. Akhmatov**  
Acting Vice-President of Economics and  
Finance



## Report on Review of Interim Condensed Consolidated Financial Statements

To the Shareholder and Board of Directors of Public Joint Stock Company Center for Cargo Container Traffic TransContainer:

### Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Public Joint Stock Company Center for Cargo Container Traffic TransContainer and its subsidiaries (together – the “Group”) as at 30 June 2021 and the related interim condensed consolidated statements of profit or loss and other comprehensive income for the three-month and six-month periods then ended, interim condensed consolidated statements of cash flows and changes in equity for the six-month period then ended, and the related explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34, “Interim Financial Reporting”. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

### Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of interim condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34, "Interim Financial Reporting".

*AO PricewaterhouseCoopers Audit*

27 August 2021

Moscow, Russian Federation



**A.Ya. Fegetsyn, certified auditor (licence No. 03-001436), AO PricewaterhouseCoopers Audit**

Audited entity: Public Joint Stock Company Center for Cargo Container Traffic TransContainer

Record made in the Unified State Register of Legal Entities on on 4 March 2006 under State Registration Number 1067746341024

Taxpayer Identification Number 7708591995

Russian Federation, 141402, Moscow region, Khimki city district, Khimki, Leningradskaya str., vld. 39, str. 6, office 3 (floor 6)

Independent auditor: AO PricewaterhouseCoopers Audit

Registered by the Government Agency Moscow Registration Chamber on 28 February 1992 under No. 008.890

Record made in the Unified State Register of Legal Entities on 22 August 2002 under State Registration Number 1027700148431

Taxpayer Identification Number 7705051102

Member of Self-regulatory organization of auditors Association «Sodruzhestvo»

Principal Registration Number of the Record in the Register of Auditors and Audit Organizations – 12006020338

**PJSC TRANSCONTAINER**  
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)**  
*(Amounts in millions of Russian Roubles)*

	Notes	30 June 2021	31 December 2020
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3	75,130	71,857
Advances for acquisition of non-current assets	3	763	427
Right-of-use assets	11	1,459	1,163
Investment property		574	574
Intangible assets		224	203
Investments in joint ventures	4	452	396
Long-term loans	7	10,000	10,000
Other non-current assets		27	42
<b>Total non-current assets</b>		<b>88,629</b>	<b>84,662</b>
<b>Current assets</b>			
Inventory		367	681
Trade and other receivables	5	4,424	2,686
Prepayments and other current assets	6	8,142	6,468
Short-term loans	7	5,685	4,546
Cash and cash equivalents	8	7,996	8,592
<b>Total current assets</b>		<b>26,614</b>	<b>22,973</b>
<b>TOTAL ASSETS</b>		<b>115,243</b>	<b>107,635</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Share capital	9	13,895	13,895
Reserve fund		701	703
Translation reserve		336	398
Other reserves		(1,828)	(1,828)
Retained earnings		15,597	9,341
<b>Total equity attributable to the Company's owners</b>		<b>28,701</b>	<b>22,509</b>
<b>Non-current liabilities</b>			
Long-term debt	10	12,978	54,469
Lease obligations, net of current maturities	11	706	776
Employee benefit liability	12	878	902
Deferred tax liability		2,539	2,504
Trade finance liability	15	-	900
Financial guarantee for investment in joint venture	4	126	133
<b>Total non-current liabilities</b>		<b>17,227</b>	<b>59,684</b>
<b>Current liabilities</b>			
Contracts liabilities	13	6,175	7,565
Trade and other payables	14	1,666	1,071
Trade finance liability	15	6,949	6,283
Short-term debt	10	7,007	3,003
Current portion of long-term debt	10	44,700	4,425
Lease obligations, current maturities	11	860	550
Income tax payable		435	460
Taxes other than income tax payable		587	474
Settlements with employees	16	659	1,241
Other current liabilities		277	370
<b>Total current liabilities</b>	<b>2</b>	<b>69,315</b>	<b>25,442</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>115,243</b>	<b>107,635</b>



**V. N. Markov**  
Acting President

26 August 2021



**I. V. Akhmatov**  
Acting Vice-President of Economics and  
Finance

**PJSC TRANSCONTAINER**  
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER**  
**COMPREHENSIVE INCOME (UNAUDITED)**

*(Amounts in millions of Russian Roubles, unless otherwise stated below)*

	Notes	Six-month period ended 30 June		Three-month period ended 30 June	
		2021	2020	2021	2020
Revenue	17	66,129	45,519	35,349	24,495
Other operating income		287	814	114	394
Operating expenses	18	(53,316)	(40,293)	(27,281)	(21,371)
Finance expense	19	(2,375)	(892)	(1,248)	(457)
Finance income		610	122	323	72
Foreign exchange gain/(loss), net		(157)	15	(230)	(257)
Share of result of joint ventures		76	29	28	26
Gain from disposal of joint venture	4	-	1,836	-	1,836
Gain from disposal of subsidiary	1	18	-	18	-
<b>Profit before income tax</b>		<b>11,272</b>	<b>7,150</b>	<b>7,073</b>	<b>4,738</b>
Income tax expense	20	(2,068)	(1,206)	(1,250)	(708)
<b>Profit for the period attributable to the Company's owners</b>		<b>9,204</b>	<b>5,944</b>	<b>5,823</b>	<b>4,030</b>
<b>Other comprehensive income/(loss) (net of income tax)</b>					
<i>Items that will not be reclassified to profit or loss:</i>					
Remeasurement of post-employment benefit plans liabilities		50	(26)	8	(54)
<i>Items that may be reclassified subsequently to profit or loss:</i>					
Share of translation of financial information of joint ventures to the presentation currency		(7)	858	(6)	825
Exchange differences on translating foreign operations		(55)	88	(54)	(75)
Share of other comprehensive income of joint venture	4	-	3	-	3
<b>Other comprehensive income/(loss) for the period</b>		<b>(12)</b>	<b>923</b>	<b>(52)</b>	<b>699</b>
<b>Total comprehensive income for the period attributable to the Company's owners</b>		<b>9,192</b>	<b>6,867</b>	<b>5,771</b>	<b>4,729</b>
<b>Earnings per share, basic and diluted (in Russian Roubles)</b>		<b>662</b>	<b>428</b>	<b>419</b>	<b>290</b>
<b>Weighted average number of shares outstanding</b>		<b>13,894,778</b>	<b>13,894,778</b>	<b>13,894,778</b>	<b>13,894,778</b>

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

**PJSC TRANSCONTAINER**  
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)**  
*(Amounts in millions of Russian Roubles)*

	Notes	Six-month period ended 30 June	
		2021	2020
<b>Cash flows from operating activities:</b>		<b>11,272</b>	<b>7,150</b>
<b>Profit before income tax</b>			
Adjustments for:			
Depreciation and amortisation	18	2,531	2,127
Loss/(gain) on disposal of property, plant and equipment		38	(567)
Share of result of associates and joint ventures	4	(76)	(29)
Finance expense, net		1,765	770
Foreign exchange loss/(gain), net		157	(15)
Gain from disposal of joint venture	4	-	(1,836)
Other income, net		(90)	(86)
<b>Operating profit before working capital changes, paid income tax and interest and changes in other assets and liabilities</b>		<b>15,597</b>	<b>7,514</b>
<b>Working capital changes:</b>			
Decrease in inventory		292	349
Increase in trade and other receivables		(1,753)	(291)
(Increase)/decrease in prepayments and other assets		(1,699)	254
Decrease in trade and other payables, contracts liabilities and other current liabilities		(706)	(535)
Change in trade finance liability		(441)	-
Increase/(decrease) in taxes other than income tax		113	(93)
Decrease in settlements with employees		(582)	(602)
Increase in employee benefit liabilities		43	33
<b>Net cash from operating activities before income tax and interest</b>		<b>10,864</b>	<b>6,629</b>
Interest paid		(2,139)	(923)
Income tax paid		(2,059)	(1,413)
<b>Net cash provided by operating activities</b>		<b>6,666</b>	<b>4,293</b>
<b>Cash flows from investing activities:</b>			
Purchases of property, plant and equipment		(5,754)	(7,728)
Proceeds from disposal of property, plant and equipment		6	9
Disposal of short-term investments		-	2,865
Proceeds from disposal of joint venture	4	-	5,830
Issue of short-term loan	7	(1,050)	-
Issue of long-term loan	7	-	(4,585)
Purchases of intangible assets		(46)	(34)
Interest received		514	172
Dividends received from joint ventures		16	-
<b>Net cash used in investing activities</b>		<b>(6,314)</b>	<b>(3,471)</b>
<b>Cash flows from financing activities:</b>			
Dividends	9	(3,000)	-
Proceeds from long-term debt	10	-	2,000
Proceeds from short-term debt	10	4,000	1,000
Repayments of lease obligations	11	(517)	(127)
Principal payments on short-term part of long-term bonds	10	(1,250)	(1,250)
<b>Net cash (used in)/from financing activities</b>		<b>(767)</b>	<b>1,623</b>
Net (decrease)/increase in cash and cash equivalents		(415)	2,445
<b>Cash and cash equivalents at beginning of the period</b>		<b>8,592</b>	<b>3,580</b>
Foreign exchange effect on cash and cash equivalents		(181)	(13)
<b>Cash and cash equivalents at end of the period</b>		<b>7,996</b>	<b>6,012</b>

The accompanying notes are an integral part of these interim condensed consolidated financial statements.



