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ANNUAL
REPORT

1

HMS GROUP IN 2021



#1 producer of pumps and oil and gas equipment as well as one of the leading compressor producers in Russia and the CIS



Business platform and core expertise are established and provide a strong base for **future growth**



Key industries: oil & gas, nuclear and thermal power generation, petrochemistry and wastewater industry

You can find more information on our website:
grouphms.com/shareholders_and_investors/



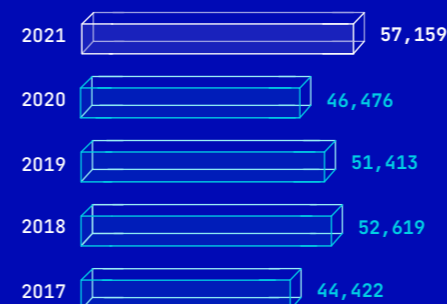
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FINANCIAL HIGHLIGHTS

Rub 57,159 mn

Revenue in 2021

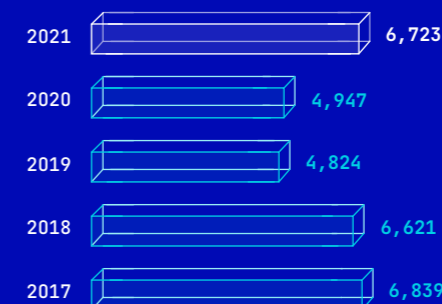
▶ +23% YOY ▶ +7% CAGR 2017-2021



Rub 6,723 mn

EBITDA in 2021

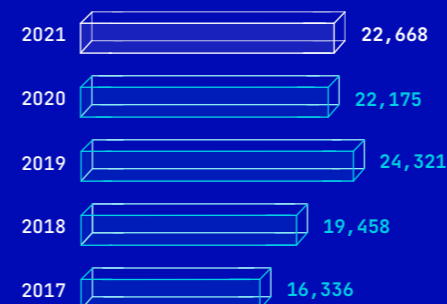
▶ +36% YOY ▶ 0% CAGR 2017-2021



Rub 22,668 mn

Total debt in 2021

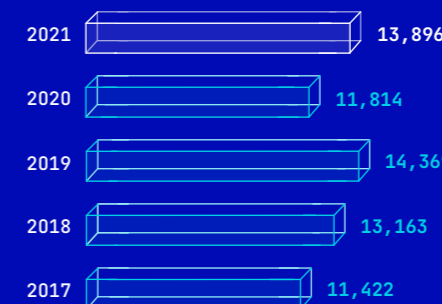
▶ +2% YOY ▶ +9% CAGR 2017-2021



Rub 13,896 mn

Net debt in 2021

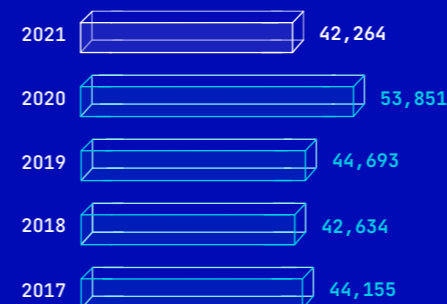
▶ +18% YOY ▶ +5% CAGR 2017-2021



Rub 42,264 mn

Backlog in 2021

▶ -22% YOY ▶ -1% CAGR 2017-2021



Rub 47,680 mn

Order intake in 2021

▶ -12% YOY ▶ -5% CAGR 2017-2021



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OVERVIEW



ABOUT HMS GROUP

HMS Group (HMS HYDRAULIC MACHINES & SYSTEMS GROUP PLC, registered in Cyprus) is one of the largest privately-owned machine-building companies in Russia and the CIS, headquartered in Moscow, Russia.

The company is specialized in production of industrial machinery based around pumps, compressors as well as oil & gas equipment, including state-of-the-art and highly sophisticated solutions.

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WELL-DIVERSIFIED CLIENT BASE

- ◆ Industrial pumps
- ◆ Oil & gas equipment and projects
- ◆ Compressors
- ◆ Construction
- ◆ Headoffice & trade company

12

MANUFACTURING FACILITIES
in Russia, CIS countries and Germany

R&D CENTRES,
including one of the largest pump-testing facilities in Europe

4

~12,400
EMPLOYEES

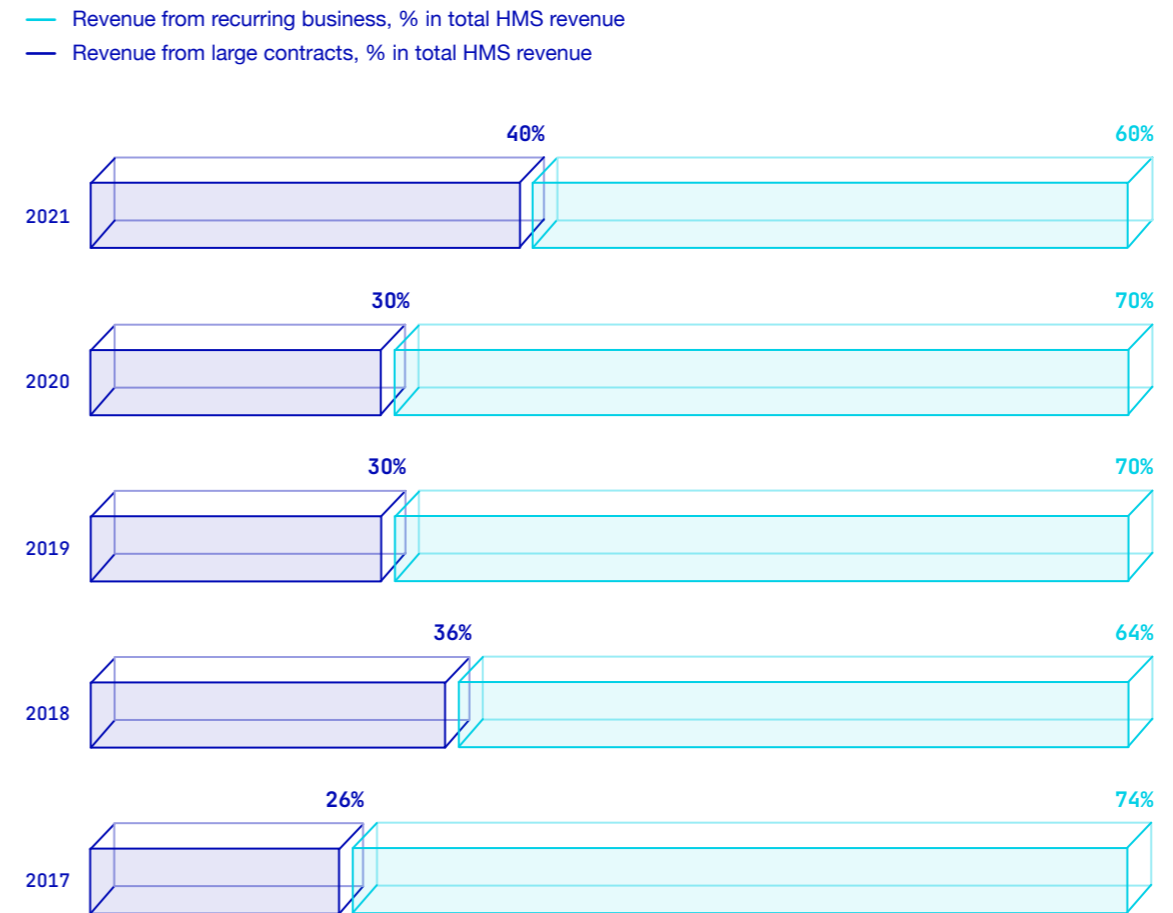
HMS Group is the only machine-building company from Russia listed on the London Stock Exchange. Since May 2021, global depositary receipts of HMS Group are also listed on the Moscow Exchange.

ABOUT HMS GROUP

THE COMPANY WAS ESTABLISHED AS A SMALL TRADING COMPANY IN 1993. TODAY, HMS IS THE COMPANY WITH **A SUSTAINABLE PLACE IN THE MARKET AND LOYAL HIGH-PROFILE CUSTOMERS, SUCH AS GAZPROM, ROSNEFT, NOVATEK, TRANSNEFT, GAZPROM NEFT, ROSATOM, LUKOIL, BP, ENI, AND OTHERS.**

The company produces both serial and/or standard models (recurring business) and customized configurations (large integrated projects). The execution of large projects includes implementation of the crucial project's work as well as large-scale projects' turnkey execution, from project and design to commissioning and launching. **Revenue from recurring business contributes c. 70% on average.**

Revenue structure by contracts' type, 2021



A well-diversified client base includes “blue-chip” clients, i.e. the largest oil & gas companies in Russia and the CIS. Our clients operate through numerous contracts in different subsidiaries, which take independent purchasing decisions. A significant portion of HMS' revenue is generated by the oil & gas industry, from downstream to upstream.

HMS is a dynamic engineering company with successful practice in the design, installation, construction and commissioning of complex oil and gas production and water facilities. It is a vertically integrated holding company with a modern corporate management system wherein the functions of the manufacturing companies' shareholders and that of its business administration are traditionally separated.

The parent holding company is HMS HYDRAULIC MACHINES & SYSTEMS GROUP PLC (the Republic of Cyprus). It listed its securities in the form of Global Depository Receipts at the London Stock Exchange on February 14, 2011. Also, since May 25, 2021, the Global Depository Receipts of HMS Group are admitted to trading on the Moscow Exchange.

The Group consists of 12 manufacturing facilities in Russia, CIS countries and Germany, plus four Research & Development centres, including one of the largest pump-testing facilities in Europe, and employs 12.4 thousand people.

The company carries out its trade and commercial operations in the CIS countries, Europe and Asia.

