

Adjusted Revenue (RUB mln)

Item	2020	2019	Year-on-year change	
			RUB mln	%
Total revenue	103,497	86,179	17,318	20.1
Third-party charges related to principal activities	-62,721	-48,283	-14,438	29.9
Adjusted revenue¹	40,776	37,896	2,880	7.6

Adjusted Revenue Related to Integrated Freight Forwarding and Logistics Services (RUB mln)

Item	2020	2019	Year-on-year change	
			RUB mln	%
Integrated freight forwarding and logistics services	96,665	79,895	16,770	21.0
Third-party charges related to integrated freight forwarding and logistics services	-62,721	-48,283	-14,438	29.9
Adjusted revenue related to integrated freight forwarding and logistics services	33,944	31,612	2,332	7.4

Operating Expenses Adjustment (RUB mln)

Item	2020	2019	Year-on-year change	
			RUB mln	%
Operating expenses	89,422	71,569	17,853	24.9
Third-party charges related to principal activities	-62,721	-48,283	-14,438	29.9
Adjusted operating expenses	26,701	23,286	3,415	14.7

Some items used, such as adjusted revenue, adjusted operating expenses, EBITDA, adjusted EBITDA margin and adjusted net profit margin, are not IFRS financial metrics and constitute supplementary indices of the

Company's operating activities. They are used as additional analytical tools with limited applicability, so they shall be used neither separately nor together instead of IFRS metrics.

TOTAL REVENUE

The revenue includes three main components: integrated freight forwarding and logistics services, agency services and other services.

Integrated freight forwarding and logistics services are a package of services that includes container transportation, processing at container terminals, trucking, forwarding and logistics services. As relates to the method of provision, it is an all-inclusive single price service.

The Company acts on behalf of the Russian Railways as an agent in providing mandatory rail services to all users of the railways at the Group's terminals defined by the legislation of the Russian Federation as sites of common use. The Company acts as an intermediary (agent) between the customers and the Russian Railways for a commission.

Other services of the Company include the following: rolling stock and container fleet operation, terminal service, other freight forwarding, trucking.

¹ Revenue less cost of co-contractors.

Revenue Breakdown (RUB mln)

Item	2020	2019	Year-on-year change	
			RUB mln	%
Integrated freight forwarding and logistics services	96,665	79,895	16,770	21.0
Agency fees	3,480	3,217	263	8.2
Other revenues	3,352	3,067	285	9.3
Total revenue	103,497	86,179	17,318	20.1

The Company's revenue in 2020 increased by RUB 17,318 mln, or 20.1% year-on-year, to RUB 103,497 mln from RUB 86,179 mln in 2019. Such revenue growth primarily resulted from an increase in transportation volumes by the Company's assets, as well as terminal handling

volumes on the back of the growing rail container transportation market. In 2020, the Company began to provide the customers with greater volume of integrated freight forwarding and logistics services.

Adjusted Revenue Breakdown (RUB mln)

Item	2020	2019	Year-on-year change	
			RUB mln.	%
Adjusted integrated freight forwarding and logistics services	33,944	31,612	2,332	7.4
Agency fees	3,480	3,217	263	8.2
Other revenues	3,352	3,067	285	9.3
Total adjusted revenue	40,776	37,896	2,880	7.6

The adjusted revenue increased by 7.6% year-on-year to 40,776 mln in 2020 from 37,896 mln in 2019. Dynamics of the adjusted revenue reflects raised volume of rendered services and a flexible price policy in conditions of strong competition, demand for services and changed external factors (including decrease in subsidies of the Chinese government for import from the Russian Federation).

AGENCY FEES

Revenue from agency fees increased by 8.2% year-on-year to RUB 3,480 mln in 2020 compared to RUB 3,217 mln in 2019. The increased is caused by raised volumes of terminal processing and indexation of tariffs for the services under the agency agreements with the Russian Railways.

INTEGRATED FREIGHT FORWARDING AND LOGISTICS SERVICES

Revenue from the integrated freight forwarding and logistics services increased by 21.0% to RUB 96,665 mln over 2020.

Adjusted revenue from the integrated freight forwarding and logistics services was up by 7.4% year-on-year to RUB 33,944 mln in 2020, mainly on the back of growing revenue-generating volumes and dynamics of customers' preferences towards complex and integrated transportation services.

OTHER SERVICES

Other services of the Company include the following: rolling stock and container fleet operation, terminal service, other freight forwarding, trucking.

Revenue from other services in 2020 increased by 9.3% to RUB 3,352 mln compared to RUB 3,067 mln in 2019. The key reason is growth of business volumes.

OTHER OPERATING INCOME

Other operating income in 2020 amounted to RUB 1,224 mln compared to RUB 1,161 mln in 2019 (5.4% increase). The changes in other operating income are linked with the growth of the Company's business volumes.

OPERATING EXPENSES

Breakdown of Operating Expenses

Item	2020			2019		
	RUB mln	share of operating expenses, %	share of revenue, %	RUB mln	share of operating expenses, %	share of revenue, %
Third-party charges related to principal activities	62,721	70.1	60.6	48,283	67.5	56.0
Freight and transportation services	7,994	8.9	7.7	6,202	8.7	7.2
Payroll and related charges	6,545	7.3	6.3	6,492	9.1	7.5
Depreciation and amortisation	4,569	5.1	4.4	3,473	4.9	4.0
Materials, repair, and maintenance	4,632	5.2	4.5	3,692	5.2	4.3
Taxes other than income tax	688	0.8	0.7	383	0.5	0.4
Rent	160	0.2	0.2	149	0.2	0.2
Other expenses	2,113	2.4	2.0	2,895	4.0	3.4
Total operating expenses	89,422	100.0	86.4	71,569	100.0	83.0

The Company's operating expenses increased by RUB 17,853 mln, or 24.9% year-on-year, to RUB 89,422 mln compared to RUB 71,569 mln in 2019. This rise was mainly due to a significant increase in the volume of operations related to principal activities.

THIRD-PARTY CHARGES RELATED TO PRINCIPAL ACTIVITIES

The third-party charges related to principal activities increased from RUB 48,283 mln to RUB 62,721 mln in 2020, up 29.9% year-on-year. This was primarily driven by a higher volume of the Company's

operations, tariff indexing by the Russian Railways and other subcontractors, and growth in international transports with the involvement of outsourced transportation services. The weakening of the Russian ruble against the US dollar and the euro in 2020 has also had an impact on the amount of tariffs paid by foreign railway administrations and international maritime lines set in foreign currency.