

MARKETING POLICY

The Company's Marketing Policy plays an important role in retaining existing customers and attracting new ones.

JSC FPC is a customer-focused company. In order to increase passenger satisfaction, attract passenger traffic to rail transport and improve the overall affordability of transportation, the Company actively uses incentives and marketing initiatives aimed at reducing the passenger fare burden.

PRICING POLICIES

Regulated transportation segment

The Tariff Guidelines approved by Decree No. 156-t/1 of the Federal Tariff Service (FTS of Russia) dated 27 July 2010 set the fares for travelling in third-class open-plan sleeping and fourth-class seating carriages on passenger and express trains, as well as first-, second- and third-class motorised carriages. The fares are indexed annually and depend on the train category and travelling distance.

From 1 January 2021, tariffs in this transportation segment are indexed by 3.7% to the level of 2020 (Order of the Federal Anti-Monopoly Service (FAS of Russia) No. 845/20 dated 16 September 2020).

Since 2003, tariff differentiation is allowed by applicable laws. To reduce seasonal fluctuations in demand, indexes differentiated by calendar periods are applied to base tariffs.

Since 2021, JSC FPC has been granted the right to establish calendar-period differentiated indices to the tariff rates with a maximum index of 1.2. The indices are calculated depending on demand changes at a level, which ensures that their average annual value does not exceed 1.0 (Order of the Federal Anti-Monopoly Service No. 845/20 dated 16 September 2020), and approved by the Company's internal regulatory documents.

Starting from 2015, JSC FPC may adjust tariffs for third-class open-plan sleeping carriages within the set price limits, which enables various marketing promotions in the segment.

We continued to run marketing campaigns to generate demand for tickets in third-class open-plan sleeping carriages and fourth-class seating carriages. Reduced fares for certain categories of seats and berths (depending on their location) has made passenger services more affordable for different passenger categories without exceeding the price limits set in Decree of FAS Russia No. 845/20 dated 16 September 2020.

A zero VAT rate for long-distance public rail passenger services was set as from 2017 under Federal Law No. 401-FZ dated 30 November 2016 On Amendments to Parts One and Two of the Tax Code of the Russian Federation and Certain Legislative Acts of the Russian Federation.



Deregulated transportation segment

JSC FPC may set the prices of fares for first-class and second-class sleeping carriages at its discretion in line with item 5 of the List of Services of Natural Rail Monopolies with Regulated Fares, Fees and Charges.

JSC FPC may also set the prices of fares for domestic public rail passenger services on higher-speed trains at its discretion. This right is set out in Decree No. 431-t/1 of the FTS of Russia dated 14 December 2010 On Changing State Regulation of Natural Monopolies in the Context of Domestic Public Rail Passenger Services, as well as Bed Linen Provision Service.

As a result, in the deregulated segment, JSC FPC provides passenger services in the second- and first-class sleeping carriages, deluxe carriages, and in all carriages of higher-speed trains.

In this segment, JSC FPC may set the prices of passenger fares at its discretion.

Fundamental pricing mechanisms in the deregulated system include the dynamic pricing system and a range of marketing promotions and ticketing initiatives.

DYNAMIC PRICING SYSTEM

The dynamic pricing system is a multifactor pricing tool that combines most approaches previously used as marketing promotion tools: pricing depending on seat/berth category (upper or lower berth), day of the week, booking date, etc. Unlike static marketing promotions which offer the rates set in advance for an extended period, the dynamic pricing system implies flexible ticketing reflecting internal dynamics and various external trends as at the sale date.

The pricing system helps ensure the balance between the demand for, and cost of, services, ultimately driving the demand for rail services.

JSC FPC runs various marketing promotions to stimulate consumer demand in both the deregulated and regulated segments and to defend the Company's position in the passenger market.

MARKETING PROMOTIONS

The promotions run in 2021 had different objectives, depending on the external environment.

- **Improving the utilisation rate of individual train groups.** In 2021, **45 such promotions** were implemented (e.g. promotions to load trains coming from the Russian Black Sea coast in May and the first half of June, discounts on double-decker trains, discounts on higher-speed trains, promotions aimed at loading trains with lagging performance or occupancy reserves).
- **Network-wide travel incentives (41 promotions).** For example, promotions in the third-class open-plan sleeping carriages for certain categories of berths, discounts when purchasing tickets for all berths in a first-class or second-class sleeping compartment, as well as discounts when booking return journeys.
- **Targeted offers for groups of passengers (30 promotions).** These include birthday discounts, discounts for children and seniors. Promo codes are also sent out to passengers who have reduced the number of trips on their trains. Discount cards and Business Passes have been introduced to encourage frequent travelling.
- In addition, more than 160 spot marketing initiatives were implemented in 2021.