THE COMPANY OPERATES VIA FOUR OPERATING SEGMENTS:

1

INDUSTRIAL PUMPS

- **12%** EBITDA margin
- **34%** contribution in consolidated revenue
- **37%** contribution in EBITDA

This is the oldest business segment, responsible for the project and design, engineering, manufacturing and supply of a diverse range of pumps and pump-based integrated solutions to customers in the oil and gas, power generation and water utilities sectors in Russia, the CIS countries and across the globe. It also provides aftermarket maintenance, repair services and other support for its products.

Core products and services:

- Oil refineries
- Nuclear and Thermal power
- Water utilities
- Water injection
- Trunk pipelines
- General industrial pumps

2

OIL AND GAS EQUIPMENT AND PROJECTS

- **10%** EBITDA margin
- **32%** contribution in consolidated revenue
- **27%** contribution in EBITDA

The oil & gas equipment business segment manufactures, installs and commissions modular pumping stations, automated metering equipment, and oil, gas and water processing and preparation units, as well as other equipment and systems, that are primarily used for the extraction and transportation of oil.

Core products and services:

- Oil pumping stations and pump stations for water injection
- Oil & gas and water processing units
- High-precision and automated metering units
- Tanks, reservoirs and vessels
- Oil development equipment

3

COMPRESSORS

- **13%** EBITDA margin
- **33%** contribution in consolidated revenue
- **38%** contribution in EBITDA

The division is responsible for project and design, engineering, manufacture, and supply of a diverse range of compressors and compressor-based solutions to customers in the oil and gas, metals and mining and other core industries in Russia.

Core products and services:

- Oil & gas production
- Oil & gas transportation
- Gas processing
- Oil refineries
- Oil & gas chemistry
- Refrigeration applications for various industries

4

CONSTRUCTION

- **6%** EBITDA margin
- **2%** contribution in consolidated revenue
- **1%** contribution in EBITDA

The fourth operating segment consists of only one facility, Tomskgazstroy. It focuses on the main and infield pipelines and oil and gas-condensate fields, facilities construction and overhaul.

Core products and services:

- Construction, reconstruction and overhaul of the linear objects, e.g. namely oil pipelines, gas pipelines, product pipelines, water pipelines, condensate pipelines and power transmission lines.

INVESTMENT THESIS

BUSINESS PLATFORM AND CORE EXPERTISE ARE ESTABLISHED AND PROVIDE A STRONG BASE FOR FUTURE GROWTH

MATURE BUSINESS PLATFORM

- HMS Group has acquired main production and project capacities
- The company has “know-how” production documentation and certificates
- The company has established long-term relations with its clients
- HMS Group has decided to exit the construction segment and significantly reduced its exposure to construction

TARGETS

- Growth of export to the CIS and far abroad
- National project “Ecology of Russia”: these are new markets, supported by state financing and with limited competition, where HMS has already experience and competences
- HMS expects further development in the field of LNG

ACHIEVEMENTS IN THE PAST FEW YEARS

- HMS has entered into a market of gas transportation units for Gazprom. There is growth of revenue from cooperation with Gazprom not only in the field of compressors but of gas transportation units
- The Group has two new large clients – strategic cooperation with Gazprom neft and NOVATEK
- Revenue grows from nuclear pumps and oil processing pumps
- Revenue from construction reduces
- HMS has entered into the LNG market (compressors, pumps, special equipment)
- The company has completed a pilot “green” project (BOSK)

FACTORS OF BUSINESS SUSTAINABILITY:

HMS Group has a stable business platform and controlled level of leverage

1 Delivery of Mission-critical equipment:

- HMS’ equipment is crucial to clients. It is installed at the final stage of construction projects and is difficult to replace
- The project cost is affordable within clients’ project budgets: equipment accounts for less than 2-3% of the total project CAPEX. As a result, clients do not postpone their purchases

4 Well-diversified quality client base:

- Over 6,000 small and medium clients generate on average 75% of revenue
- The blue-chip client base covers nearly all Russia’s oil and gas major players
- Our largest clients operate through numerous contracts in different subsidiaries, taking independent purchasing decisions and offering numerous points of entry

2 Leader in both large projects and standard production segments:

- HMS is the established top player in large-scale projects (with a “blue-chip” client base)
- The company enjoys sustainable, recurring business from standard pumps and compressors with over six thousand clients

5 Low capex needs and flexible dividend policy

- HMS Group is a fully invested business with modest maintenance capital expenditure needs at c. Rub 1-1.5 billion
- All major acquisitions have already been completed
- There are no strict dividend commitments, which allows us to minimize payments in a harsh market environment

3 Management focuses on maintaining a moderate debt position:

- The target level of Net debt-to-EBITDA LTM ratio is 2.5 despite any extraordinary events and M&As. When the ratio exceeds the 2.5x level, imposition of step-by-step constrains on dividend size is started
- Debt is naturally hedged as HMS follows a strategy of a match in revenues, costs and debt currency structures — ca. 98% of debt is Russian ruble denominated
- Short-term debt remains at low levels and is actively managed
- Conservative budgeting of debt level

OUR HISTORY

FOUNDATION AND BEARING ON THE LARGEST BASE OF INSTALLED EQUIPMENT IN RUSSIA

1993 - 1998

Three founders (German Tsoy, Artem Molchanov, and Kirill Molchanov) established the trading company Hydromashservice and brought together a core team of three founders and five sales managers

Hydromashservice actively increased sales in Russia and the CIS and built relations with key clients (primarily with companies in water utilities and metals & mining sectors)

1999 - 2003

Hydromashservice demonstrated boosting growth of the client base, expanded relations with the largest oil & gas and energy companies and gained leading positions in the pumps market in Russia and the CIS

The company gained experience in large commercial projects and humanitarian programs outside of Russia (such as the UN Oil-for-Food Programme)

The largest Russian pump manufacturer, Livgidromash, joined Hydromashservice in 2003

2004 - 2007

The company acquired its key production facilities: Neftemash (Tyumen), Nasosenergomash (Sumy), and Livnynasos (Orel region, Central Russia)

GROWTH OF MARKET SHARE ON TRADITIONAL HMS' MARKETS, ENTRY INTO NEW MARKETS

2007 - 2008

The investment industrial group Hydraulic Machines & Systems was established as an industrial holding (since 2008 – HMS Group plc.)

HMS Group continued to develop long-term relations with its key customers

The company successfully implemented its first large projects in specialist pumps for nuclear power plants in India (Kudankulam) and China (Tianwan)

The shareholders established HMS Group Management Company LLC. The extended management team was formed to achieve new ambitious goals

2009 - 2013

The Board of Directors approved the strategy for 2009-2015 with a focus on M&A and complex solutions

HMS Group acquired Giprotymenneftegaz, the leading project and design institute for oil and gas fields, as well as new production assets: Sibneftemash, Dimitrovgradhimmash, Bobruisk Machinery Plant, and Apollo Goessnitz, and entered the market of equipment for oil refining and petrochemistry

HMS Group ran a successful IPO on the London Stock Exchange in 2011

The company gained access to the compressor market via acquisition of the alliance: Kazankompressormash – Niliturbokompressor, the largest manufacturer of compressor equipment in Russia and the CIS

HMS Group became the provider of key technological units for large projects in oil extraction and transport: Vankor oilfield, the system of export pipelines BPS-2, ESPO-1, ESPO-2, Zapolarye-Purpe, Purpe-Samotlor and many others

The Group introduced a new line of pumps for oil trunk pipelines (NM, NPV, and NOU series) and mastered production of large-scale technological modules, as well as tanks, vessels and heat exchangers

2014 - 2021

HMS Group increased its expertise in design and manufacturing of equipment for natural and associated gas extraction and treatment on the base of Giprotymenneftegaz and Neftemash

The company (Kazancompressormash) started sales of complete gas compression systems for booster compressor stations and gas trunk-line compressor stations of Gazprom

HMS Livgidromash plant expanded its engineering and manufacturing capabilities. The new mechanical treatment shop and the new unique testing unit were built

The Group implemented a large-scale investment programme covering all production units, renewed and expanded the product portfolio, and developed new product lines for pumps, compressors, measuring and other equipment for oil & gas

HMS Group supplied technological units for large scale gas projects, including:

- Technological equipment for ROSPAN INTERNATIONAL (East-Urengoyskoye field, Rosneft)
- Equipment for the extraction, transportation and processing of liquid hydrocarbons (Nadym-Pur-Taz region, Gazprom)
- A unique helium concentrate membrane separation unit (Chayandinskoye field, Gazprom), and other projects

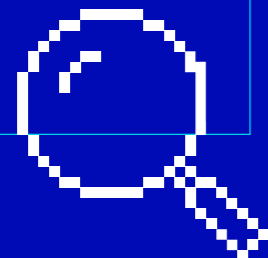
The top management developed the new strategy for sustainable growth with a focus on operational efficiency and leadership in the market of technological units for large-scale investment projects as well as entry into the new markets, i.e. gas transportation units and LNG-equipment

OUR STRATEGY

VISION

HMS Group is one of the leading Russian machine-building companies with focus on industrial pumps and industrial compressors, modular technological units, and also a provider of integrated solutions for various industries, such as oil & gas, petrochemistry, energy generation, metals and mining, water and wastewater utilities.

We consider our customer benefits to be our highest priority: building long-term relations with clients has always been a key priority for HMS Group. All our business processes, from R&D to quality control and from manufacturing to sales and aftersales service are geared to provide our customers with high-end products and the most efficient solutions.



STRATEGIC GOALS AND PRIORITIES

Organic growth

Our objective is to **maintain our leadership** across all the Company's business segments: Industrial Pumps, Industrial Compressors, Oil & Gas Equipment and Projects.

On the one hand, we **expand traditional customer base** by developing new products and sophisticated solutions. Capital investment programs ensure development and modernization of our production sites. On the other hand, HMS Group successfully **broadens its client base** not only in **Russia and the CIS**, but also in **the Middle East and Asia**.