**PJSC TRANSCONTAINER**  
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)**  
*(Amounts in millions of Russian Roubles)*

	Notes	Share capital	Reserve fund	Translation reserve	Other reserves	Retained earnings	Total equity attributable to the Company's owners
<b>Balance at 1 January 2020</b>		<u>13,895</u>	<u>703</u>	<u>(697)</u>	<u>(1,949)</u>	<u>36,482</u>	<u>48,434</u>
Profit for the period		-	-	-	-	5,944	5,944
Other comprehensive income/(loss) for the period		-	-	946	3	(26)	923
<b>Total comprehensive income for the period</b>		-	-	<b>946</b>	<b>3</b>	<b>5,918</b>	<b>6,867</b>
<b>Balance at 30 June 2020</b>		<u>13,895</u>	<u>703</u>	<u>249</u>	<u>(1,946)</u>	<u>42,400</u>	<u>55,301</u>
<b>Balance at 31 December 2020</b>		<u>13,895</u>	<u>703</u>	<u>398</u>	<u>(1,828)</u>	<u>9,341</u>	<u>22,509</u>
Profit for the period		-	-	-	-	9,204	9,204
Other comprehensive (loss)/income for the period		-	-	(62)	-	50	(12)
<b>Total comprehensive (loss)/income for the period</b>		-	-	<b>(62)</b>	-	<b>9,254</b>	<b>9,192</b>
Dividends	9	-	-	-	-	(3,000)	(3,000)
Disposal of subsidiary	1	-	(2)	-	-	2	-
<b>Balance at 30 June 2021</b>		<u>13,895</u>	<u>701</u>	<u>336</u>	<u>(1,828)</u>	<u>15,597</u>	<u>28,701</u>

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

**PJSC TRANSCONTAINER**  
**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE THREE- AND SIX-MONTH PERIODS ENDED 30 JUNE 2021 (UNAUDITED)**  
***(Amounts in millions of Russian Roubles, unless otherwise stated below)***

**1. NATURE OF THE BUSINESS**

Public Joint Stock Company Center for Cargo Container Traffic TransContainer (PJSC “TransContainer”, the “Company” or “TransContainer”) was incorporated in Moscow, Russian Federation on 4 March 2006.

The Company’s principal activities include arrangement of rail-based container shipping and other logistics services including terminal services, freight forwarding and intermodal delivery using rolling stock and containers. The Company owns and operates 38 container terminals along the Russian railway network. As at 30 June 2021, the Company operated 14 branches in Russia. The Company’s registered address is 6<sup>th</sup> floor, office 3, bld. 6, estate 39, Leningradskaya st., Khimki, Moscow region, 141402, Russian Federation.

As at 30 June 2021 and 31 December 2020 LLC Delo-Center is the immediate parent of the Company, holding 100% of its ordinary shares.

The Company’s ultimate parent company is LLC UK Delo, and the ultimate controlling party is S.N. Shishkarev.

The Company has ownership in the following major entities:

Name of Entity	Type	Country	Activity	Interest held, %		Voting rights, %	
				31		31	
				30 June 2021	December 2020	30 June 2021	December 2020
JSC TransContainer-Slovakia, a.s.	Subsidiary	Slovakia	Container shipments	-	100	-	100
TransContainer Europe GmbH	Subsidiary	Austria	Container shipments	100	100	100	100
TransContainer Asia Pacific Ltd.	Subsidiary	Korea	Container shipments	100	100	100	100
TransContainer Freight Forwarding (Shanghai) Co., Ltd.	Subsidiary	China	Container shipments	100	100	100	100
LLC TransContainer Mongolia	Subsidiary	Mongolia	Container shipments	100	100	100	100
Oy ContainerTrans Scandinavia Ltd.	Joint venture	Finland	Container shipments	50	50	50	50
Chinese-Russian Rail-Container International Freight Forwarding (Beijing) Co, Ltd.	Joint venture	China	Container shipments	49	49	50	50
JSC Logistika-Terminal	Subsidiary	Russia	Terminal operations	100	100	100	100
LLC FVK Sever (FVK Sever Group) (Note 4)	Joint venture	Russia	Terminal operations	30	30	50	50
LLC SpecTransContainer	Subsidiary	Russia	Special container transportation	100	100	100	100

**Liquidation of JSC TransContainer-Slovakia, a.s.** In May 2021 the Company completely ceased its participation in the share capital of the subsidiary TransContainer-Slovakia, a.s. As a result of liquidation of the subsidiary JSC TransContainer-Slovakia, a.s. the Group recognised a gain of RUR 18m as Gain from disposal of subsidiary in the interim condensed consolidated statement of profit or loss and other comprehensive income.

**2. BASIS OF PREPARATION, SIGNIFICANT ACCOUNTING POLICIES, ESTIMATES AND CRITICAL ACCOUNTING JUDGEMENTS**

**Statement of compliance.** The annual consolidated financial statements of the Group are prepared in accordance with International Financial Reporting Standards (“IFRS”). These interim condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standard (“IAS”) 34, “Interim financial reporting”.

These interim condensed consolidated financial statements should be read in conjunction with the audited annual consolidated financial statements for the year ended 31 December 2020.

**PJSC TRANSCONTAINER**  
**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE THREE- AND SIX-MONTH PERIODS ENDED 30 JUNE 2021 (UNAUDITED)**  
***(Amounts in millions of Russian Roubles, unless otherwise stated below)***

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**2. BASIS OF PREPARATION, SIGNIFICANT ACCOUNTING POLICIES, ESTIMATES AND CRITICAL ACCOUNTING JUDGEMENTS (CONTINUED)**

**Significant accounting policies.** Except as discussed below, the accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those used in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2020 as described in those annual consolidated financial statements.

The accounting policies applied in the preparation of these interim condensed consolidated financial statements are consistent with those applied in the preparation of the consolidated financial statements for the year ended 31 December 2020, except for the income taxes accrual using the expected weighted average tax rate that would be applicable to expected total annual profit or loss.

**New standards and interpretations.** The Group has adopted all new standards and interpretations that were effective from 1 January 2021.

The impact of the adoption of these new standards and interpretations has not been significant with respect to these interim condensed consolidated financial statements.

New amendments to standards and Conceptual Frameworks that are mandatory for reporting periods beginning on or after 1 January 2022 or later periods that are applicable for the Group's activity and which the Group has not early adopted were presented in the annual consolidated financial statements of the Group as at 31 December 2020 and for the year then ended, except for the following:

Deferred tax related to assets and liabilities arising from a single transaction - Amendments to IAS 12 (issued on 7 May 2021 and effective for annual periods beginning on or after 1 January 2023). These amendments are not approved for application in the Russian Federation.

These amendments after its adoption are expected to have a non-material impact on the Group's consolidated financial statements.

**Going concern.** As at 30 June 2021 the Group's working capital deficit amounted to RUR 42,701m (RUR 2,469m as at 31 December 2020) most of which arises from PJSC Sberbank, a related party of the Group (Note 23), loan received in the amount of RUR 40,000m (Note 10). The Group's management believes that taking into account the expected operating results and attraction of external financing as well as the loan agreement signed in April 2021 with PJSC Sberbank with the obligation to issue a loan in June 2022 for the purpose of refinancing the current loan with a maturity date no later than June 2027, the Group will be able to meet its obligations on time and will continue to operate in the foreseeable future, therefore, these interim condensed consolidated financial statements have been prepared on a going concern basis.

**Estimates and critical accounting judgements.** The preparation of interim condensed consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these interim condensed consolidated financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2020 with the exception of changes in estimates that are required in determining the amounts of income taxes (Note 20) and some actuarial assumptions (Note 12).

**Revenue for integrated freight forwarding and logistics services.** Methods of revenue recognition and the key judgments applicable in the current period are consistent with the basic principles used in preparing the consolidated financial statements as at and for the year ended 31 December 2020.

Had the railway tariff and third-party services directly attributable to integrated freight forwarding and logistics services been excluded from both revenue and expenses, then revenue from integrated freight forwarding and logistics services, and third-party charges related to principal activities would have decreased by RUR 38,193m for the six-month period ended 30 June 2021. For the six-month period ended 30 June 2020, the effect would have been RUR 27,648m.

**PJSC TRANSCONTAINER**  
**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE THREE- AND SIX-MONTH PERIODS ENDED 30 JUNE 2021 (UNAUDITED)**  
*(Amounts in millions of Russian Roubles, unless otherwise stated below)*

**2. BASIS OF PREPARATION, SIGNIFICANT ACCOUNTING POLICIES, ESTIMATES AND CRITICAL ACCOUNTING JUDGEMENTS (CONTINUED)**

Had the railway tariff and third-party services directly attributable to integrated freight forwarding and logistics services have been excluded from both revenue and expenses, then they would have decreased by RUR 20,471m for the three-month period ended 30 June 2021. For the three-month period ended 30 June 2020, the effect would have been RUR 14,864m.

**Trade finance liability.** In September 2020 and in May 2021, the Company entered into an service and agency agreements (respectively) with a banks (an Agents), according to which an Agents undertakes to make payments in favor of the Company's counterparties for the remuneration, as well as keep records of monetary claims for which the Agent has made payments. The Company, in turn, undertakes to compensate the Agent for the amount of payments made by the Agent and pay the Agent remuneration.

The Management considers the provision of services under this agreement as the provision of services under an agency agreement within the core business activity (operating activity) in which the Company acts as a principal.

The Group records the transactions under this agreement as follows:

- liabilities are represented as Trade finance liabilities in the Interim Condensed Consolidated Statement of Financial Position;
- agency fees are represented as Trade finance expenses within the Finance expenses in the Interim Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income;
- in the Interim Condensed Consolidated Statement of Cash Flows transactions to compensate for incurred expenses in the form of payments previously made by the Agents in favor of the Company's counterparties and payment of agency fees are represented in "Cash flows from operating activities".

**Seasonality.** The business of the Group is subject to seasonal fluctuations. Revenue and income from current operations are affected by such factors as river transport seasonality, the summer shipping season (for Northern regions) and consumer market cycles. Typically, the number of orders received between January and February is below the annual average. In accordance with IFRS, revenue and the related expenses are recognised in the period in which they are realised and incurred respectively. The Group's results for the interim period do not necessarily reflect a continuing trend which will be reflected in the year-end results. In the financial year ended 31 December 2020 44% of revenues accumulated in the first half of the year, with 56% accumulating in the second half of the year.