>116

MARKETING PROMOTIONS

has been run in 2021

in addition, 160 local marketing initiatives were implemented

~3 MILLION PASSENGERS

Additional attraction in 2021 was achieved due to the Company's flexible pricing policy

In 2021, the range of non-refundable fares has been extended: in a last compartment on all domestic trains, there is a 25% discount to the fares in second-class sleeping carriages with four-berth compartments, provided there is no refundable fare.

The Company continues to resume marketing promotions that have resonated most with passengers.

- To ensure a higher level of self-isolation and safer travel for passengers, a discount of up to 20% is offered if a passenger purchases tickets for all berths in a second-class sleeping compartment and up to 30% discount in case of a first-class sleeping compartment.
- During the summer period, a 20% discount for families with three or more children who are participants in the Loyalty Programme was offered.
- In order to improve transport mobility of the population in accordance with the Russian Government Resolution, a discount (benefit) of up to 40% was provided for families with children travelling in the second-class sleeping carriages of long-distance trains from 2 August until the end of 2021. The Company has not previously offered this discount.

- In addition to discounted tickets for third-class open-plan sleeping and fourth-class seating carriages and carriages with seats in the 800 series trains, for the academic year, school students are eligible to receive a discount on fares for second-class sleeping carriages in double-decker trains in the amount of 50% off the regular fares for third-class open-plan sleeping carriages for the same travel distance.
- To stimulate journeys, serial campaigns Happy Tuesday were implemented on the Defender of the Fatherland Day and International Women's Day, with 30% discount for men and women, discount for children aged from 10 to 17 years, and discount for all passengers during single Happy Tuesday.

The range of marketing initiatives developed and implemented to increase the affordability of travel and transport mobility of the population has yielded results: according to estimates, in 2021 about 3 million additional people were able to travel on JSC FPC trains due to the Company's flexible pricing policy.



PROJECTS IMPLEMENTED IN 2021

Daytime trains

In 2021, daytime long-distance trains carried more than 16.3 million passengers, or 92% of the 2019 level, amid the COVID-19 pandemic. Daytime traffic accounted for 20.2% of JSC FPC's total annual passenger traffic.

In the 2020/2021 train schedule, 67 daytime train pairs ran on 40 routes, including Moscow – Tambov, Moscow – Lipetsk, Moscow – Yaroslavl, Moscow – Belgorod, Moscow – Smolensk, Moscow – Kursk, Moscow – Bryansk, Moscow – Saransk, Krasnodar – Adler, and Krasnodar – Imeretinsky Resort.

53.8%

increase in passenger traffic by daytime trains as compared to 2020

From 30 April 2021, new Lastochka daytime trains began to run in daily circulation for the following routes:

