

MESSAGE FROM THE CHAIRMAN OF THE BOARD OF DIRECTORS

Dear shareholders and colleagues,

The Russian railway passenger service system saw historically unparalleled changes in 2022, necessitating quick decision-making and efficient corporate procedures to adapt to the new circumstances. JSC FPC demonstrated that it is a stable, sustainable and socially responsible company with a lot of potential.

The Company finished the year with a net profit that was 1.7 times greater than the pre-pandemic 2019 figure. ACRA affirmed JSC FPC's credit quality rating at the high level of AA+(RU), with a stable outlook. This implies that the Company will keep generating profitable operating and financial results.

There has been a sustained positive trend in terms of passenger traffic volume. In doing so, the Company has passed another test and proved that it is ready for the increased demand and is growing, while keeping travellers' wishes and needs in mind, and thus guarantees convenient travel and top-notch service at every stop along the way.

Due to air traffic restrictions in some areas of the Russian Federation, the Board of Directors' primary focus in 2022 was on swift decision-making to ensure the population's access to transportation options. To this end, the Board of Directors adopted a number of strategically significant decisions, including adjustments to the investment programme, approval of parameters for major investment projects, and approval of a major transaction for the purchase of rolling stock.

For instance, the 2022 investment programme volume (with a total of RUB 40.6 billion) exceeded the same figure for 2021. The bulk of the funds (96.6%) was spent on the purchase of new carriages and the upgrade of rolling stock. The fleet of the Company received 108 advanced double-decker carriages and 325 single-decker carriages. Climate control, air sanitisation, and bio-toilets are all included in the rolling stock's comfort package. One of the Company's top priorities continues to be the development of new varieties of rolling stock in partnership with manufacturers.

Last year, new bistro carriages were added to the fleet, offering more room and two seating options for guests to relax comfortably and enjoy their time. There has been a considerable increase in demand for the train meal delivery service and an expansion of the list of trains that have a new catering concept.

Rail tourism is becoming more popular. Since 2020, this transport sector has been expanding rapidly, and about 30 tourist trains, including regional projects, were offered to passengers in the reporting period. In 2023, passengers will have access to even more travel options. Rail cruises offer a distinctive style of travel where a train serves as a mobile hotel, being a full-fledged element of tourist infrastructure.

I am confident that the experience we have gathered will provide the groundwork for future successes and help JSC FPC accomplish its goals, build on promising trends, and effectively grow.

Chairman of the Board of Directors, JSC FPC

MESSAGE FROM THE GENERAL DIRECTOR

Dear shareholders, partners and colleagues,

The previous year served as a test for FPC, which the Company passed with flying colours. Experience gained through time, the best railway traditions paired with innovation, and of course the hard work of a team of thousands of people, are what go into every accomplishment. I really appreciate our staff's devotion and professionalism.

The establishment of a seamless train management process, the extension of the train route network, including double-decker and tourist trains, the renewal of rolling stock, and the provision of a high-quality product offering continue to be our primary tasks.

Assuring stable traffic throughout the summer months in the face of much higher demand is the most important of the objectives outlined for 2022. Passenger traffic to/from the southern resorts increased by almost 30% by 2021 and was 10% higher than in pre-pandemic 2019. Along with assigning more train runs, we changed the way we organise our transportation service. For instance, the heavily-used Centre-South route was served by trains and train crews from branches of the Eastern operating domain. This was the first time that such train turnaround technology was used. In southern Russia, three Lastochka electric trains were extended to the Sochi Airport Station as part of a joint project with the Russian Airline to provide passengers with convenient train and airline travel options.

Families travelling together received our special consideration, allowing for their more comfortable cross-country travel. The Company's rolling stock fleet had more than 200 new carriages added in 2022, including more recent models with cheerful child compartments. Families with children are now able to make holiday arrangements at a reduced cost thanks to special fare offerings. For school-age children, there was a Happy Holidays promotion in place during the summer period, and under the loyalty scheme, a discount was made accessible all year long for families with many children.

FPC continues to provide an environment where employees can perform their jobs effectively. We are implementing progressive production process automation and the use of cutting-edge digital technology for crew training. For instance, since last year, our staff no longer needs to complete paper forms for carriage occupancy and bed linen consumption because they have been replaced with an electronic version. Thus, attendants can spend more time focusing on the service aspect and on interaction with passengers.

For JSC FPC, social stability and the growth of human capital are equally crucial. In addition to supporting seasoned personnel, the Company aids young people in realising their potential. We recently signed a new Collective Bargaining Agreement for 2023–2025, which synchronised major payments and conditions with the Parent Company's collective bargaining agreement, while also retaining the usual benefits and guarantees.

Environment protection is another focus area for FPC. Nearly twice as much waste as in 2021 was sent for recycling, disposal, and treatment in 2022. The operation of new carriages with separate waste collection system in place was the primary factor in the Company's ability to accomplish these noteworthy results.

The intensity of pollutant emissions per 1.000 passenger-km decreased by 16% year-on-year. Gasification of boiler houses and the procurement of carriage with centralised power supply, which lowered the consumption of coal and fuel oil, helped to make this possible. GHG intensity also fell by 16% in 2022.

Railway sector is still one of the cleanest and greenest, and the Company is making every effort to further lessen its impact on the environment.

I am positive that JSC Federal Passenger Company will prosper in 2023 and continue to occupy a strong position in the transportation sector.

General Director, JSC FPC