**3. PROPERTY, PLANT AND EQUIPMENT AND ADVANCES FOR ACQUISITION OF NON-CURRENT ASSETS**

	<u>Land, buildings and constructions</u>	<u>Containers and flatcars</u>	<u>Cranes and loaders</u>	<u>Vehicles and other equipment</u>	<u>Construction in-progress</u>	<u>Total</u>
<b>Cost</b>						
<b>1 January 2020</b>	<b>14,522</b>	<b>66,153</b>	<b>3,243</b>	<b>2,840</b>	<b>260</b>	<b>87,018</b>
Additions	14	5,906	29	37	65	<b>6,051</b>
Transfers	1	19	-	-	(20)	-
Disposals	(1)	(614)	(31)	(64)	-	<b>(710)</b>
<b>30 June 2020</b>	<b>14,536</b>	<b>71,464</b>	<b>3,241</b>	<b>2,813</b>	<b>305</b>	<b>92,359</b>
<b>1 January 2021</b>	<b>14,734</b>	<b>76,610</b>	<b>3,269</b>	<b>3,869</b>	<b>227</b>	<b>98,709</b>
Additions	11	5,123	99	40	101	<b>5,374</b>
Transfers	-	53	-	23	(76)	-
Transfer to right-of-use assets	-	-	-	(9)	-	<b>(9)</b>
Disposals	(39)	(556)	(30)	(56)	-	<b>(681)</b>
<b>30 June 2021</b>	<b>14,706</b>	<b>81,230</b>	<b>3,338</b>	<b>3,867</b>	<b>252</b>	<b>103,393</b>

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**3. PROPERTY, PLANT AND EQUIPMENT AND ADVANCES FOR ACQUISITION OF NON-CURRENT ASSETS (CONTINUED)**

	Land, buildings and constructions	Containers and flatcars	Cranes and loaders	Vehicles and other equipment	Construction in-progress	Total
<b>Accumulated depreciation and provision for impairment</b>						
<b>1 January 2020</b>	<b>(3,669)</b>	<b>(16,782)</b>	<b>(1,627)</b>	<b>(2,193)</b>	<b>(117)</b>	<b>(24,388)</b>
Depreciation charge for the period	(171)	(1,491)	(119)	(95)	-	(1,876)
Impairment	83	-	-	-	-	83
Disposals	1	609	31	64	-	705
<b>30 June 2020</b>	<b>(3,756)</b>	<b>(17,664)</b>	<b>(1,715)</b>	<b>(2,224)</b>	<b>(117)</b>	<b>(25,476)</b>
<b>1 January 2021</b>	<b>(3,927)</b>	<b>(18,712)</b>	<b>(1,825)</b>	<b>(2,271)</b>	<b>(117)</b>	<b>(26,852)</b>
Depreciation charge for the period	(134)	(1,664)	(95)	(143)	-	(2,036)
Reversal of Impairment	-	1	1	-	-	2
Transfer to right-of-use assets	-	-	-	1	-	1
Disposals	4	541	25	52	-	622
<b>30 June 2021</b>	<b>(4,057)</b>	<b>(19,834)</b>	<b>(1,894)</b>	<b>(2,361)</b>	<b>(117)</b>	<b>(28,263)</b>
<b>Net book value</b>						
<b>1 January 2021</b>	<b>10,807</b>	<b>57,898</b>	<b>1,444</b>	<b>1,598</b>	<b>110</b>	<b>71,857</b>
<b>30 June 2021</b>	<b>10,649</b>	<b>61,396</b>	<b>1,444</b>	<b>1,506</b>	<b>135</b>	<b>75,130</b>

As at 30 June 2021 and 31 December 2020 the item "Land, buildings and constructions" includes the amounts of RUR 319m and RUR 322m, respectively, which represent the gross carrying amounts of land, buildings and construction under lease (Note 11 Leases - Group is the lessor) that were leased out by the Group under operating lease agreements.

As at 30 June 2021 and 31 December 2020 the item "Containers and flatcars" includes the amounts of RUR 263m and 314m, respectively, which represent the gross carrying amounts of containers and flatcars under lease (Note 11 - Group is the lessor) that were leased out by the Group under operating lease agreements.

During the six-month period ended 30 June 2021 according to the investment program for 2021 provided for the renewal of the fleet of flatcars and containers there were additions of flatcars and containers in the amount of RUR 3,753m and RUR 1,370m, respectively (during the six-month period ended 30 June 2020 RUR 4,939 and RUR 967m, respectively).

The carrying amount of temporarily idle property, plant and equipment as at 30 June 2021 and 31 December 2020 comprised the following:

	30 June 2021	31 December 2020
Cost	718	781
Accumulated depreciation	(265)	(282)
Impairment	(306)	(307)
<b>Net book value</b>	<b>147</b>	<b>192</b>

*Advances for acquisition of non-current assets*

As at 30 June 2021 and 31 December 2020, advances for the acquisition of non-current assets, net of VAT, consisted of advances for the acquisition of containers (RUR 524m and RUR 0m, respectively), advances for the purchase of rolling stock (RUR 116m and RUR 425m, respectively), advances for the purchase of lifting equipment (RUR 119m and RUR 0m, respectively) and advances for the acquisition of other non-current assets (RUR 4m and RUR 2m, respectively).

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**4. INVESTMENTS IN JOINT VENTURES**

As at 30 June 2020 the carrying amount of the Group's investment in joint venture LLC FVK Sever amounted to RUR 239m (RUR 212m as at 31 December 2020), the carrying amount of the Group's investments in other joint ventures amounted to RUR 213m (RUR 184m as at 31 December 2020).

As at 30 June 2021 the debt of FVKS, that was secured by the Company's guarantee under the loan agreement with PJSC State Transport Leasing Company (PJSC GTLK), a related party of the Group (Note 21), amounted to RUR 2.2bn (2.2bn as at 31 December 2020). As at 30 June 2021 the financial guarantee for investment in joint venture recognised in the interim condensed consolidated statement of financial position was RUR 126m (RUR 133m as at 31 December 2020).

As at 30 June 2021 and 31 December 2020 the amount of pledge agreements has not changed.

**Selling of Logistic System Management B. V. and JSC Kedentransservice.** In May 2020 the Company ceased to participate in a joint venture Logistic System Management B. V., which owns 100% of the share capital of JSC Kedentransservice, by selling 50% of its shares to JSC National Company Kazakhstan Temir Zholy ("KTZ"). Profit resulting from sell of the joint venture is:

	<u>22 May 2020</u>
Proceeds from sale	5,344
Carrying amount of disposed net assets	(3,150)
Share of other comprehensive loss of joint venture recycled from other comprehensive income to profit	(3)
Exchange differences on translating foreign operations recycled from other comprehensive income to profit	(841)
Dividends	486
<b>Gain on sale of joint ventures</b>	<b><u>1,836</u></b>

**5. TRADE AND OTHER RECEIVABLES**

	<b>Outstanding balance, gross</b>	<b>Credit loss allowance</b>	<b>Outstanding balance, net</b>
<b>30 June 2021</b>			
Trade receivables	4,322	(33)	4,289
Other receivables	197	(62)	135
<b>Total current trade and other receivables, classified as financial assets</b>	<b><u>4,519</u></b>	<b><u>(95)</u></b>	<b><u>4,424</u></b>
<b>31 December 2020</b>			
Trade receivables	2,585	(29)	2,556
Other receivables	266	(136)	130
<b>Total current trade and other receivables, classified as financial assets</b>	<b><u>2,851</u></b>	<b><u>(165)</u></b>	<b><u>2,686</u></b>

**6. PREPAYMENTS AND OTHER CURRENT ASSETS**

	<b>30 June 2021</b>	<b>31 December 2020</b>
VAT receivable	5,131	4,954
Advances to suppliers	2,661	1,317
Other current assets	350	197
<b>Total prepayments and other current assets</b>	<b><u>8,142</u></b>	<b><u>6,468</u></b>

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**7. LONG-TERM AND SHORT-TERM LOANS**

**Short-term loans**

	<b>30 June 2021</b>	<b>31 December 2020</b>
Short term-loans	5,685	4,546
<b>Short-term loans</b>	<b>5,685</b>	<b>4,546</b>

As at 30 June 2021 the Company issued short-term loans to immediate parent company of the Group (Note 21) in the total amount of RUR 1,900m (RUR 1,900m as at 31 December 2020) with the floating annual interest rate (the Central Bank of Russia Key Rate + 2.5% per annum at the dates of the loans) and maturity not later than 30 September 2021 and in the total amount of RUR 1,250m (RUR 200m as at 31 December 2020) with the floating annual interest rate (the Central Bank of Russia Key Rate + 2.5% per annum at the dates of the loans) and maturity not later than 31 December 2021. Interest is accrued and paid quarterly on the last business day of each quarter.

Also as at 30 June 2021 the Company issued short-term loans to a third party in the total amount of RUR 2,535m (RUR 2,446m as at 31 December 2020) with the annual interest rate of 7.5% per annum and maturity not later than 30 September 2021. Interest is accrued monthly and fully repaid at the end of the loan term.

**Long-term loans**

	<b>30 June 2021</b>	<b>31 December 2020</b>
Long term-loans	10,000	10,000
<b>Long-term loans</b>	<b>10,000</b>	<b>10,000</b>

As at 30 June 2021 the Company issued long-term loans to ultimate parent company of the Group (Note 21) in the total amount of RUR 10,000m (RUR 10,000m as at 31 December 2020) with the floating annual interest rate (the Central Bank of Russia Key Rate + 2.5% per annum at the dates of the loans) and maturity not later than 30 June 2025. Interest is accrued and paid quarterly on the last business day of each quarter.