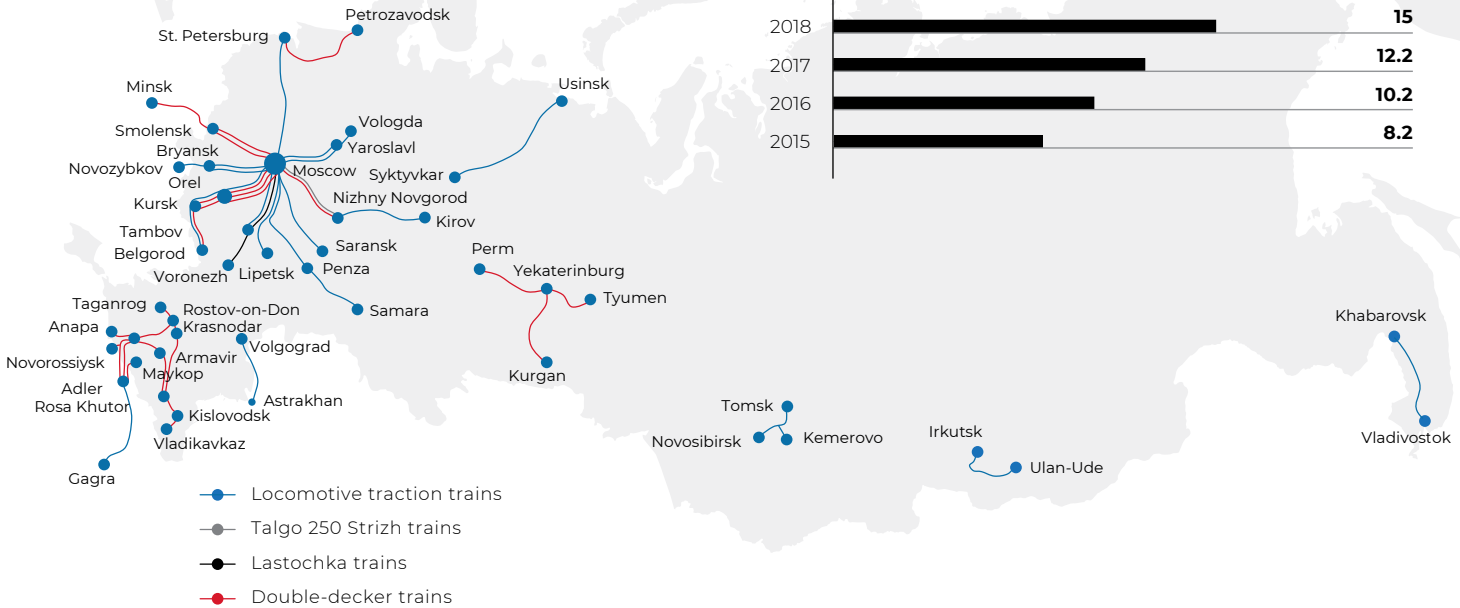
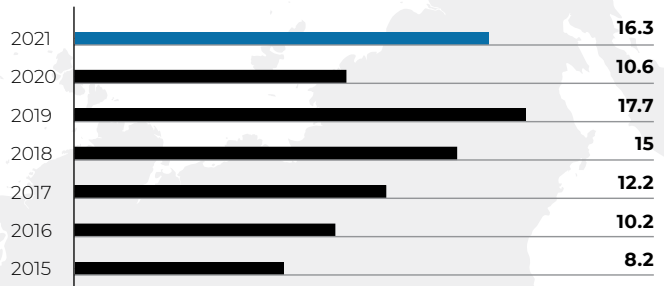
- No. 717/718 Moscow – Minsk
- No. 721/722 Moscow – Minsk

Passenger services by JSC FPC's daytime trains

Passengers carried **thousand people**



Passengers carried by high-speed trains since 2015 **million people**



40
ROUTES

67
TRAIN PAIRS

New daytime trains launched in 2021

No. 717/718, 721/722 Moscow – Minsk (from 30 April 2021)

Double-decker trains

At the end of 2021, double-decker trains carried more than 8.5 million passengers, 43.4% higher than in 2019. Double-decker traffic accounted for 10.6% of JSC FPC's total annual passenger traffic.

As part of the expansion of the double-decker service area, the following new trains were appointed in 2021: No. 72/71 Moscow – Cheboksary, No. 277/278 St. Petersburg – Anapa in the summer period, No. 137/138 Orenburg – Samara – Moscow, No. 29/30 St. Petersburg – Belgorod, No. 43/44 St. Petersburg – Kostroma.

The double-decker rolling stock was used on 19 routes: Moscow – Kislovodsk, Moscow – St. Petersburg,

60.8%

increase in passenger traffic by double-decker trains as compared to 2020

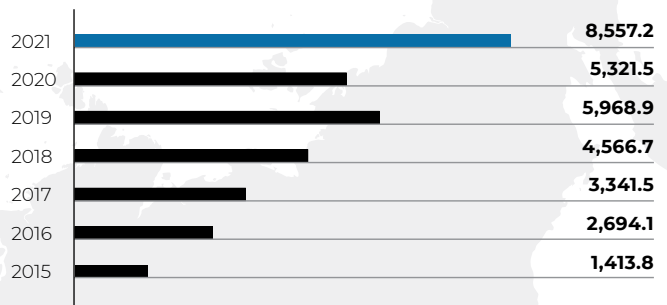
Moscow – Petrozavodsk, St. Petersburg – Murmansk, Moscow – Kazan, Moscow – Izhevsk, Moscow – Samara, Moscow – Penza, St. Petersburg – Adler, Moscow – Adler, Rostov – Adler, Moscow – Voronezh, Moscow – Smolensk, Moscow – Bryansk, St. Petersburg – Belgorod, Moscow – Cheboksary, Moscow – Orenburg, St. Petersburg – Kostroma, and St. Petersburg – Anapa.