We also look into options to **enter new market segments** that we consider promising.

Business efficiency

HMS Group concentrates on profitability and further development in order to create value for shareholders. The company implements systematic **efforts to increase the efficiency** of its business, from standalone plants up to the whole Group.

Our technical expertise and proven experience allow us to participate in **high-margin large projects** of national importance. We intend to strengthen partnerships with industry leaders to take part in multiple large-scale projects across a number of industries.

The Company continues to **develop its standard and engineered product** lines; the majority of our products are already among the best in their classes and we will expand our product portfolio further in order to maintain the **profitability of our recurring business**.

We consider different forms of strategic partnership (joint ventures, consortia, license agreements) with leading machinery and engineering companies, both Russian and international. Thus, we will be able to **offer new advanced products and efficient solutions to our customers**.

Sustainable development

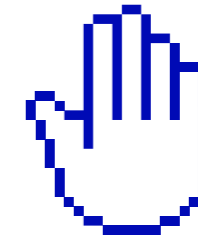
Reliable and up-to-date business processes are crucial for the Company's sustainable growth.

In the face of a rapidly changing environment, we work on maintaining **an effective organisation, management and corporate culture**. The Company strengthens its competences in marketing, engineering and R&D.

We have a team of highly devoted professionals in all business functions and are dedicated to the **development of our personnel**: HMS Group has a multi-level system of **training** for its employees. We focus on the **culture of innovation and change** by developing incentives to ensure that each employee contributes to the Company's success.

After 29 years in business, HMS Group is a full-cycle machine-building company that has achieved a leading position among Russian players. The Company follows **best practices and international standards** in R&D, manufacturing and quality management in order to meet the constantly growing requirements of the market. We actively participate in the government-supported process of import substitution, which allows us to broaden our product portfolio and attract a large number of new customers.

Facing new challenges, we continue to implement the **latest and most efficient IT systems**, from specialised software for R&D to ERP and IT security solutions.



CORPORATE RESPONSIBILITY

HMS Group follows ethical principles with regard to all its stakeholders.

We strictly comply with health and safety international standards in order to lower the environmental impact of our operations.

We carry out charity activities and offer support to charitable foundations for children and the disabled. In 2021, we continued to provide support to a number of charity funds, schools, and civic and sport organisations in the regions of our business activities.

HMS BUSINESS MODEL

HMS Group's business consists of three product-oriented business units: Industrial Pumps, Industrial Compressors, Oil & Gas Equipment and Projects. All of them imply production of standard products (recurring operations), as well as delivery of technological units within large integrated projects of our clients

HMS' main customers are large and medium-sized industrial companies and infrastructure facilities. We also approach end customers that belong to small business through our certified dealers, as well as independent trading companies. Our expertise in engineering is a basis for expanding relations with oil & gas and energy companies, metals and mining industry, water and wastewater utilities.

HMS business comprises the whole value chain: research & development, procurement and manufacturing, after-sales service and delivery of spare parts across all our business units. We can outsource certain components and technologies for HMS integrated solutions from specialized external suppliers as well.

MARKETING & SALES

RESEARCH & DEVELOPMENT

PROCUREMENT & MANUFACTURING

AFTER-SALES SERVICE

Our main competence is research & development in a broad range of rotating equipment. We develop new products and offer state-of-the-art solutions to maintain our clients' benefits. We also have broad expertise in project design and EP/EPC for oil & gas sector, water and wastewater utilities. HMS' expertise in engineering allows us to design efficient solutions that meet the highest customer requirements.

The Group's production facilities consist of 12 plants in Russia, Ukraine, Belarus and Germany. We benefit from cooperation between our plants to optimize production lead-time and costs.

The Company continues its capital expenditures program to develop production capacities and retain the highest level of quality. The recent investments increased our manufacturing capabilities in centrifugal pumps and centrifugal compressors as well as in oil & gas equipment.

Our marketing function strengthens and promotes the HMS brand in both conventional and prospective markets. As part of our marketing strategy, we regularly acquaint our customers with new products and solutions at leading trade exhibitions in Russia and abroad.

MARKETS & MACROECONOMICS

Year 2021 was marked by continued pandemics of COVID-19, yet most countries and businesses managed to adapt to work under numerous local restrictions, as well as the global uncertainty, so the production and the trade across most sectors of the global economy turned to growth.

+6.1%

global GDP

+4.7%

Russian GDP

US\$ 122 billion

Current account surplus

28.5%

Industrial producers' price Index

8.4%

consumer inflation in Russia

US\$ 480 billion

Total external debt of Russia

Rub 25.3 trillion

Total budget revenue

MACROECONOMIC ENVIRONMENT IN 2021

The global GDP increased by 6.1%, which allowed to compensate the decrease of 2020 (by 3.1%). Emerging markets demonstrated the highest growth (by +6.8%), especially India (+8.9%) and China (+8.1%). At the same time advanced economies were recovering slower (by 5.2%): the US GDP increased by 5.7%, while other major economies showed modest growth: European Union — by 5.4%, Japan — by 1.6%.

Following the global trend, the Russian GDP increased by 4.7%. Some of the largest contributors to the growth were wholesale trade (+9% YoY), minerals extraction (+4.2% YoY), production of coke and oil products (+1.4%).

Backed by continued OPEC+ cutting oil production, Brent oil price grew significantly during the year: from US\$ 51 per barrel in January to US\$ 80 in December, with the average price of US\$ 71 per barrel. Russian natural gas export prices increased from the average of US\$ 127 per thousand m³ in 2020 to US\$ 272 per thousand m³ in 2021 (+114%, and the average price jumped to US\$ 482 per thousand m³ in the fourth quarter).

The Russian currency was relatively stable throughout the year. The average USDRUB exchange rate in 2021 amounted to 74 rubles per dollar (compared to 72 rubles per dollar in 2020), while EURRUB exchange rate reached 87 rubles per euro (compared to 83 rubles per euro in 2020).

The current account surplus reached US\$ 122 billion (3.4 times higher than US\$ 36 billion in 2020). The exports of goods and services amounted to US\$ 550 billion, while the imports reached US\$ 379 billion. Crude oil exports brought US\$ 111 billion in 2021 (+53% YoY), and natural gas exports grew to US\$ 56 billion (+116% YoY) backed by high gas prices.

The consumer inflation in Russia (the Consumer Price Index) was growing and reached 8.4% at the end of the year (compared with 4.9% in 2020). Industrial Producers Price Index jumped to 28.5% (significantly higher than 3.6% in 2020). Some of the components which contributed to the growth were minerals extraction (Producers Price Index reached 59.2%), chemicals production (up to 64%), and steel production (up to 55%), which reflected the growing demand on the global markets.

In order to control the inflation, the Central Bank of Russia was gradually increasing the key rate during the year, from 4.25% in January to 8.5% in December. As a consequence, the weighted average commercial interest rates also increased: rates for short-term

loans for non-financial organizations grew from 6.25% to 9.01% (YoY) and rates for long-term loans for non-financial organizations increased from 6.77% to 8.85% accordingly.

As a result, total corporate debt increased insignificantly to Rub 69.5 trillion by January 1st 2021 (+4.6% YoY), while loans to households grew to Rub 26.8 trillion (+21% YoY), supported by stimulating government measures, such as subsidized mortgage.

The Russian Federal Budget showed a total surplus of Rub 515 billion, equal to 0.4% of the GDP. Total budget revenue reached Rub 25.3 trillion, while spending was at the level of Rub 24.8 trillion. Total external debt of Russia reached US\$ 480 billion on January 1st 2022 (27% of the Russian GDP), including US\$ 60 billion of the Public debt.

MARKET TRENDS

Key markets for HMS Group are oil & gas industry (from upstream to downstream, including petrochemistry), power generation, metals and mining, water utilities as well as other industries. Despite the overall economic recovery, some of the constraints for our target markets remained valid in 2021 (such as OPEC+ cutting oil production).

The year 2021 was also marked by a number of government plans on the prospective decarbonization of the Russian economy. It was announced that the country would target to achieve carbon neutrality (net-zero carbon dioxide emissions) by 2060. What is more, a number of large projects on hydrogen production had been planned or launched. The hydrogen produced from natural gas, coal and water (electrolysis) is expected to be consumed within the country, as well as sold to clients in Europe and Asia.

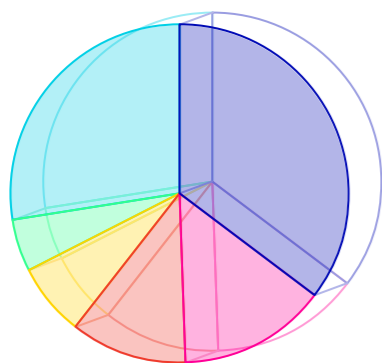
OIL AND GAS INDUSTRY

Upstream

There are five vertically integrated companies which dominate the Russian oil industry, and account for 3/4 of the country's oil production and refining. About half of produced oil is processed at the country's refineries, while the other half is exported.

The oil extraction demonstrated moderate growth to 524.5 million tons of product (+2.2% YoY), which was still significantly lower than the maximums achieved in 2018-2019 in accordance with OPEC+ agreement.