**8. CASH AND CASH EQUIVALENTS**

	<b>30 June 2021</b>	<b>31 December 2020</b>
Russian Rouble denominated bank deposits	77	5,936
Foreign currency denominated bank deposits	15	48
Foreign currency denominated current accounts with banks	5,404	2,151
Cash and Russian Rouble denominated current accounts with banks	2,381	322
Foreign currency denominated letters of credit	119	135
<b>Total cash and cash equivalents</b>	<b>7,996</b>	<b>8,592</b>

Two Russian Rouble denominated short-term bank deposits in the amount of RUR 77m bearing interest at annual rates in a range from 4.25% to 4.7%, two Chinese Yuan denominated short-term deposit in the amount of CNY 1.3m (RUR 15m at the Central Bank of Russia exchange rate as at 30 June 2021) bearing interest at annual rate in a range from 2.4% were placed with JSC UniCredit Bank, Bank of China and Bank VTB (PJSC), a related party of the Group (Note 21). Total amount of accrued interest on Russian Rouble and Chinese Yuan denominated short-term bank deposits amounted to RUR 0m. The deposits matured in July 2021.

As at 31 December 2020 ten Russian Rouble denominated short-term bank deposits in the amount of RUR 5,935m bearing interest at annual rates in a range from 2.13% to 4.25%, one Chinese Yuan denominated short-term deposit in the amount of CNY 1.0m (RUR 11m at the Central Bank of Russia exchange rate as at 31 December 2020) bearing interest at annual rate 2.4% and one USD-denominated short-term bank deposit in the amount of USD 0.5m (RUR 37m at the Central Bank of Russia exchange rate as at 31 December 2020) bearing interest at annual rate 0.01% were placed with PJSC BANK OTKRITIE FC, Bank GPB (JSC), JSC Raiffeisenbank, JSC UniCredit Bank, Bank of China and Bank VTB (PJSC), a related party of the Group (Note 21). Total amount of accrued interest on Russian Rouble denominated, USD-denominated and Chinese Yuan denominated short-term bank deposits amounted to RUR 1m. The deposits matured in January 2021.

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**9. EQUITY**

**Share Capital**

The Company's authorised, issued and paid share capital as at 30 June 2021 and 31 December 2020 comprises:

	<u>Number of ordinary shares</u>	<u>Value</u>
Ordinary shares (par value: RUR 1,000)	13,894,778	13,895

As at 31 December 2020 and 30 June 2021 LLC Delo-Center was the immediate parent of the Company, holding 100% of its ordinary shares.

**Dividends**

Dividends of RUR 215.91 per share (RUR 3,000m in total) were approved by the decision of the Company's sole shareholder on 30 April 2021 relating to the Company's results for the year ended 31 December 2020. In May 2020 the dividends have been fully paid to shareholder.

For the six-month period ended 30 June 2021 no dividends were accrued or paid.

**10. SHORT-TERM DEBT, LONG-TERM DEBT AND CURRENT PORTION OF LONG-TERM DEBT**

**Short-term debt**

	<u>Effective interest rate</u>	<u>30 June 2021</u>	<u>31 December 2020</u>
Raiffeisenbank loans	6.9% – 5.15%	3,003	3,003
PJSC Bank Saint Petersburg loans	6.58% – 6%	4,004	-
<b>Total</b>		<u><b>7,007</b></u>	<u><b>3,003</b></u>

Short-term loans of the Group are denominated in Russian Roubles.

**Short-term loans of Raiffeisenbank**

As at 30 June 2021 and 31 December 2020 Group's short-term debt are presented by six RUR-denominated loans, received by the Company in March, April and November 2020 under the credit line agreement revolved with JSC Raiffeisenbank with a total nominal value of RUR 3,000m, with an annual interest rate of 6.4% as at 30 June 2021 (5.15% as at 31 December 2020), and a maturity date no later than September and October 2021. According to the credit line agreement the interest rate is floating (the Central Bank of Russia Key Rate + 0.9% per annum at the date of loan). The interest is payable on the 25<sup>th</sup> of each month.

As at 30 June 2021 the total carrying value of JSC Raiffeisenbank loans amounted to RUR 3,003m (RUR 3,003m as at 31 December 2020) and was included in the interim condensed consolidated statement of financial position as short-term debt.

Under the credit line agreement revolved with JSC Raiffeisenbank, the Company has financial obligations (covenants) to maintain a certain level of debt ratio and the interest payment coverage ratio. If the Company fails to fulfill covenants JSC Raiffeisenbank may terminate loan issuing and / or require an early repayment of the total loan amount as well as payment of the due interest and penalties stipulated in the agreement.



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**10. SHORT-TERM DEBT, LONG-TERM DEBT AND CURRENT PORTION OF LONG-TERM DEBT (CONTINUED)**

***Short-term loans of PJSC Bank Saint Petersburg***

As at 30 June 2021 Group's short-term debt are also presented by three RUR-denominated loans, received by the Company in April and May 2021 under the credit line agreement revolved with PJSC Bank Saint Petersburg with a total nominal value of RUR 4,000m, with an annual interest rates of 6%, 6% and 6.58% as at 30 June 2021, and a maturity date no later than April and May 2022. According to the credit line agreement the interest rate is floating (the Central Bank of Russia Key Rate + 1.5% per annum, + 1.5% per annum and + 1.58% per annum, respectively, at the date of loans). The interest is payable quarterly on the 25<sup>th</sup> of the last month of each quarter.

As at 30 June 2021 the total carrying value of PJSC Bank Saint Petersburg loans amounted to RUR 4,004m (RUR 0m as at 31 December 2020) and was included in the interim condensed consolidated statement of financial position as short-term debt.

Under the credit line agreement revolved with PJSC Bank Saint Petersburg, the Company has financial obligations (covenants) to maintain a certain level of debt ratio and the interest payment coverage ratio. If the Company fails to fulfill covenants JSC Raiffeisenbank may terminate loan issuing and / or require an early repayment of the total loan amount as well as payment of the due interest and penalties stipulated in the agreement.

***Long-term debt***

	<u>Effective interest rate</u>	<u>30 June 2021</u>	<u>31 December 2020</u>
Sberbank loan	7.5% – 6.25%	-	40,000
Bonds, series PBO-01	7.34%	9,983	9,975
Bonds, series BO-01	7.55%	2,995	4,494
<b>Total</b>		<b><u>12,978</u></b>	<b><u>54,469</u></b>

Long-term loans and borrowings of the Group are denominated in Russian Roubles.

***Five-year RUR bonds, series PBO-01***

The series PBO-01 bonds will be redeemed in four equal semi-annual installments within the fourth and fifth years. As a result, these bonds are classified as long-term borrowings as at the reporting date.

As at 30 June 2021 the carrying value of the bonds amounted to RUR 10,123m (RUR 10,117m as at 31 December 2020), including the amount of accrued interest of RUR 140m (RUR 142m as at 31 December 2020). The amount of accrued interest has been included as current portion of long-term debt in the interim condensed consolidated statement of financial position.

***Five-year RUR bonds, series BO-01***

The series BO-01 bonds will be redeemed in four equal semi-annual installments within the fourth and fifth years. As a result, these bonds are classified as long-term borrowings as at the reporting date, except the first and second principal repayments to be made in July 2021 and January 2022 in the total amount of RUR 3,000m.

As at 30 June 2021 the carrying value of the bonds amounted to RUR 6,192m (RUR 6,192m as at 31 December 2020), including the current portion of long-term debt in the amount of RUR 3,000m (RUR 1,500m as at 31 December 2020) and the amount of accrued interest of RUR 197m (RUR 198m as at 31 December 2020). The amount of current portion of long-term debt and the amount of accrued interest have been included as current portion of long-term debt in the interim condensed consolidated statement of financial position.

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**10. SHORT-TERM DEBT, LONG-TERM DEBT AND CURRENT PORTION OF LONG-TERM DEBT (CONTINUED)**

***Five-year RUR bonds, series BO-02***

In March and September 2020 the Company made repayment of its obligations under the first and second installments in the total amount of RUR 2,500m. In March 2021 the Company made repayment of its obligations under the third installment in the amount of RUR 1,250m.

As at 30 June 2021 the carrying value of the bonds amounted to RUR 1,281m (RUR 2,565m as at 31 December 2020), including the current portion of long-term debt in the amount of RUR 1,250m (RUR 2,500m as at 31 December 2020) and the amount of accrued interest of RUR 31m (RUR 65m as at 31 December 2020). The amount of accrued interest has been included as current portion of long-term debt in the interim condensed consolidated statement of financial position.

The fair value of Company's bond is disclosed in Note 23.

***Current portion of long-term loan of PJSC Sberbank***

In December 2020 under the credit line agreement non-revolved with PJSC Sberbank, a related party of the Group (Note 23), a RUR-denominated loan was obtained by the Company with a nominal value of RUR 40,000m with an annual interest rate of 7.5% as at 30 June 2021 (6.25% as at 31 December 2020) and a maturity date no later than 9 June 2022, therefore that has been included as long-term debt as at 31 December 2020. According to the credit line agreement the interest rate is floating (the Central Bank of Russia Key Rate + 2% per annum at the date of loan). The interest is payable quarterly on the 20<sup>th</sup> of the last month of each quarter.

As at 30 June 2021 the total carrying value of current portion of PJSC Sberbank long-term loan amounted to RUR 40,082m (RUR 40,20m as at 31 December 2020), including the amount of accrued interest RUR 82m (RUR 20m as at 31 December 2020) that has been included as current portion of long-term debt in the interim condensed consolidated statement of financial position.

Under the credit line agreement non-revolved with PJSC Sberbank, the Company has financial obligations (covenants) to maintain a certain level of debt ratio and the interest payment coverage ratio. If the Company fails to fulfill covenants PJSC Sberbank may terminate loan issuing and / or require an early repayment of the total loan amount as well as payment of the due interest and penalties stipulated in the agreement.