Passenger services by JSC FPC's double-decker rolling stock



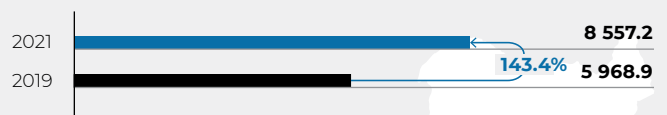
Passengers carried by high-speed trains since 2015

million people



Passengers carried

thousand people



New double-decker trains launched in 2021

- No. 72/71** Moscow – Cheboksary (from 8 May 2021)
- No. 277/277** St.-Petersburg – Anapa (from 30 May 2021)
- No. 137/138** Orenburg-Moscow (from 3 December 2021)
- No. 29/30** St. Petersburg – Belgorod (from 12 December 2021)
- No. 43/44** St. Petersburg – Kostroma (from 15 December 2021)

19
ROUTES

26
TRAIN PAIRS

Higher-speed trains

In 2021, JSC FPC's higher-speed trains carried more than 9.4 million passengers, or 92.3% of the 2019 level, accounting for 11.7% of JSC FPC's total annual passenger traffic.

At the end of 2021, 30 pairs of high-speed JSC FPC trains were running on 10 routes (Moscow – Nizhny Novgorod, Moscow – Smolensk, Moscow – Voronezh, Moscow – Orel, Moscow – Kursk, Moscow – Bryansk, Moscow – Belgorod, Moscow – Minsk, Moscow – St. Petersburg, St. Petersburg – Samara).

42.4%

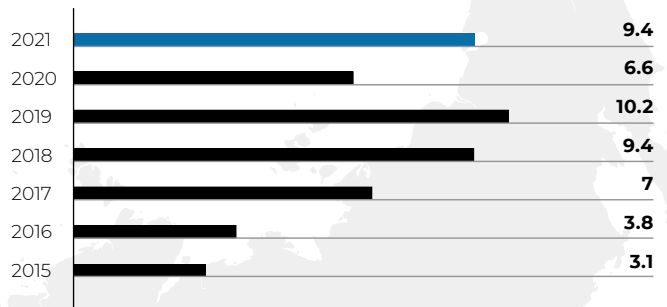
increase in passenger traffic by higher-speed trains as compared to 2020

Passenger services by JSC FPC's higher-speed trains

Passengers carried **thousand people**



Passengers carried by high-speed trains since 2015 **million people**



10
ROUTES

30
TRAIN PAIRS



Autorack cars

>6,900 VEHICLES

transported in autorack cars running as part of JSC FPC's trains

45.4% higher than in 2020

Fare products

In 2021, the Company has launched more than 30 marketing promotions using promo codes, aimed at encouraging passengers to travel by rail, increasing the number of participants in the Loyalty Programme as well as expanding the customer base that left their consent to receive information and promotional mailings.

The most popular promo code campaigns:

- Promo codes with a 50% discount to health care workers fighting the spread of COVID-19 (from October 2020 to 31 March 2021, more than 20,000 such promo codes were issued);
- Promocodes for passengers who did not travel in 2020–2021 but used JSC FPC trains in 2019 and earlier
- Promo codes for clients of JSC FPC's partners as part of the Loyalty Programme

By the end of 2021, more than 53,000 tickets were purchased using promo codes.

In 2021, the list of routes covered by Business Pass was expanded. Thus, Business Pass can be purchased for trains running between Moscow and Cheboksary, Moscow and Petrozavodsk, and Moscow and St. Petersburg (for all trains or separately for double-decker trains). In total, more than 1,000 Business Passes were purchased in 2021, providing for 11,000 journeys.

For reference: in 2018, the first pilot Business Pass e-card was launched on the Moscow – Nizhny Novgorod route.

In 2021, the Discount Card project was launched for the first time. With cards purchased in advance, passengers can book tickets in second-class sleeping carriages or carriages with seats with a permanent discount (from 10% to 20%, depending on the selected fare plan) during the validity period of the card. A total of 315 e-cards were purchased between July and December 2021.