Top-5 oil producers in Russia in 2021 (incl. gas condensate), %

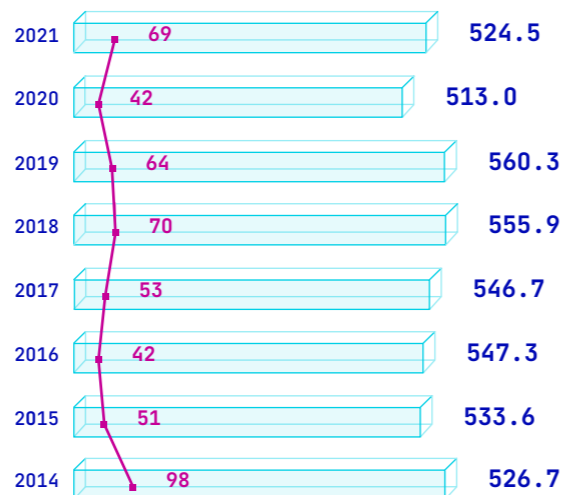


Rosneft	35
Lukoil	14
Surgutneftegaz	11
Gazprom Neft	7
Tatneft	5
Others	27

During the year, the country's operating well stock increased by 2.5% to 183,168 units (including 7,365 new wells). The total drilling volume declined by 3.6% to 27 million meters in 2021.

A number of new oilfields were put into operation in 2021. For example, Lukoil launched 4 oilfields: Ust'-Dolgynskoye, Talmazovskoye, Astaninskoye and Shisterovskoye. Gazprom Neft launched Tazovskoye field, and Rosneft put Pikhtovoye oilfield into operation.

Crude oil production in Russia (incl. gas condensate) and Urals oil price dynamics, 2014-2021

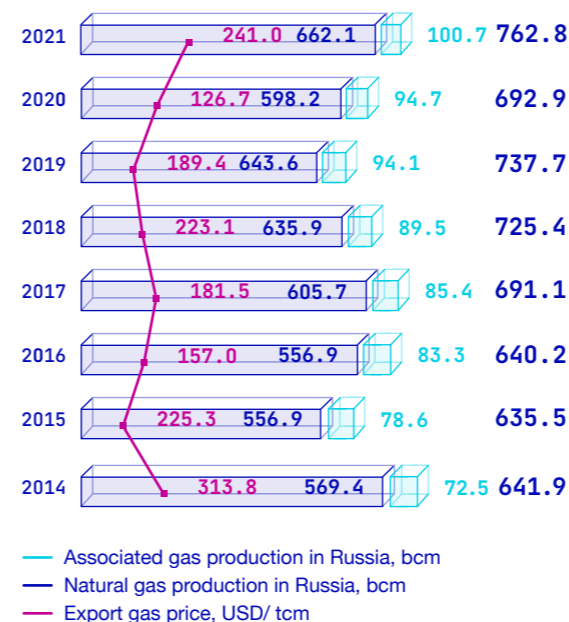


Crude oil Production in Russia (including gas condensate), million tons
Oil price, US\$/barrel (Urals)

Natural gas extraction (including gas condensate) in Russia increased significantly by 10.1% YoY (from 692.9 bcm to 762.8 bcm). The major gas company in Russia, Gazprom, accounted for 67% of gas production in Russia in 2021. The second largest gas producer, NOVATEK, produced 10% of all natural gas volume.

In 2021, Gazprom continued to develop a number of new large gas condensate fields, including Kharasaveyskoye and Kovyktinskoye (currently in pilot production). The year was also marked by the discovery of a new gas condensate field (Rosneft), which contains about 384 bcm of gas condensate.

Natural and Petroleum associated gas production in Russia and average export price of gas, 2014-2021



Associated gas production in Russia, bcm
Natural gas production in Russia, bcm
Export gas price, USD/ tcm

Total investments in oil & gas upstream declined by 4% to Rub 1,950.2 billion in 2021.

Midstream

Transneft is the major owner and operator of the Russian oil trunk pipeline system (51.0 thousand km), and oil-product trunk pipeline system (16.4 thousand km) with over than 500 of oil pumping stations. The company continued reconstruction and modernization of its pipeline system in 2021.

The only operator of gas pipelines is Gazprom. The total length of the Russian gas transportation system is ~176.8 thousand km, comprising over 250 gas compressor stations. In 2021, Gazprom finished the construction of the 390 km part of the Sakhalin – Khabarovsk – Vladivostok pipeline.

The main prospective projects for the next years is the construction of the Power of Siberia-2 (from the Yamal Peninsula to China), the Bovanenkovo-Ukhta and Ukhta – Torzhok pipelines (the 3rd line).

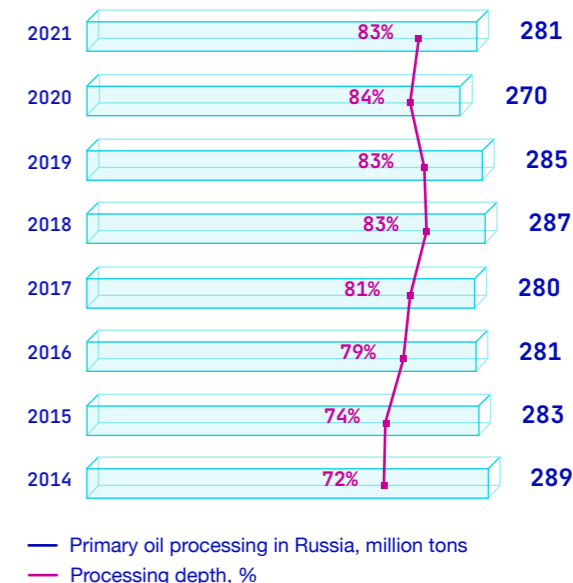
Downstream

The total number of large oil refineries in Russia is 35, which together with smaller refineries processed 281 million tons of crude oil in 2021 (+3.9% YoY). The largest refinery operator is Rosneft, with twelve major refineries.

The production of all basic petroleum products increased in 2021: gasoline – by 6.2% to 40.8 million tons, diesel fuel – by 3.0% to 80.3 million tons, and fuel oil – by 6.2% to 43.4 million tons. A half of all diesel fuel was exported abroad, while for gasoline and fuel oil the share of export reached 10% and 9% accordingly.

The depth of processing decreased to 83.4% in 2021 (-0.6% YoY).

Primary oil processing volume and processing depth in Russia, 2014-2021



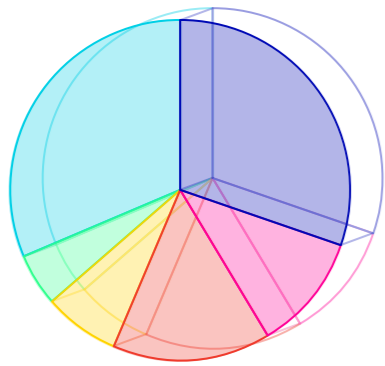
Primary oil processing in Russia, million tons
Processing depth, %

In 2021, investment agreements between the Ministry of Energy and the main oil companies was signed. It should stimulate the companies to modernize 14 oil refineries and build new production capacities by 2031 (total investments by 2027 – Rub 800 billion).

Investment agreements cover Rosneft refineries (Novokuibyshev, Syzran, Tuapse, Komsomolsk), Gazprom Neft refineries (Moscow and Omsk), a LUKOIL plant (LUKOIL-Nizhegorodnefteorgsintez), Afipsky Oil Refinery, Orsknefteorgsintez, as well as Gazprom Neftekhim Salavat, Tatneft's subsidiary Taneko, Antipinsky Oil Refinery, Novoshakhtinsk Oil Products Plant and Ilsky Oil Refinery.

MARKET TRENDS

Top-5 petroleum refiners in Russia in 2021 (including gas condensate), %



Rosneft	30
Gazprom Neft	11
Lukoil	15
Surgutneftegaz	7
Slavneft	5
Others	31

Russian gas-processing industry is represented by 33 plants, which processed 70.3 bcm of natural gas and petroleum associated gas in 2021 (-9.1% YoY). Top-10 plants processed 84% of all gas volume, while the three largest plants make 51% of total volume (Orenburg GPP, Astrakhan GPP and Surgut Gas Processing Facility).

The first production line of the new Amur GPP was launched in 2021. It would be one of the largest GPPs in the world with 42 bcm of gas per year design processing capacity, full capacity of the plant should be achieved by 2025.

LNG production is one of the segments with highest potential in Russian energy market. The volume of LNG produced in Russia amounted to 30.1 million tons compared to 30.5 million tons processed in the previous year (-1.1%). The largest operating LNG plants are Sakhalin-2 (consortium led by Gazprom) and Yamal LNG (NOVATEK).

Examples of prospective LNG plants include Arctic LNG-2 (NOVATEK, currently under construction) and the Complex for processing ethane-containing gas and LNG production in Leningrad Region (Gazprom and RusGazDobycha). According to Gazprom, the latter will process 45 billion cubic meters of gas and produce 13 million tons of LNG, up to 3.8 million tons of ethane fraction, up to 2.4 million tons of LPG. A larger number of small-scale LNG plants are expected to be built in the next years as well.

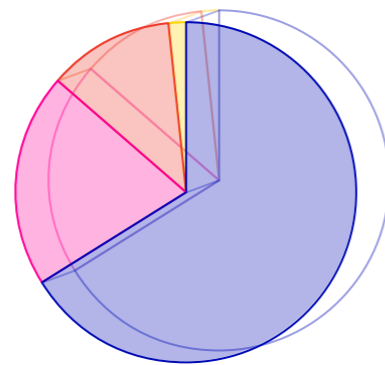
Total investments in oil downstream in Russia declined by 11% to Rub 572.6 billion in 2021.

POWER GENERATION

There are 911 medium and large power plants in Russia (with installed capacity higher than 5 MW each). The structure of the installed capacity of the United Power System (covers almost all territory of Russia excluding technologically isolated energy systems of Chukotka, Kamchatka, Sakhalin, Magadan region, northern parts of Yakutia and some other territories) remained practically unchanged in 2021. Thermal power plants accounted for 66% of installed capacity, hydro power plants – 20%, nuclear power plants – 12%, renewable power plants – 2%.