***Current portion of long-term debt***

	<b>Effective interest rate</b>	<b>30 June 2021</b>	<b>31 December 2020</b>
Sberbank loan	7.5% – 6.25%	40,082	20
Bonds, series PBO-01	7.34%	140	142
Bonds, series BO-01	7.55%	3,197	1,698
Bonds, series BO-02	9.45%	1,281	2,565
<b>Total</b>		<b>44,700</b>	<b>4,425</b>

As at 30 June 2021 and for the six-month period ended 30 June 2021, as well as at 31 December 2020 and for 2020 year there were no breaches of the debt covenants of the Group's debt (Note 23).

The total unused facilities available to the Group at 30 June 2021 were RUR 56,000m (RUR 0m as at 31 December 2020).

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**11. RIGHT-OF-USE ASSETS AND LEASE OBLIGATIONS**

**Leases - Group is the lessee**

The Group leases flatcars, certain production buildings and office premises, tank-containers and handling equipment. Additionally, the Group leases the land on which its container terminals are located. The remaining terms of the relevant lease agreements as at 30 June 2021, including extension options, are from less 1 year to 68 years, including the lease of railway flatcars for 1 year, production buildings and office premises for 5 years, tank-containers for 5 years, handling equipment for 1 year, land for 68 years.

The Group leases land on which Group's property is located, the rent for which is determined using the lease rate as a percentage of the cadastral value of such land. Under such land lease agreements, the Group recognises rents as variable lease payments that are not included in the assessment of lease obligations.

The following table presents a summary of net book value of rights-of-use assets:

	<b>30 June 2021</b>	<b>31 December 2020</b>
Land, buildings and constructions	368	387
Containers and flatcars	1,069	765
Cranes and loaders	1	-
Vehicles and other equipment	21	11
<b>Total right-of-use assets</b>	<b>1,459</b>	<b>1,163</b>

The additions of the Group's right-of-use assets for the six-month period ended 30 June 2021 amounted to RUR 52m.

The increase in the Group's right-of-use assets for the six-month period ended 30 June 2021 amounted to RUR 734m and is mainly due to the increase in the lease terms for flatcars under the lease agreement with a related party of the Group.

Depreciation of the rights-of-use assets for the three- and six-month period ended 30 June included in depreciation and amortisation expense in the interim condensed consolidated statement of profit or loss and other comprehensive income was as follows:

	<b>Six-month period ended 30 June</b>		<b>Three-month period ended 30 June</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Land, buildings and constructions	44	35	22	16
Containers and flatcars	415	181	166	111
Cranes and loaders	1	-	1	-
Vehicles and other equipment	1	1	-	1
<b>Total depreciation charge</b>	<b>461</b>	<b>217</b>	<b>189</b>	<b>128</b>

**Lease obligations**

Liabilities under long-term lease as at 30 June 2021 were as follows:

	<b>30 June 2021</b>	<b>31 December 2020</b>
Lease obligations, current maturities	860	550
Lease obligations, net of current maturities	706	776
<b>Total lease obligations</b>	<b>1,566</b>	<b>1,326</b>

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**11. RIGHT-OF-USE ASSETS AND LEASE OBLIGATIONS (CONTINUED)**

The following table presents expenses related to lease, recognised in the interim condensed consolidated statement of profit and loss and other comprehensive income for the three- and six-month period ended 30 June:

	Six-month period ended 30 June		Three-month period ended 30 June	
	2021	2020	2021	2020
Depreciation of right-of-use assets	461	217	189	128
Interest expense on lease obligations (Note 19)	66	49	32	27
Expense relating to short-term leases (except of the expense relating to leases with a lease term of one month or less) (Note 18)	284	12	141	4
Expense relating to leases of low-value assets (Note 18)	35	6	20	3
Variable lease payments not included in the measurement of lease obligations under IFRS 16 (Note 18)	6	7	3	3

The following table presents the maturity analysis of future undiscounted lease payments payable under long-term lease agreements, net of VAT:

	30 June 2021	31 December 2020
Within one year	941	617
Within one to three years	456	438
Within three to five years	315	427
After five years	141	140
<b>Total</b>	<b>1,853</b>	<b>1,622</b>

The following table presents total cash outflows for leases for the three- and six-month period ended 30 June:

	Six-month period ended 30 June		Three-month period ended 30 June	
	2021	2020	2021	2020
Total cash outflows for leases, included in interest paid	583	176	343	107
	66	49	32	27

**Leases - Group is the lessor**

The following table presents income from operating lease of property, plant and equipment owned by the Group (Note 3) and income from sublease of right-of-use assets for the three- and six-month period ended 30 June:

	Six-month period ended 30 June		Three-month period ended 30 June	
	2021	2020	2021	2020
Income from operating lease of property, plant and equipment owned by the Group	66	73	33	28
Income from sublease of right-of-use assets	13	39	5	18
<b>Total income</b>	<b>79</b>	<b>112</b>	<b>38</b>	<b>46</b>

The following table presents the maturity analysis of future undiscounted lease payments receivable:

	30 June 2021	31 December 2020
Within one year	137	171
Within one to two years	109	115
Within two to three years	106	112
Within three to four years	103	112
Within four to five years	52	110
After five years	9	9
<b>Total</b>	<b>516</b>	<b>629</b>

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**12. EMPLOYEE BENEFIT LIABILITY**

**Defined contribution plans**

The total amount recognised as an expense in respect of payments to defined contribution plans consisted of the following:

	Six-month period ended 30 June		Three-month period ended 30 June	
	2021	2020	2021	2020
Pension Fund of the Russian Federation	527	484	307	218
Defined contribution plan Blagosostoyanie	11	12	6	6
<b>Total expense for defined contribution plans</b>	<b>538</b>	<b>496</b>	<b>313</b>	<b>224</b>

**Defined benefit plans**

Principal actuarial assumptions as at 30 June 2021 were substantially the same as those that applied to the consolidated financial statements for the year ended 31 December 2020.

The amounts recognised in the interim condensed consolidated statement of profit or loss for the six-month periods ended 30 June 2021 and 30 June 2020 in respect of these defined benefit plans, include the following:

	Post-employment benefits		Other long-term benefits		Total	
	2021	2020	2021	2020	2021	2020
Service cost	16	17	51	73	67	90
Net interest on obligation	20	20	7	8	27	28
Remeasurements of the net defined benefit	-	-	(4)	(1)	(4)	(1)
<b>Net expense recognised in the consolidated profit or loss</b>	<b>36</b>	<b>37</b>	<b>54</b>	<b>80</b>	<b>90</b>	<b>117</b>

The amounts recognised in the interim condensed consolidated statement of profit or loss for the three-month periods ended 30 June 2021 and 30 June 2020 in respect of these defined benefit plans, include the following:

	Post-employment benefits		Other long-term benefits		Total	
	2021	2020	2021	2020	2021	2020
Service cost	8	10	25	37	33	47
Net interest on obligation	10	10	3	3	13	13
Remeasurements of the net defined benefit	-	-	(1)	3	(1)	3
<b>Net expense recognised in the consolidated profit or loss</b>	<b>18</b>	<b>20</b>	<b>27</b>	<b>43</b>	<b>45</b>	<b>63</b>

The amounts recognised in the interim condensed consolidated statement of financial position as at 30 June 2021 and 31 December 2020 in respect of these defined benefit plans, include the following:

	Post-employment benefits		Other long-term benefits		Total	
	2021	2020	2021	2020	2021	2020
Present value of defined benefit obligation	645	695	274	252	919	947
Fair value of plan assets	(41)	(45)	-	-	(41)	(45)
<b>Net employee benefit liability</b>	<b>604</b>	<b>650</b>	<b>274</b>	<b>252</b>	<b>878</b>	<b>902</b>

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**13. CONTRACTS LIABILITIES**

Contracts liabilities as at 30 June 2021 and 31 December 2020 consist mainly of advances from customers in the amount of RUR 6,175m and RUR 7,565m, respectively.

Decrease in advances from customers as at 30 June 2021 compared to 31 December 2020 is mainly due to a seasonal increase in advances received from customers as at 31 December 2020.

**14. TRADE AND OTHER PAYABLES**

	<b>30 June 2021</b>	<b>31 December 2020</b>
Trade payables	1,503	804
Amounts payable for the acquisition of property, plant and equipment	81	145
Amounts payable for the intangible assets	18	8
Other liabilities	64	114
<b>Total financial liabilities within trade and other payable</b>	<b>1,666</b>	<b>1,071</b>

**15. TRADE FINANCE LIABILITIES**

In September 2020 the Company entered into a service agreement with JSC ALFA-BANK, according to which JSC ALFA-BANK makes payments in favor of the Company's counterparties for the remuneration. In March 2021 maximum payment limit amount was increased from RUR 10bn up to RUR 15bn.

In May 2021 the Company entered into an agency agreement with PJSC BANK OTKRITIE FC, according to which PJSC BANK OTKRITIE FC makes payments in favor of the Company's counterparties for the remuneration. At the conclusion of the agreement, the maximum payment limit was set at RUR 5 bn.

As at 30 June 2021 the Company's obligation to JSC ALFA-BANK and PJSC BANK OTKRITIE FC under the above agreements, included in the short-term Trade finance liabilities, amounted of RUR 6,949m, including remuneration liability in the amount of RUR 49m (as at 31 December 2020 Trade finance liabilities amounted of RUR 7,183m, including those recognised as part of short-term trade finance liabilities in the amount of RUR 6,283m, including remuneration liability in the amount of RUR 33m, and as part of long-term trade finance liabilities in the amount of RUR 900m).

Settlements of JSC ALFA-BANK and PJSC BANK OTKRITIE FC with the Company counterparties for the purpose of recording in the Interim Condensed Consolidated Statement of Cash Flows transactions are non-cash transactions. The item "Change in trade finance liability" contains a transfer JSC ALFA-BANK and PJSC BANK OTKRITIE FC in favor of JSC RZD of funds within the framework of the main (operating) activities of the Company for the six months ended 30 June 2021 in the amount of RUR 31,200m. During the six-month period ended 30 June 2021 the Company repaid to JSC ALFA-BANK funds in the amount of RUR 31,450m.

