

RUSSIAN FEDERATION GOVERNMENT RELATIONS

Relations with the Federal Executive Authorities of the Russian Federation for the 12 months of 2022

In 2022, FPC interacted with state authorities in four main areas:

- Receiving compensation for the Company's shortfall in income from the regulation of long-distance passenger fares for 2020 and allocating additional subsidies for 2022;
- Indexing fares for long-distance passenger service on public railways in third-class open sleeping carriages and fourth-class seating carriages;
- Reimbursing the costs of transporting refugees from the Donetsk People's Republic and the Luhansk People's Republic by JSC FPC;
- Financing the FPC Investment Programme.

On 29 December 2022, FPC was granted RUB 5.9 billion from the Reserve Fund of the Russian Government to fully compensate the Company for losses in revenue from passenger transportation in third-class open sleeping carriages and fourth-class seating carriages for 2022 (Decree of the Russian Government No. 4183-r dated 24 December 2022).

The relevant ministries and agencies supported the proposals of FPC on the additional indexation of passenger fares from 1 October 2022 (by 6.52%) and from 1 January 2023 (by 8.1%) in order to partially compensate for the lack of carriages,

as well as the funds allocated to ensure transport security. The respective decisions were given effect by FAS of Russia's Orders No. 676/22 dated 23 September 2022 and No. 798/22 dated 11 November 2022.

FPC's own financial sources for the investment programme were reduced as a result of a decline in passenger-distance brought on by the emergence of a new coronavirus epidemic in 2020.

At the beginning of 2022, FPC had RUB 3.1 billion of its own funds to finance the purchase of carriages.

After Decree No. 602 of the Government of the Russian Federation dated 6 April 2022 came into force, the authorised capital of the Parent Company increased by RUB 250 billion. From this amount, RUB 25.33 billion were allocated to increase the authorised capital of JSC FPC. These funds, along with the Company's own resources, allowed the investment programme to be fully implemented in 2022, resulting into the purchase of 433 carriages. In addition, first steps were taken to secure financing for FPC's 2023 Investment Programme: 550 carriages are to be purchased for a total of RUB 40.3 billion

INTERNATIONAL ENGAGEMENT

International Services

3.09 million passengers

carried internationally in 2022 (+76.5% year-on-year)

Since 2021, international passenger rail services have begun recovering as the epidemiological condition in the Russian Federation gradually returns to normal. At the beginning of 2022, connections with the Republic of Abkhazia and the Republic of Belarus were restored in a phased manner.

In 2022, passenger rail services to Asian countries, such as Kazakhstan, Mongolia, Kyrgyzstan and Uzbekistan, were resumed as well.

A total of 3,089,682 people were carried between countries, up 176.5% against the 2021 traffic.

In 2022, FPC concentrated on expanding international railway tourism in addition to reestablishing international passenger traffic. For instance, starting in August 2022, a tourist train has been running to/from the Republic of Belarus in addition to the regular summertime trips to/from the Republic of Abkhazia. A joint international project of FPC and Belorussian Railways, the Belorussian Voyage train, is the first tourist train from Russia to Belarus and travels the Moscow – Grodno/Brest – Minsk – Moscow route.

The journey is structured in a "hotel on wheels" way: passengers have the chance to see remarkable architectural masterpieces and landmarks of Belarusian culture during the day, and at night they can chill out in the compartment of the train while it moves between locations.

In 2022, almost 2,000 people enjoyed this tourist route.

Cooperation within International Organisations

The cooperation between FPC and overseas partners in 2022 was concentrated on routine activities to coordinate the scheduled service of international trains on the territory of the Russian Federation and other nations.

It should be noted that FPC's participation in international organisations like the International Union of Railways, the International Rail Transport Committee, and the European Route Management Forum has been suspended since March 2022 because of the hostile policy of European states towards

the Russian Federation. The management of the above-mentioned organisations made the decisions in this area unilaterally.

On the platforms of the Railway Cooperation Organisation and the Railway Transport Council of the Commonwealth of Independent States, FPC's experts continue to discuss the most crucial issues of international passenger service that have an impact on the Company's production and business operations, as well as issues related to the legal regulation of such service.