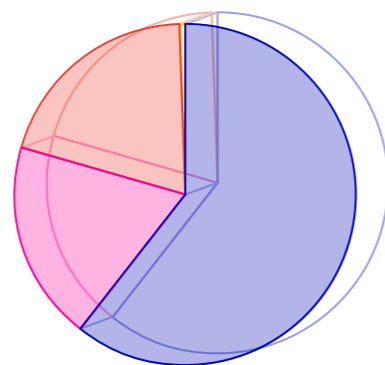
Total installed capacity and electricity output of the United Power System by types of power plants in 2021

Installed capacity, %



Thermal	66
Hydro	20
Nuclear	12
Renewable	2

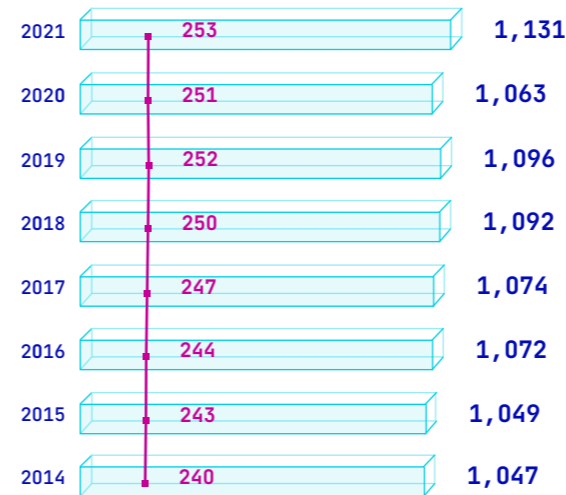
Electricity output, %



Thermal	61
Hydro	19
Nuclear	20
Renewable	0.5

In 2021, as the economy and the industrial production recovered, Russia increased its electricity output from 1,063 billion kWh to 1,131 billion kWh (+6% YoY). Total installed capacity of Russian power system increased by 1.3 GW (3.2 GW of new/improved capacity was put into operation in 2021, including new units at the Leningradskaya NPP (1,188 MW), the Svobodnenskaya PP (160 MW) and a number of renewable power plants: solar and wind (1,232 MW). 1.9 GW of inefficient and outdated equipment was decommissioned.

Total installed capacity and electricity output in Russia, 2014-2021



— Electricity output, billion kWh
— Installed capacity, GW

Total investments in the energy sector declined by 4.4% in 2021 to Rub 796.2 billion.

The Russian United Power System Development Program (updated in 2021) implies that over 10.2 GW of new capacity will be launched in 2022-2027. The largest projects include new units of the Kurskaya NPP (2,200 MW), the Zainskaya PP (850 MW), the Udarnaya PP (500 MW), the Nerungrinskaya PP (450 MW). New capacities are expected to be more efficient and reliable. For instance, the State Atomic Energy Corporation ROSATOM is decommissioning its older RBMK units and is constructing new VVER nuclear power plants. Being one of the global leaders of the energy industry, ROSATOM is running a number of projects abroad, including the Akkuyu NPP (Turkey), the Kudankulam NPP (India) and others.

A larger number of unconventional (renewable) power plants are to be built in various regions of the country, which will improve energy distribution in remote areas.

‡ The RBMK (in Russian transliterates as reaktor bolshoy moshchnosti kanalnyy, i.e. "high-power channel-type reactor") is a class of graphite-moderated nuclear power reactor designed and built by the Soviet Union
§ The VVER (in Russian transliterates as vodo-vodyanoi enyergicheskiy reaktor, i.e. "water-water power reactor") or the water-water energetic reactor (WWER) is a series of pressurized water reactor designs originally developed in the Soviet Union, and now Russia

METALS AND MINING

Mining industry in Russia consists of a number of large companies, typically with the full production cycle from ore mining to the production of metal products with high value added.

Extraction of coal increased by 9.1% (from 402.1 million tons to 438.4 million tons). Overall investments in coal extraction grew by 24.6% in 2021 (Rub 172.8 billion). Exports of coal also demonstrated growth by 7.9% (212.6 million tons).

Extraction of iron ore showed a minor increase by 0.9% (100.9 million tons), while steel production (including steel produced of scrap metal) increased by 4.4% (61.3 million tons), and cast iron production grew by 3.4% (53.8 million tons). Investments in metal ores extraction increased by 11.4% (Rub 359.2 billion), in metals production – by 20.0% (Rub 482.2 billion).

The year 2021 was marked by a high growth of metals prices with the highest levels observed in June-August. For example, Industrial Producers Price Index for cast iron, steel and ferro-alloys reached +98% in July (compared to the level of December 2020) and declined to +55% in December 2021 (YoY). By the end of 2021 industrial prices for aluminum grew by 34% (YoY), lead, zinc and tin metals – by 47%, copper – by 27%.

Russian metal and mining companies (EVRAZ, Severstal, Mechel, Metalloinvest, Rusal, Nor Nickel and others) are running long-term programs on development of new mines and construction of new production units (coke batteries, new furnaces, etc.) that will ensure high level of investments in the industry for the next years, some of the projects imply low-carbon production of steel.

WATER AND WASTEWATER UTILITIES

Private and municipal companies continue investment activities in accordance with the objectives of the National project «Ecology». There will be spend up to Rub 700 billion per year on the implementation of the project in 2022-2024. Prospective projects include construction of wastewater sludge utilization facilities in many regions, as well as multiple projects on construction of wastewater treatment facilities at the industrial plants and municipal facilities.

Average tariffs for cold water supply grew by 3.8% (YoY), hot water supply – 3.7%, sewage – 3.8%, electricity – 4.4%. Total investments in water utilities and wastes utilization in Russia amounted to Rub 217.9 billion (+4.1%).

HMS PERFORMANCE

2.07x

Net debt/EBITDA ratio

Rub
6.7
billion
EBITDA

Rub
57.2
billion
Revenue in 2021

Rub **47.7** billion
Order intake in 2021

PERFORMANCE IN 2021

Revenue grew to Rub 57.2 billion by 23% yoy, compared with Rub 46.5 billion for FY 2020, based on revenue growth in all business segments except the pumps. EBITDA was Rub 6.7 billion, up by 36% yoy, implying EBITDA margin of 11.8%

Backlog was Rub 42.3 billion, down by 22% yoy, compared with Rub 53.9 billion at the end of 2020, but in the same time the company is working on a number of opportunities in 2022. In terms of contracts type, both recurring business and large contracts decreased.

Order intake was down to Rub 47.7 billion, by 12% yoy, compared with Rub 54.2 billion for FY 2020, mainly due to less large contracts signed in the reporting period. All business segments grew except the compressors. In terms of contracts type, large contracts were down.

Revenue from large contracts grew 66% yoy, and revenue from recurring business was up by 5% yoy. EBITDA from large contracts increased 91% yoy, while EBITDA from recurring business declined 12% yoy.

Profit for the period was Rub 1.2 billion, compared with loss for the period at Rub 816 million for FY 2020.

Free cash outflow was Rub 1.0 billion, compared with free cash inflow of Rub 3.0 billion for FY 2020, due to the higher working capital requirements for execution of large contracts that are within the normal quarterly volatility.

<i>in millions of Rub</i>	2021	2020	Change yoy	4Q 2021	3Q 2021	Change qoq
Orders	47,680	54,205	-12%	10,846	5,951	82%
Backlog	42,264	53,851	-22%	42,264	47,259	-11%
Revenue	57,159	46,476	23%	16,038	15,326	5%
EBITDA	6,723	4,947	36%	1,526	2,341	-35%
<i>EBITDA margin</i>	11.8%	10.6%		9.5%	15.3%	
Profit for the year/period	1,241	(816)	na	32	831	-96%
Free cash flow	(982)	2,958	na	3,491	231	1,414%

EXPENSES AND OPERATING PROFIT

Cost of sales was Rub 45.7 billion, up by 23% yoy, in line with revenue growth, compared with Rub 37.1 billion for FY 2020, mainly due to the growth in materials and components costs (+26% yoy).

<i>in millions of Rub</i>	2021	2020	Change yoy	Share of FY 2021 revenue	Share of FY 2020 revenue
Cost of sales	45,737	37,071	23%	80.0%	79.8%
Materials and components	30,023	23,760	26%	52.5%	51.1%
Labour costs incl Social taxes	7,673	6,906	11%	13.4%	14.9%
Depreciation and amortization	2,087	2,122	-2%	3.7%	4.6%
Construction and design ¹	3,643	2,557	42%	6.4%	5.5%
Others	2,310	1,726	34%	4.0%	3.7%

Gross profit grew to Rub 11.4 billion, by 21% yoy, compared with Rub 9.4 billion for FY 2020.

SG&A expenses² were up 4% yoy.

Distribution & transportation expenses were down 9% yoy due to lower transportation costs (-28% yoy). As a share of revenue, distribution & transportation expenses declined to 3.1%, compared with 4.3% for FY 2020.

General & administrative expenses were up to Rub 5.7 billion (+9% yoy) mainly due the growth in labour costs incl. social taxes (+15% yoy). As a share of revenue, general & administrative expenses were down to 10.0%, compared with 11.3% for FY 2020.

Operating profit was up to Rub 3.8 billion (+185% yoy), compared with Rub 1.3 billion for FY 2020.

<i>in millions of Rub</i>	2021	2020	Change yoy	Share of FY 2021 revenue	Share of FY 2020 revenue
Gross profit	11,423	9,405	21%	20.0%	20.2%
Distribution & transportation	1,799	1,986	-9%	3.1%	4.3%
General & administrative	5,704	5,243	9%	10.0%	11.3%
SG&A expenses	7,503	7,228	4%	13.1%	15.6%
Other operating expenses	111	412	-73%	0.2%	0.9%
Operating expenses ex. Cost of sales	7,614	7,641	0%	13.3%	16.4%
Operating profit	3,809	1,338	185%	6.7%	2.9%
Finance costs	1,976	1,926	3%	3.5%	4.1%

Finance costs increased to Rub 2.0 billion, up by 3% yoy, mainly due to a growth in interest expenses (+2% yoy) because of higher interest rates, compared with FY 2020.