In accordance with the terms of this agreements the Company has obligations (covenants) to maintain a number of economic indicators, including level of debt ratio and the interest payment coverage ratio. If the Company fails to fulfill covenants JSC ALFA-BANK and PJSC BANK OTKRITIE FC has the right not to make payments (suspend) until the values of the financial covenants are brought to the standard indicators established by the agreement and / or require early repayment, collection of part of the obligations and / or terminate a contract unilaterally. As at 30 June 2021 and during the six-month period ended 30 June 2021, as well as at 31 December 2020 and during 2020 year there were no breaches of the debt covenants of this agreements (Note 23).

**16. SETTLEMENTS WITH EMPLOYEES**

Settlements with employees as at 30 June 2021 and 31 December 2020 comprised accrued salaries and bonuses of RUR 352m and RUR 1,025m, respectively, and accruals for unused vacation of RUR 307m and RUR 216m, respectively.

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**17. REVENUE AND SEGMENT INFORMATION**

The Company's President is its chief operating decision-maker. The Group's business activities are interdependent in providing customers with rail-based container shipping and other logistics services. As such, the Group's internal reporting, as reviewed by the President to assess performance and allocate resources, is prepared as a single reportable segment. The Group's internal management reports are prepared on the same basis as these interim condensed consolidated financial statements.

<i>Analysis of revenue by category</i>	<b>Six-month period ended 30 June</b>		<b>Three-month period ended 30 June</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Integrated freight forwarding and logistics services	62,341	42,727	33,183	23,045
Agency fees	1,878	1,621	1,017	856
Other	1,910	1,171	1,149	594
<b>Total revenue</b>	<b>66,129</b>	<b>45,519</b>	<b>35,349</b>	<b>24,495</b>

<i>Analysis of revenue by location of customers</i>	<b>Six-month period ended 30 June</b>		<b>Three-month period ended 30 June</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
<b>Revenue from external customers</b>				
Russia	51,092	36,019	27,651	19,870
China	6,793	3,690	3,024	2,080
Korea	4,234	2,557	2,496	1,021
Germany	1,491	1,045	744	487
Austria	429	889	218	349
Kazakhstan	422	548	235	270
Switzerland	405	7	240	6
Finland	310	48	187	39
Other	953	716	554	373
<b>Total revenue</b>	<b>66,129</b>	<b>45,519</b>	<b>35,349</b>	<b>24,495</b>

**18. OPERATING EXPENSES**

	<b>Six-month period ended 30 June</b>		<b>Three-month period ended 30 June</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Third-party charges related to principal activities	38,193	27,648	20,471	14,864
Freight and transportation services	4,265	3,921	2,053	2,052
Payroll and related charges	3,324	3,118	1,717	1,509
Depreciation and amortisation	2,531	2,127	1,271	1,097
Materials, repair and maintenance	1,928	2,324	920	1,252
Taxes other than income tax	1,207	201	-	69
Rent	325	25	164	10
Other expenses	1,543	929	685	518
<b>Total operating expenses</b>	<b>53,316</b>	<b>40,293</b>	<b>27,281</b>	<b>21,371</b>

Significant increase in taxes other than income tax for the six-month period ended 30 June 2021 compared to the same period of the last year occurred for VAT expenses at a zero rate and was mainly due to an increase in the international traffic volumes and a decrease in the percentage of zero VAT rate documentary confirmation.

**19. FINANCE EXPENSE**

	<b>Six-month period ended 30 June</b>		<b>Three-month period ended 30 June</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Interest expense on bank loans	1,434	53	776	47
Interest expense on RUR bonds	668	790	323	383
Trade finance expense	207	-	117	-
Interest expense on lease obligations	66	49	32	27
<b>Total finance expense</b>	<b>2,375</b>	<b>892</b>	<b>1,248</b>	<b>457</b>

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**19. FINANCE EXPENSE (CONTINUED)**

Interest expense on bank loans mainly consists of the interest expense on PJSC Sberbank loan in the amount of RUR 1,310m for the six-month period ended 30 June 2021, and RUR 691m for the three-month period ended 30 June 2021.

**20. INCOME TAX**

	Six-month period ended 30 June		Three-month period ended 30 June	
	2021	2020	2021	2020
Current income tax expense	(2,046)	(1,522)	(1,086)	(1,248)
Deferred income tax expense	(22)	316	(164)	540
<b>Income tax</b>	<b>(2,068)</b>	<b>(1,206)</b>	<b>(1,250)</b>	<b>(708)</b>

Income tax expense is recognised based on the management's best estimate of the weighted average annual income tax rate expected for the full financial year. The tax effect of the exceptional or one-off items has not been included in the estimation of the weighted average annual income tax rate. The estimated average annual effective income tax rate used for the six-month period ended 30 June 2021 was 18.35% (for the six-month period ended 30 June 2020: 19.8%).

**21. BALANCES AND TRANSACTIONS WITH RELATED PARTIES**

In accordance with IAS 24 "Related party disclosures", parties are considered to be related if they are under common control or if one party has the ability to control the other party or can exercise significant influence or joint control over the other party in making financial and operational decisions. In considering each possible related-party relationship, attention is directed to the substance of the relationship, not merely the legal form.

Related parties may enter into transactions which unrelated parties might not, and transactions between related parties may not be effected on the same terms, conditions and amounts as transactions between unrelated parties.

The nature of the related-party relationships for those related parties with which the Group has entered into significant transactions, or had significant balances outstanding as at 30 June 2021 and 31 December 2020, are disclosed below:

Related party	Nature of relationship	
	30 June 2021	31 December 2020
LLC UK Delo	Ultimate parent company	Ultimate parent company
LLC Delo-Centr	Immediate parent company	Immediate parent company
JSC Atomenergoprom	Significant shareholder	Significant shareholder
Bank VTB (PJSC)	State-controlled Company	State-controlled Company
PJSC Sberbank	State-controlled Company	State-controlled Company
Bank GPB (JSC)	State-controlled Company	State-controlled Company
OJSC Russian Railways (RZD)	State-controlled Company	State-controlled Company
Oy ContainerTrans Scandinavia Ltd.	Joint venture of the Company	Joint venture of the Company
Chinese-Russian Rail-Container International Freight Forwarding (Beijing) Co, Ltd.	Joint venture of the Company	Joint venture of the Company
LLC Freight Village Kaluga Sever (FVK Sever Group) (Note 4)	Joint venture of the Company	Joint venture of the Company
LLC Ruscon	Subsidiary Delo Group	Subsidiary Delo Group
LLC Vostochnaya Stevedoring Company	Joint venture Delo Group	Joint venture Delo Group
JSC Carriage Repair Company - 1	State-controlled Company	State-controlled Company
JSC RZD Business Asset	State-controlled Company	State-controlled Company
JSC RZD Logistics	State-controlled Company	State-controlled Company
Non-state Pension Fund Blagosostoyanie	Post-employment benefit plan for Company employees	Post-employment benefit plan for Company employees



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**21. BALANCES AND TRANSACTIONS WITH RELATED PARTIES (CONTINUED)**

LLC Delo-Center was the immediate parent of the Group. LLC UK Delo, its subsidiaries, associates and joint ventures (Delo Group) are the Group's related parties. The Group's ultimate parent company is LLC UK Delo. The significant shareholder of the LLC UK Delo is the Group Atomenergoprom, which is a company controlled by the Russian Federation, and, therefore, all companies related to the Russian Federation are also treated as related parties of the Group for the purposes of these interim condensed consolidated financial statements.

In the ordinary course of business, the Group enters into various transactions and has outstanding balances with government related entities and governmental bodies, which are shown as "Other related parties" in the tables below. The Group also enters in transactions with government entities for acquisition of goods and providing services like electricity, taxes and post services. The majority of related-party transactions are with OJSC Russian Railways, its subsidiaries (RZD Group), its joint ventures and associates (shown as "Other RZD group entities" in the table below), PJSC Sberbank and PJSC Bank VTB, which are a state-controlled entities. PJSC Bank VTB provides settlement and cash servicing of Company's bank accounts and carries out depository operations for free funds placement. Transactions with government related entities are conducted on commercial terms.

***Relationships with JSC RZD, its subsidiaries, joint ventures and associates***

The Group carries out various transactions with RZD, which is the sole owner and provider of railroad infrastructure and locomotive services in Russia. Furthermore, RZD Group owns the vast majority of rail-car repair facilities in Russia, which the Group uses to maintain its rolling stock in operating condition.

Under current Russian regulations, only RZD can perform certain functions associated with arranging the container transportation process. RZD engages the Company to act as its agent in the performance of these functions.

Group's revenue generated from such transactions with JSC RZD is reported as agency fees in the interim condensed consolidated statement of profit or loss and other comprehensive income.

Outstanding balances with related parties as at 30 June 2021 are shown below:

	Ultimate parent company (LLC UK Delo)	Immediate parent company (LLC Delo-Center)	Other Delo group entities	Group's Joint ventures	Other related parties	Total
<b>ASSETS</b>						
<b>Non-current assets</b>						
Right-of-use assets	-	-	645	-	152	797
Long-term loans	10,000	-	-	-	-	10,000
<b>Current assets</b>						
Cash and cash equivalents	-	-	-	-	5,009	5,009
Trade receivables	-	-	324	16	490	830
Advances to suppliers	-	-	-	-	1,186	1,186
Short-term loans	-	3,150	-	-	-	3,150
Other assets	-	-	1	20	66	87
<b>Total assets</b>	<b>10,000</b>	<b>3,150</b>	<b>970</b>	<b>36</b>	<b>6,903</b>	<b>21,059</b>
<b>LIABILITIES</b>						
<b>Non-current liabilities</b>						
Long-term lease obligations	-	-	1	-	137	138
<b>Current liabilities</b>						
Contracts liabilities	-	-	618	39	94	751
Current portion of long-term debt	-	-	-	-	40,082	40,082
Short-term lease obligations	-	-	688	-	27	715
Other payables	-	-	92	22	112	226
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>1,399</b>	<b>61</b>	<b>40,452</b>	<b>41,912</b>

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**21. BALANCES AND TRANSACTIONS WITH RELATED PARTIES (CONTINUED)**

The income and expense items with related parties for the six-month period ended 30 June 2021 were as follows:

	Ultimate parent company (LLC UK Delo)	Immediate parent company (LLC Delo-Center)	Other Delo group entities	Group's Joint ventures	Other related parties	Total
<b>Revenue</b>						
Integrated freight forwarding and logistics services	-	-	5,564	557	1,069	7,190
Agency fees	-	-	-	-	1,823	1,823
Other services	-	-	44	6	156	206
Interest income on deposits	-	-	-	-	33	33
Interest income on loans	352	96	-	-	-	448
Dividends	-	-	-	13	-	13
Other income	-	-	3	1	22	26
<b>Total income</b>	<b>352</b>	<b>96</b>	<b>5,611</b>	<b>577</b>	<b>3,103</b>	<b>9,739</b>
<b>Operating Expenses</b>						
Third-party charges related to principal activities	-	-	178	90	31,575	31,843
Freight and transportation services	-	-	3	64	2,962	3,029
Repair services	-	-	-	-	599	599
Other expenses	-	-	4	1	171	176
Finance expense	-	-	34	-	1,317	1,351
<b>Total expenses</b>	<b>-</b>	<b>-</b>	<b>219</b>	<b>155</b>	<b>36,624</b>	<b>36,998</b>
Purchases of property, plant and equipment	-	-	-	-	121	121
Purchases of inventory	-	-	-	-	297	297
Contributions to non-state pension funds	-	-	-	-	20	20
<b>Total other transactions</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>438</b>	<b>438</b>

Long-term and short-term loans to related parties, as well as their key terms, are summarised in Note 7.

Information regarding settlements under the non-revolved credit line agreement PJSC Sberbank presented in Note 10.

The income and expense items with related parties for the three-month period ended 30 June 2021 were as follows:

	Ultimate parent company (LLC UK Delo)	Immediate parent company (LLC Delo-Center)	Other Delo group entities	Group's Joint ventures	Other related parties	Total
<b>Revenue</b>						
Integrated freight forwarding and logistics services	-	-	3,157	312	491	3,960
Agency fees	-	-	-	-	985	985
Other services	-	-	20	5	92	117
Interest income on deposits	-	-	-	-	9	9
Interest income on loans	185	57	-	-	-	242
Dividends	-	-	-	13	-	13
Other income	-	-	(1)	-	12	11
<b>Total income</b>	<b>185</b>	<b>57</b>	<b>3,176</b>	<b>330</b>	<b>1,589</b>	<b>5,337</b>
<b>Operating Expenses</b>						
Third-party charges related to principal activities	-	-	132	35	16,771	16,938
Freight and transportation services	-	-	2	17	1,432	1,451
Repair services	-	-	-	-	297	297
Other expenses	-	-	2	1	101	104
Finance expense	-	-	17	-	694	711
<b>Total expenses</b>	<b>-</b>	<b>-</b>	<b>153</b>	<b>53</b>	<b>19,295</b>	<b>19,501</b>
Purchases of property, plant and equipment	-	-	-	-	54	54
Purchases of inventory	-	-	-	-	136	136
Contributions to non-state pension funds	-	-	-	-	9	9
<b>Total other transactions</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>199</b>	<b>199</b>

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**21. BALANCES AND TRANSACTIONS WITH RELATED PARTIES (CONTINUED)**

Outstanding balances with related parties as at 31 December 2020 are shown below:

	Ultimate parent company (LLC UK Delo)	Immediate parent company (LLC Delo-Center)	Other Delo group entities	Group's Joint ventures	Other related parties	Total
<b>ASSETS</b>						
<b>Non-current assets</b>						
Right-of-use assets	-	-	237	-	161	398
Long-term loans	10,000	-	-	-	-	10,000
<b>Current assets</b>						
Cash and cash equivalents	-	-	-	-	7,588	7,588
Trade receivables	-	-	57	28	483	568
Advances to suppliers	-	-	11	-	743	754
Short-term loans	-	2,100	-	-	-	2,100
Other assets	-	-	-	28	22	50
<b>Total assets</b>	<b>10,000</b>	<b>2,100</b>	<b>305</b>	<b>56</b>	<b>8,997</b>	<b>21,458</b>
<b>LIABILITIES</b>						
<b>Non-current liabilities</b>						
Long-term debt	-	-	-	-	40,000	40,000
Long-term lease obligations	-	-	2	-	145	147
<b>Current liabilities</b>						
Contracts liabilities	-	-	545	20	91	656
Current portion of long-term debt	-	-	-	-	20	20
Short-term lease obligations	-	-	348	-	24	372
Other payables	-	-	83	28	81	192
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>978</b>	<b>48</b>	<b>40,361</b>	<b>41,387</b>

The income and expense items with related parties for the six-month period ended 30 June 2020 were as follows:

	Ultimate parent company (LLC UK Delo)	Other Delo group entities	Group's Joint ventures	Other related parties	Total
<b>Revenue</b>					
Integrated freight forwarding and logistics services	-	2,048	252	1,318	3,618
Agency fees	-	-	-	1,592	1,592
Other services	-	2	3	128	133
Interest income on deposits	-	-	-	86	86
Interest income on loans	27	-	-	-	27
Dividends	-	-	486	-	486
Other income	-	-	-	15	15
<b>Total income</b>	<b>27</b>	<b>2,050</b>	<b>741</b>	<b>3,139</b>	<b>5,957</b>
<b>Operating Expenses</b>					
Third-party charges related to principal activities	-	173	1,441	21,750	23,364
Freight and transportation services	-	-	103	3,226	3,329
Repair services	-	6	22	1,062	1,090
Other expenses	-	63	45	178	286
<b>Total expenses</b>	<b>-</b>	<b>242</b>	<b>1,611</b>	<b>26,216</b>	<b>28,069</b>
Purchases of property, plant and equipment	-	-	-	90	90
Purchases of inventory	-	-	-	171	171
Contributions to non-state pension funds	-	-	-	26	26
<b>Total other transactions</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>287</b>	<b>287</b>

Information on the financial guarantee issued by the Company for the Joint venture LLC Freight Village Kaluga Sever under the loan agreement with related party PJSC GTLK is disclosed in Note 4.

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**21. BALANCES AND TRANSACTIONS WITH RELATED PARTIES (CONTINUED)**

The income and expense items with related parties for the three-month period ended 30 June 2020 were as follows:

	Ultimate parent company (LLC UK Delo)	Other Delo group entities	Group's joint ventures	Other related parties	Total
<b>Revenue</b>					
Integrated freight forwarding and logistics services	-	1,305	149	746	2,200
Agency fees	-	-	-	839	839
Other services	-	2	2	68	72
Interest income on deposits	-	-	-	43	43
Interest income on loans	27	-	-	-	27
Dividends	-	-	486	-	486
Other income	-	-	-	5	5
<b>Total income</b>	<b>27</b>	<b>1,307</b>	<b>637</b>	<b>1,701</b>	<b>3,672</b>
<b>Operating Expenses</b>					
Freight and transportation services	-	123	484	11,891	12,498
Third-party charges related to principal activities	-	-	39	1,653	1,692
Repair services	-	6	8	504	518
Other expenses	-	68	21	68	157
<b>Total expenses</b>	<b>-</b>	<b>197</b>	<b>552</b>	<b>14,116</b>	<b>14,865</b>
Purchases of property, plant and equipment	-	-	-	53	53
Purchases of inventory	-	-	-	124	124
Contributions to non-state pension funds	-	-	-	9	9
<b>Total other transactions</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>186</b>	<b>186</b>

**Dividends**

30 April 2021 the Group declared dividends payable to immediate parent company LLC Delo-Centr in the amount of RUR 3,000m which were paid in May 2021.

**Compensation of key management personnel**

Key management personnel consist of members of the Company's Board of Directors of the Company, as well as the President of the Company, his deputies (first vice-president, vice-presidents) and directors of the central office who are under direct control of the President in accordance with the Company's existing organisational structure and comprised 20 and 17 persons as at 30 June 2021 and 30 June 2020, respectively.

Total gross compensation, including insurance contributions and before withholding of personal income tax, to key management personnel amounted to RUR 247m (including total social insurance contributions of RUR 35m) and RUR 231m (including total social insurance contributions of RUR 27m) for the six-month periods ended 30 June 2021 and 30 June 2020, respectively. Such compensation for the three-month periods ended 30 June 2021 and 30 June 2020 amounted to RUR 159m (including total social contributions of RUR 21m) and RUR 112m (including total social contributions of RUR 13m), respectively.

This compensation is included under payroll and related charges in the interim condensed consolidated statement of profit or loss and other comprehensive income and comprises primarily short-term benefits. Major part of compensation for Key management personnel is generally short-term excluding contributions under pension plans with defined benefits. Defined benefits to Key management of the Group are calculated based on the same terms as for the other employees.

As at 30 June 2021 liabilities in respect of Key management personnel for accrued expenses and other current liabilities amounted to RUR 73m, and on employee benefit liability amounted to RUR 1m (RUR 360m and RUR 1m, respectively, as at 31 December 2020).