Average interest rate grew to 9.91% p.a., compared with 8.00% p.a. last year.

<i>in millions of Rub</i>	2021	2020	Change yoy
Finance costs	1,976	1,926	3%
Interest rate, average	9.91%	8.00%	
Interest rate Rub, average	10.03%	8.12%	

BUSINESS SEGMENTS PERFORMANCE

Industrial pumps

Order intake was Rub 22.2 billion, up by 25% yoy, compared with Rub 17.8 billion for FY 2020, due to both the large long-term contract signed in 2Q 2021 and a growth in recurring orders.

Backlog was Rub 20.9 billion, up 14% yoy, compared with Rub 18.2 billion at the end of FY 2020, based on large contracts and recurring business.

Revenue was down to Rub 20.0 billion (-2% yoy), compared with Rub 20.3 billion for FY 2020.

EBITDA was down 16% yoy to Rub 2.5 billion, compared with Rub 2.9 billion for FY 2020, due to less revenue generated by both recurring business and large contracts. EBITDA margin was 12.3%, compared with 14.5% during FY 2020.

<i>in millions of Rub</i>	2021	2020	Change yoy	4Q 2021	3Q 2021	Change qoq
Orders	22,245	17,773	25%	5,747	4,003	44%
Backlog	20,851	18,227	14%	20,851	21,753	-4%
Revenue	19,951	20,256	-2%	6,804	5,157	32%
EBITDA	2,455	2,931	-16%	910	711	28%
EBITDA margin	12.3%	14.5%		13.4%	13.8%	

¹ Construction and design and engineering services of subcontractors

² SG&A expenses - Selling, General and Administrative Expenses, compiled of distribution & transportation expenses plus general & administrative ones

Oil and Gas equipment & projects

Order intake grew to Rub 17.9 billion, up by 32% yoy, compared with Rub 13.6 billion during FY 2020, due to large contracts signed in the reporting period.

Backlog stayed almost unchanged at Rub 9.3 billion, supported by large contracts.

Revenue grew to Rub 18.4 billion, up by 63% yoy, compared with Rub 11.3 billion for FY 2020, due to large contracts.

EBITDA increased to Rub 1.8 billion, up by 653% yoy, compared with Rub 241 million for FY 2020 due to a larger share of large contracts in the reporting period. EBITDA margin was 9.9%, compared with 2.1% for FY 2020.

<i>in millions of Rub</i>	2021	2020	Change yoy	4Q 2021	3Q 2021	Change qoq
Orders	17,886	13,568	32%	2,511	1,348	86%
Backlog	9,278	9,318	0%	9,278	11,697	-21%
Revenue	18,425	11,284	63%	5,057	5,027	1%
EBITDA	1,818	241	653%	425	575	-26%
EBITDA margin	9.9%	2.1%		8.4%	11.4%	

Compressors

Order intake declined to Rub 5.5 billion, down by 76% yoy, compared with Rub 22.6 billion for FY 2020, due to less large contracts signed in the reporting period.

Backlog was Rub 11.4 billion, down by 54% yoy, compared with Rub 24.8 billion at the end of 2020.

Revenue grew to Rub 19.9 billion, up by 33% yoy, compared with Rub 14.9 billion for FY 2020, due to large contracts.

EBITDA increased to Rub 2.5 billion, up by 31% yoy, compared with Rub 1.9 billion for FY 2020. EBITDA margin was down to 12.8%, compared with 13.0% for FY 2020.

<i>in millions of Rub</i>	2021	2020	Change yoy	4Q 2021	3Q 2021	Change qoq
Orders	5,533	22,617	-76%	2,570	581	342%
Backlog	11,419	24,765	-54%	11,419	12,897	-11%
Revenue	19,891	14,947	33%	4,634	5,330	-13%
EBITDA	2,537	1,939	31%	488	1,071	-54%
EBITDA margin	12.8%	13.0%		10.5%	20.1%	

Construction

Order intake equaled Rub 2.0 billion. Backlog was down to Rub 0.7 billion.

Revenue was up to Rub 898 million, compared with Rub 718 million for FY 2020. EBITDA was Rub 51 million, compared with Rub (63) million last year.

<i>in millions of Rub</i>	2021	2020	Change yoy	4Q 2021	3Q 2021	Change qoq
Orders	2,017	247	718%	17	19	-8%
Backlog	716	1,541	-54%	716	911	-21%
Revenue	898	718	25%	221	319	-31%
EBITDA	51	(63)	na	24	48	-50%
EBITDA margin	5.7%	-8.8%		10.9%	15.1%	

WORKING CAPITAL AND CAPITAL EXPENDITURES

Working capital increased to Rub 10.0 billion (+49% yoy), compared with Rub 6.8 billion at the end of 2020. Working capital changes are within the normal quarterly volatility.

As a share of revenue LTM, working capital was at 17.6% vs. 14.5% at the end of 2020.

Maintenance capex was Rub 1.4 billion, down 1% yoy.

<i>in millions of Rub</i>	2021	2020	Change yoy	4Q 2021	3Q 2021	Change qoq
Working capital	10,047	6,752	49%	10,047	13,390	-25%
Working capital / Revenue LTM	17.6%	14.5%		17.6%	23.9%	
Maintenance capex	1,384	1,392	-1%	374	353	6%
Acquisitions	-	-		-	-	

Debt position

Total debt was up 2% yoy to Rub 22.7 billion, compared with Rub 22.2 billion at the end of 2020.

Net debt was Rub 13.9 billion (+18% yoy), compared with Rub 11.8 billion at the end of 2020.

Net debt to EBITDA LTM ratio was 2.07x, down from 2.39x at the end of 2020.

<i>in millions of Rub</i>	2021	2020	Change yoy	4Q 2021	3Q 2021	Change qoq
Total debt	22,668	22,175	2%	22,668	22,642	0%
Net debt	13,896	11,814	18%	13,896	16,771	-17%
Net debt / EBITDA LTM	2.07	2.39		2.07	2.48	

SIGNIFICANT EVENTS AFTER THE REPORTING DATE

Debt management

In March 2022, based on the Federal Law № 71-FZ dated 26 March 2022, the Group fixed for the three months the interest rates of its total Rub-denominated floating rate borrowing portfolio in amount of Rub 3.9 billion at 12.5%, 13.5% and 16.5% per annum for the April, May and June 2022, respectively.

In April 2022, the Group signed preferential credit facility agreements in the total amount of Rub 4.9 billion at 11% per annum with 1-year maturity for financing its operational needs.

As of April 1, 2022, HMS Group has only Rub 187 million to be repaid in 2022.

The average interest rate grew to 10.15% per annum as of April 1, 2022.

Contracts

In February 2022, HMS Group announced the signing of Rub 7.0 billion contract to manufacture and deliver oil & gas equipment in 2023-2025.

In April 2022, HMS Group announced the signing of Rub 3.3 billion contract to manufacture and deliver gas transportation units in 2023-2024 to a gas condensate field located in Russia.

Buyback program

After the reporting date, no GDRs have been purchased under the buyback program. The company holds 257,960 of its GDRs in treasury (1.1% of its issued share capital).

<i>in millions of Rub</i>	2022	2023	2024	2025
Debt to be repaid as of April 1, 2022	187	9,994	11,517	281

2021 CALENDAR OF EVENTS

JANUARY

- One of HMS' managers has acquired 29,790 HMS' Global depository receipts using his own funds.
- Kazancompressormash manufactured and delivered a compressor system for a delayed coking unit (TANECO).

FEBRUARY

- HMS Group signed a Rub 2.3 billion contract within a long-term framework agreement to manufacture mobile compressor units. The framework agreement was signed in 2019. The equipment is to be delivered at the client's site in 2022.

MARCH

- HMS Group repurchased 176,000 of its global depository receipts within its buy-back program. Following the transaction, the company holds 257,960 of its GDRs in treasury, representing in total 1.1 percent of its used share capital.



APRIL

- HMS Group signed a Rub 7.5 billion contract for delivery and installation of oil & gas equipment for one of the largest gas fields in Russia. The contract was for manufacture, delivery and installation of membrane modules and elements, turbocompressor units for an interstage compressor station and gas transportation units for a gas booster station as part of a helium concentrate membrane recovery unit. That was a follow-up contract HMS Group has secured with this client. The first one was a Rub 10.2 billion contract announced in 2017, and that was the first project of that kind in Russia.
- Kazancompressormash took part in the International Industrial Exhibition INNOPROM in Uzbekistan from April 5 to April 7, 2021. The event had an extensive business program aim to expand industrial cooperation between the Russian Federation and Central Asia, establishing and strengthening business contacts, and establishing joint manufactures. Kazancompressormash experts presented their competencies and references in the field of design, manufacture, and supply of high-tech compressors and complex solutions for various industries based on existing production.

- HMS Group manufactured and delivered a batch of condensate pumps for the 1st power generating unit of the Rooppur NPP in Bangladesh.

MAY

- The Moscow Exchange approved the listing of the Company's Global Depository Receipts representing ordinary shares of the Company (ISIN US40425X4079) and their inclusion in the Level 1 List. The GDRs are listed under the ticker "HMSG" and the first trading day on the Moscow Exchange was on May 25, 2021, with quotations and settlements in Russian rubles. The listing on the Moscow Exchange expanded HMS Group's investor base, and included Russian investors, who were not present in London, and supported liquidity of HMS' GDRs.

- HMS Group participated in the Watrex Expo – a leading trade fair dedicated to Waste Water & Water Treatment Technologies on June 14 – 16 at the Egypt International Exhibition Center «EIEC» in Cairo. The company represented its reliable and energy-efficient solutions for water supply and sewage disposal applications: borehole and surface water intakes, water supply for residential buildings and manufacturing plants, desalination and water treatment, pressure increase in water supply systems, HVAC systems for civil construction, irrigation in agriculture and sewage disposal and wastewater treatment systems.