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**22. CAPITAL COMMITMENTS AND PROVISIONS**

The Group's capital commitments as at 30 June 2021 and 31 December 2020 consisted of the following, including VAT:

	<u>30 June 2021</u>	<u>31 December 2020</u>
Acquisition of containers and flatcars	6,217	7,349
Construction of container terminal complexes and modernisation of existing assets	208	7
Acquisition of lifting machines and other equipment	<u>754</u>	<u>146</u>
<b>Total capital commitments</b>	<b><u>7,179</u></b>	<b><u>7,502</u></b>

Decrease in capital commitments is relates to the contracts execution of the investment program in accordance with the concluded contracts.

**Provisions.** On 3 December 2019, a fire broke out in the territory of JSC Logistics Terminal, the subsidiary of the Group (Note 1), as a result of which material damage was caused to the third parties (customers) related to compensation of damage to them.

The amount of the estimated liability for the future compensation of actual damage caused to third parties as a result of the fire was determined based on the quantity and value of the cargo completely destroyed by the fire and amounted to RUR 272m as at 30 June 2021 (RUR 353m as at 31 December 2020) and disclosed in "Other current liabilities" line of interim condensed consolidated statement of financial position.

**23. RISK MANAGEMENT ACTIVITIES AND FAIR VALUE OF ASSETS AND LIABILITIES**

***Operating environment of the Group***

The Russian Federation displays certain characteristics of an emerging market. Its economy is particularly sensitive to oil and gas prices. The legal, tax and regulatory frameworks continue to develop and are subject to changes and varying interpretations. The Russian economy continues to be negatively impacted by ongoing political tension and international sanctions against certain Russian companies and individuals.

On 12 March 2020 the World Health Organisation declared the outbreak of COVID-19 a global pandemic. In response to the pandemic, the Russian authorities implemented numerous measures attempting to contain the spreading and impact of COVID-19, such as travel bans and restrictions, quarantines, shelter-in-place orders and limitations on business activity, including closures. These measures have, among other things, severely restricted economic activity in Russia and have negatively impacted, and could continue to negatively impact businesses, market participants, clients of the Group, as well as the Russian and global economy for an unknown period of time.

During the year ended 31 December 2020 and six-month period ended 30 June 2021 the Group largely compensated the impact of the coronavirus on its activity and its financial position through a diversified customer base and wide geography of operations, which ensured stability in the Group's performance.

The Group's management is taking necessary precautions to protect the safety and well-being of employees, contractors and their families against the infectious spread of COVID-19, while maintaining business continuity and commitment to meet the needs of customers domestically and internationally. The Group's management continues to work closely with authorities, as well as partners, to contain the spread of the coronavirus and to take appropriate actions, where necessary, to minimize the possible disruptions of the Group's business operations.

Management will continue to monitor the potential impact and will take all steps possible to mitigate any effects.

The future effects of the current economic situation and the above measures are difficult to predict and management's current expectations and estimates could differ from actual results.

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**23. RISK MANAGEMENT ACTIVITIES AND FAIR VALUE OF ASSETS AND LIABILITIES (CONTINUED)**

***Liquidity Risk***

Liquidity risk is the risk that the Group will not be able to settle all liabilities as they fall due. The Group's liquidity position is carefully monitored and managed by the treasury function. The Group has established budgeting and cash flow planning procedures to ensure it has adequate cash available to meet its payment obligations as they fall due. Management controls current liquidity based on expected cash flows and expected revenue receipts. In the long-term perspective the liquidity risk is determined by forecasting future cash flows at the moment of signing new credit, loan or lease agreements and by budgeting procedures.

The Group's management believes that taking into account the expected operating results and attraction of external financing, the Group will be able to meet its obligations on time and will continue to operate in the foreseeable future (Note 2).

***Financial risk management***

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and any other price risk), credit risk and liquidity risk.

During the six-month period ended 30 June 2021 there was the increase of the Russian Rouble against USD with the CBRF exchange rate decrease from RUR 73.8757 per USD as at 31 December 2020 to RUR 72.3723 per USD as at 30 June 2021 and against EUR with the CBRF exchange rate decrease from RUR 90.6824 per EUR as at 31 December 2020 to RUR 86.2026 per EUR as at 30 June 2021.

As at 30 June 2020 the Group received financial guarantees from Shinhan Bank, Standard Chartered Bank, JSC Ilim Group, PJSC SIBUR Holding, PJSC Bank Saint Petersburg, PJSC CREDIT BANK OF MOSCOW, BANK VTB (PJSC), PJSC MTS-Bank, JSC ALFA-BANK, JSCB ABSOLUT BANK (PJSC) and other banks in the total amount of RUR 3,204m in order to ensure proper performance of contractual obligations and minimise risks of collecting receivables and advance payments (as at 31 December 2020: RUR 2,337m).

Company has an obligations to comply with certain terms of the agreements (covenants) related to the existing guarantee agreement for the execution of LLC Freight Village Kaluga Sever (FVKS) obligations under the loan agreement with PJSC GTLK (Note 4), credit line agreement revolved with JSC Raiffeisenbank (Note 10), credit line agreement revolved with PJSC Bank Saint Petersburg (Note 10), credit line agreement non-revolved with PJSC Sberbank (Note 10), service agreement with JSC ALFA-BANK (Note 15) and agency agreement with PJSC BANK OTKRITIE FC (Note 15). Failure to comply with these conditions may lead to negative consequences for the Company, including requirements for early repayment of obligations. As at 30 June 2021 and during the six-month period ended 30 June 2021, as well as at 31 December 2020 and during 2020 the Company was in compliance with all the terms of the agreements.

These interim condensed consolidated financial statements do not include all financial risk disclosures required in the annual consolidated financial statements of the Group. The information disclosed in the interim condensed consolidated financial statements as at 30 June 2021 should be considered in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2020. There have been no significant changes in the Group's risk management policy during the six-month period ended 30 June 2021.

***Fair value of assets and liabilities***

Management uses its judgment to the assessment and classification of financial instruments by category using the fair value measurement hierarchy. As at the reporting date the Group had financial assets and liabilities classified as Levels 1, 2 and 3.

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**23. RISK MANAGEMENT ACTIVITIES AND FAIR VALUE OF ASSETS AND LIABILITIES (CONTINUED)**

For financial assets and liabilities not measured at fair value but for which fair value is disclosed, management believes that the fair value of the following assets and liabilities approximates their carrying value: cash and cash equivalents, short-term and long-term loans issued, trade and other receivables, other financial assets, trade and other payables, trade finance liabilities, short-term and long-term loans received and financial guarantee for the investment in joint venture. These financial assets and liabilities, except for cash and cash equivalents and short-term and long-term loans received relate to Level 3 in the fair value hierarchy.

Cash refers to the Level 1 in the fair value hierarchy, cash equivalents and short-term and long-term loans received refer to the Level 2 in the fair value hierarchy.

Company's bonds are placed on the Moscow Exchange, are quoted on the market and refer to the Level 1 in the fair value hierarchy.

The fair value of the Company's bonds is the following:

	<u>30 June 2021</u>	<u>31 December 2020</u>
<b>Financial liabilities</b>		
Bonds	17,470	19,183
<b>Total</b>	<u><u>17,470</u></u>	<u><u>19,183</u></u>

**24. SUBSEQUENT EVENTS**

**Loan under a previously concluded agreement.** In July 2021, under a previously concluded loan agreement with JSC ALFA-BANK, the Company was provided a loan in the amount of RUR 5bn, with an annual interest rate of 6.8% and a maturity date no later than January 2023.

**Repayment of bonds, series BO-01.** In July 2021 the Company made repayment of its obligations under the first installment of bonds series BO-01 in the amount of RUR 1,500m (Note 10).

**Dividends.** Dividends of RUR 331.06 per share (RUR 4,600m in total) were approved by the decision of the Company's sole shareholder on 30 July 2021 relating to the Company's results for the six-month period ended 30 June 2021. In August 2021 the dividends have been fully paid to the Company's sole shareholder.

**Acquisition of containers.** In July 2021 the Company entered into the agreement on acquisition of containers with CHANGSHU YAHGEE MODULAR BUILDING CO LTD on the delivery of 500 containers for a total amount of RUR 136m at the Central Bank of Russia official exchange rate as at the date of purchase, net of VAT. Delivery of containers is expected no later than December 2021.

**Agreements on acquisition of flatcars.** In July-August 2021 the Company entered into the following agreements:

- with JSC Transmash on the delivery of 517 flatcars for a total amount of RUR 1,769m, net of VAT, under which a partial delivery of 60 flatcars was made for the total amount of RUR 204m, net of VAT. Completion of the delivery of containers is expected no later than December 2021;
- with LLC PO KTZ on the delivery of 73 flatcars for a total amount of RUR 252m, net of VAT. Delivery of flatcars is expected no later than December 2021;
- with CJSC OZTM on the delivery of 100 flatcars for a total amount of RUR 340m, net of VAT, under which the delivery of platform was made in full, and on the delivery of 190 flatcars for a total amount of RUR 684m, net of VAT, under which a partial delivery of 100 flatcars was made for the total amount of RUR 360m, net of VAT, completion of the delivery of containers is expected no later than October 2021.

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**24. SUBSEQUENT EVENTS (CONTINUED)**

**Acquisition of flatcars.** In July - August 2021 the Company obtained under the previously signed agreements:

- 371 flatcars from LLC Torgoviy dom RM Rail for the total amount of RUR 1,206m, net of VAT;
- 50 flatcars from JSC Altaivagon for the total amount of RUR 168m, net of VAT.

**Acquisition of containers.** In July - August 2021 the Company obtained under the previously signed agreements 991 containers from Taicang CIMC special logistic equipment Co.,Ltd for the total amount of RUR 260m at the Central Bank of Russia official exchange rate as at the date of purchase, net of VAT.

**Registration of a new subsidiary.** In August 2021 the newly created Group's company in the Republic of Belarus, LLC TransContainer-West, was registered, with the share capital of 634,200 Belarusian rubles and the Company's share interest of 100%. The main activity of LLC TransContainer-West is transportation activity.