- HMS Group signed an agreement with LUKoil to develop, deliver and conduct tests of a new pump unit for booster systems in the framework of moderation of a modular pumping station, at the Pokachevskoe field. The units are intended for injection of freshwater into reservoirs under the pressure.

JULY

- Fitch Ratings affirmed JSC HMS Group's Ratings (IDR)s at "B+" with the outlook "Stable" and Expert RA affirms at "ruA-" with the outlook "Stable".

The Fitch rating reflected HMS' "leading market position, strong customer base, albeit less diversified than peers", moderate profitability and comfortable liquidity position."

Expert RA made a point that unlike oil service companies HMS' activity doesn't carry excess force majeure risk that refers to manufacturing, and the Group forecasts its costs more precisely. The credit rating agency believes that a growth of HMS' backlog makes it count on further improvement of the company's financial results aligned with the corresponding reduction of the net debt ratio below 2.5x.

The full text of [Fitch's press release](#) is available on the agency's website.

The full text of [Expert RA's press release](#) in Russia is available on the agency's website.

AUGUST

- HMS signed a Rub 3.3 billion follow-up contract to engineer and procure nuclear pumps and pump-based solutions
- Complete gas-pumping units (GPU) made by Kazancompressormash were put into operation at Beregovoye gas condensate (NOVATEK). Kazancompressormash designed, manufactured, packaged and supplied three gas compressor units and station equipment, including regulation valve skids, intermediate separators, interim and output gas air coolers. The 32GC2-36/20-107 GTU gas compressor units were designed for handling raw natural gas for low-temperature separation process at the gas treatment plant CGTP-V with subsequent forwarding processed gas into the trunk pipeline system. The units were placed in the enlarged containers comprising a compressor module by HMS Neftemash and a gas turbine module by United Engine Corporation-ODK-Gas Turbines with the gas turbine GTD-4RM manufactured by UEC-Saturn.

Earlier in 2019, two centrifugal compressor systems made by Kazancompressormash were commissioned at a booster compressor station at the Cenomanian deposit at the Beregovoye gas condensate field (NOVATEK) for operation as a part of GPU-4RM gas pumping units.

NOVEMBER

- A compressor system by Kazancompressormash was put into operation at the Fluid catalytic cracking unit of the TANECO Refinery and Petrochemical Complex (Tatneft, Nizhnekamsk). A two-section centrifugal compressor 6GC1-748/1.4-18 with 1.1 mn nm³/day capacity and 1.67 MPa discharge pressure developed by NIIturbokompressor (HMS Group) is intended to handle rich gas with high heavy hydrocarbon content. The compressor with a horizontally split casing is driven by an electric motor via a multiplying gear. The unit of a compact size was designed and manufactured in accordance with the API, TANECO and Tatneft standards requirements and equipped with an automatic control system, dry gas dynamic seals, a low-voltage switchboard, a variable frequency drive and process gas line control valves. A cleaning system for a flow path and an impeller during the operation allows maintenance of the compressors without its shutdown and interruption of the customer's process cycle. The design solutions ensure at least 40,000 hours service life between overhauls and the ability to perform oil replacement of the running compressor. The system successfully passed acceptance tests at the customer's facility and was approved for operation.

DECEMBER

- HMS Group signed a Rub 1.4 billion contract to engineer and manufacture compressor equipment, which will be delivered in 2023.
- HMS Group successfully put into operating a blast apparatus at sewage treatment facilities in Orenburg. In the framework of the project's implementation, HMS delivered 6 centrifugal single-stage turbo compressor units, coming with control systems and auxiliary technological equipment, that replaced outdated equipment made in 1976.

HMS KEY PROJECTS, DEVELOPMENT & INNOVATIONS

EXPORT ACTIVITIES

Export sales revenue of HMS Group showed a US\$ 16 million growth compared to 2020, and reached US\$ 67 million. The 2021 year continued with a significant growth in Egyptian water market and HMS compressors expansion to the international markets.

RESEARCH AND DEVELOPMENT

HMS Group follows best practices and international standards in R&D, manufacturing and quality management in order to meet the growing requirements on the market. We actively participate in the government-initiated process of import substitution which allows us to broaden our product portfolio and attract a large number of clients.

PUMPS

HMS Group designed and delivered a feed pump for a thermal station use. Its signature feature is the ability to be used not only as a startup and standby pump, but also as a full-time operating pump at thermal stations with overcritical gas conditions.

HMS Livgidromash set up a serial production of a new line of Kordis-seria overhung-type pumps which meet up-to-date efficiency requirements, with capacity up to 2,000 m³/h and pumping head up to 100 meters. The pump product portfolio consists of three designs: overhung, cantilever-and-monoblock, and overhung design with in-line nozzles.

The company set up a serial production of APD booster stations for cold-and-hot water systems. The station consists of from two to six pumps with a capacity from 1 to 125 m³/h, a control station with a frequency converter, suction and discharge headers, valves and pressure sensors. The operation patterns are regulated depending on water demand.

OIL & GAS EQUIPMENT

Thermo-Chemical Binary Mixture Technology (TCBXT)

In 2021, HMS Group continued works on promotion and commercialization of its new technology in subsoil users.

During 2021, the science-experimental work to improve the effectiveness of the binary mixture was conducted in cooperation with Kazan Federal University.

In October 2021, the company treated three holes at Tatneft. In pilot runs at Tatneft, HMS conducted practical application of a new nonacid activator suggested by Kazan Federal University. Also a new treatment method without a wireline crew support was tested at two of those three holes. The method is in pumping the binary mixture through an annular space without pulling out a submersible pumping equipment and carrying out other support works that are usually conducted by the wireline crew.

The main advantages of the method are as follows:

- The general downtime of a well is less than two full days, while the downtime with the wireline crew's work can reach up to ten full days.
- There are no direct expenses related with payments to the wireline crew and no indirect expenses related to the well downtime during work of the wireline crew.
- The suggested method excludes ingestion of the binary mixture and the activator into a borehole submersible pump, so there is no negative impact of injected reagents on the submersible pumping equipment.
- A well flowback is done with a standard submersible pumping equipment that reduces the time to operations and commissioning.
- The payback time of expenses, incurred by well treatment, reduces almost twice.

During the treatment, a new method of steam-gas well flowback was developed. HMS Group conducted tests at the experimental well and expects its further application at an experimental well of one of oil companies in Volga region.

The method's aim is a well flowback after the TCBXT treatment or fluid recovery of oil, gas and gas-condensate wells using generation of a steam-gas bubble and saturation of a borehole fluid. A binary mixture on the basis of ammonia nitrate and sodium nitrite, analogic to the mixture used in the TCBXT, is applied as a steam-gas mixture generator.

Currently, HMS Group is in preparation stage of TCBXT works at three wells of NNK-Orenburgneftegaz. Also, the company negotiates treatment of ten wells at Tatneft and coordinates works with Orenburgneft and Belkamneft.

Rodless oil extraction

In 2020, HMS Neftemash successfully completed the first stage of test operations of the unique system of the rodless oil extraction mechanism at low-yield reservoirs.

The field tests have started in summer 2021.

The oil extraction from a well equipped with a submersible gear allows to manage the oil extraction accurately and remotely in the online mode according to digital reports, keeping track of equipment — that is the base for creation of the important feature of a "digital field".

The system of rodless oil extraction visually differs from traditional beam units, as the first one does not have a cables and rods system on its surface. The rodless system is a hydromechanical submersible gear which is introduced into a 20-meter pipe and run in a borehole.

The equipment decreases costs of oil extraction due to lower costs for land use and overhaul repair. The system uses less electricity and is less metal-intensive. The rodless oil extraction system is more eco-friendly: it discounts the possibility of oil leaks in case of the system failure.

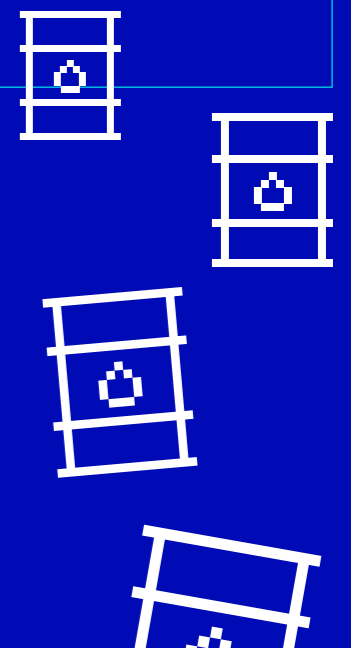
In 2021, HMS successfully conducted the following works:

- Production of complete pilot pump units based on the hydromechanical submersible gear.
- Procurement, assembly, trying, regulation, preliminary and acceptance testing of manufactured pilot models at testing stands, including a 40 meter-deep stand-borehole.
- Modernization and improvement of the hydromechanical gear's wet end, enhancement of its characteristics and reliability.
- Application of new technology solutions to improve pumps' reliability and ability to be used at deeper boreholes, as well as enhancement of their efficiency.

In 2021, HMS tested a pumping unit with the hydromechanical gear at a number of wells, and the tests proved the gear's working efficiency under industrial conditions.

The developed technical solution decreases costs of oil extraction from poor wells, making it possible to withdraw from traditional beam units.

The new patented system maintains day capacity up to 8 m³ and is intended for installment in wells with up to 2,000 m depth. The suggested system maintains up to 65% efficiency factor with a significantly lower energy intensity (2.5–3.5 kW), compared with traditional oil production systems (25–30 kW).



rodless oil extraction mechanism

HMS Neftemash started field tests of the unique system of the

Export sales revenue of HMS Group reached

US\$ 67 million

HMS KEY PROJECTS, DEVELOPMENT & INNOVATIONS

COMPRESSORS

In 2021, HMS Group continued realization of projects on the production of compressor equipment with a balanced expansion of its product portfolio and mastering of new products.

For example, the company completed a pilot run of dry-running gas seals which are the parts of a 4GC2-194/12-112 GTU compressor for associated petroleum gas transportation run at Gazpromneft-Orenburg. The dry-running gas seals are fully made of domestic materials with a tungsten-carbide-carbon-graphite stationary and rotating face. Currently, the seals are actively exploited. Their total time is 4,579 hours, and the designed solutions are ready for replication in new projects.



LEGAL PROTECTION OF INTELLECTUAL PROPERTY

As an innovative company, HMS Group continues to protect the exclusive rights to its products and the individualisation of the goods produced and services that are provided. More than 264 objects of intellectual property can be found in HMS' current operating portfolio, including 180 patents, 31 registered computer programmes, and 53 registered trademarks.

In 2021, the company received 10 patents for new technical solutions, and filed applications for 13 patents.

The company continued registration of its exclusive rights on the Thermo-Chemical Binary Mixture Technology. Also, HMS continued registration of its inventions in the Rodless oil extraction technology, including filing patent applications abroad.

MODERNIZATION

Kazancompressormash started a complex of works to move the rotor workshop closer to the main assembly workshop with a heat-treating shop.

In addition to movement of current equipment, the company plans to purchase machine tools taking into account up-to-date standards of technological workflows. In 2021, the company completed repair works and rerouting of the engineering networks.

In 2021, Kazancompressormash put in service a unique large-size INTEGREX e-670H multi-tasking machining center, which is a complete fusion of the CNC turning center and the machining center. The machine delivers precision and performance for heavy, large-diameter, shaft-type workpieces for a wide range of industry applications.

The machine is equipped with a high-output integral spindle motor featuring two gear ranges for a wide scope of heavy-duty machining applications. A drop-worm system with the same positioning accuracy as a machining center rotary table drives the C-axis (0.0001-degree increments).

The high performance milling spindle is a 50 taper, single spindle turret with automatic tool changer. A heavy-duty roller gear cam makes up the framework of the machine's B-axis that provides milling spindle indexing or contouring and maximum tool point agility.

The implementation of the machining center, outside of enhancement of technological capabilities, speeded production cycles, improved the accuracy of part cutting, reduced costs of operation, etc.

CORPORATE SOCIAL RESPONSIBILITY

PRIMARY AREAS OF SOCIAL POLICY

Social development policy and providing adequate living standards and normal working and life conditions for HMS' employees.

The company has developed and implemented collective agreements, in-house policies and acts, which reflect social welfare issues, benefits, compensations and guarantees granted to the employees, including:

- Hardship-duty pays;
- Preservation of average earnings after transfer to easier work;
- Pecuniary aid in the event of the worker's death;
- Pecuniary aid for medical treatment, and purchase of expensive pharmaceutical drugs;
- Bonus payments to veterans;
- Maternity coverage on monthly basis;
- Additional holidays in case of significant events, and for continuous service with the company;
- Pecuniary aid to non-working veterans, including for public holidays;
- Events to support young people.



CORPORATE SOCIAL RESPONSIBILITY

SAFETY AND HEALTH

HMS Group believes that achieving its strategic goals and maintaining its competitive advantages requires systematic management of labor health protection and the prevention of industrial injury and professional illness.

Production facilities introduce modern methods of accident prevention and maintain hygiene and sanitary conditions, which prevent professional illnesses and ailments driven by workplace factors.

On this basis, the company set up four main goals in the area of labor health protection and accident prevention:

1 Prioritisation of its employees' health and safety over business performance results and continuous improvement of work conditions and labor health protection at every working place.

2 Significant decrease of risks of industrial traumatism and professional illness of the company's employees:

- Regular medical examinations, and availability of stationary medical and feldsher's stations.
- Issuance of free personal protective equipment, including work clothes, safety shoes and other personal safety apparel. The special commissions at HMS' facilities analyse the given personal safety apparel on a regular basis and examine novelty products, which appear on the market.
- Issuance of milk to employees with harmful working conditions, etc.
- We promote and encourage a healthy lifestyle, not only because it helps to maintain a productive and positive workplace, but also because it is the right thing to do.

3 Compliance of HMS' activities in the area of labor health protection with the requirements and expectations of all interested parties, and with rules and regulations, established under legislation and normative technical documents:

- Regular examination of industrial safety, and regular training in the area of industrial safety.

4 Establishment of personal responsibility by company employees of all levels for meeting all labour health protection requirements accurately and in a timely manner. Also, HMS actively engages its employees while developing in-house documentation, which determines the regulations of implementation and realization of the labor health safety system.

COVID-19

In 2021, the company continued the policy implemented in April 2020 to prevent the COVID-19 disease and expansion. HMS Group undertook all the necessary measures in its offices and production facilities in accordance with regulatory requirements.

The company informed personnel on a regular basis about necessity to comply with the preventive measures, and personal and social hygiene rules through corporate information materials, as well as materials by the Russian consumer protection agency Rospotrebnadzor and other official state sources.

Where business processes allow, the company limited contacts between staff members of separate manufacture workshops, sites, departments and functional work groups, which were not connected by collective tasks and work processes. Where the workshop allows, there was 1.5 meter physical distance implemented between workers and their workplaces.

The remote working was widely practiced. The company minimized offline business meetings or any mass events in offices and production facilities. HMS imposed restrictions on business

trips: its employees were sent on business trips only in the case of urgent operating issues, which couldn't be cancelled or postponed.

HMS Group provided its employees and visitors with individual protective equipment – disposable gloves and face masks with change not less than in 2-3 hours.

The company organized an "entry filter" on entering HMS' offices and production facilities, including spots for hands disinfection and temperature screening. Individuals with a higher-temperature and/or showing signs of the acute respiratory disease are suspended or not admitted to their working places.

Workplaces adopted "stay at home if unwell" practice and HMS implemented flexible sick leave policies to discourage workers with symptoms of disease from coming to their workplaces.

The facilities were equipped with bactericidal air recirculating irradiators, and all surfaces were cleaned and treated with sanitizers several times per day.

The company tested employees for the COVID-19 on regular basis. Employees on their request were vaccinated at offices and production facilities of HMS Group.

CHARITY AND SOCIAL ASSISTANCE

The company believes in its responsibility for social and economic climate in regions where it operates, takes part in social projects and programs, among other things on a voluntary pro-bono basis. The charity activities are realized in the form of public private partnership aiming sustainable development of the company and the region, where it operates.

HMS Group focuses on helping children who are in need of medical treatment, as well as children in need of social and professional assistance. These projects are realised through:

- Social support and protection of citizens, including improvement of the financial position of the indigenous peoples, social assistance to the unemployed, the disabled and other disadvantaged groups who, due to their specific physical or intellectual condition or other circumstances, are unable to implement their legitimate rights and interests by themselves;
- Promoting the prestige and the role of the family in society;
- Promoting the protection of motherhood, fatherhood and childhood.



THE ENVIRONMENT

In general, the environmental impact of our production facilities is low due to the business specifics. Nevertheless, the management and personnel of HMS Group fully recognise their responsibility to nature and to future generations. The company continues to work on developing and selling energy-efficient products and service solutions. Apart from that, HMS Group set the following environmental goals, which are critical in the company's view:

- REDUCING EMISSIONS OF HARMFUL SUBSTANCES INTO THE ATMOSPHERE;
- ABATING WASTE WATER POLLUTION;
- IMPROVING WASTE MANAGEMENT IN THE AREA OF REDUCING WASTE AND CURBING ADVERSE ENVIRONMENTAL IMPACT;
- DEVELOPING AND WIDELY USING WASTE-FREE TECHNOLOGIES IN INDUSTRIAL PROCESSES;
- RATIONAL USAGE OF RAW MATERIALS, ENVIRONMENTAL ITEMS AND ENERGY;
- IMPROVING HMS' IMAGE IN THIS SPHERE.

HMS Group's facilities conducted quarterly surveys of emission of harmful substances into the atmosphere and evaluations of the effectiveness of dust and gas catchers. The company conducted an examination of emission sources, revised a draft of maximum permissible emissions, received new permits for air emissions, and developed a set of actions to decrease the level of pollutant emissions under unfavourable weather conditions. For the last years, no excess of the maximum allowable pollutant emissions has been discovered.

The Group's production facilities conducted chemical and microbiological analyses of natural surface water and waste storm water on a quarterly basis, and spillover tracking of storm water on a monthly basis.

Aiming to decrease negative impact on the environment, facilities of HMS Group conduct separate waste collection by hazard characteristics and categories, timely discarding of waste of hazard classes I to IV subject to utilization and deactivation, timely disposal of waste of hazard classes IV-V to be stored at SHW landfills.

Within the framework of the activity on environmental protection, Kazancompressormash performed recertification audit regarding the compliance of the facility's the integrated management system with GOST R ISO 9001-2015, GOST R ISO 45001-2020 «Occupational health and safety management systems» and GOST R ISO 14001-2016 «Environmental management system». Based on the audit results, the facility received the ISO compliance certificate with maturity in 2024.

PEOPLE

As an employer of 12.4 thousand people, HMS is one of the major job creators across the cities where its facilities are located. Employees are one of HMS Group's core assets, and the company encourages them and assists them in achieving their full potential.

Prevention and detection of occupational diseases held the important place in labor and safety measures. The company accomplishes it by timely and periodical medical examination of its employees, especially those who are in occupational health risk. Also HMS Group organized flu vaccination for employees on their request.

HMS Group believes, that implementation of the best available technologies and talent management is one of the key mechanisms of new opportunities realization. In 2021,

the focus in talent management was at realization of in-house training programs regarding the company's products, including:

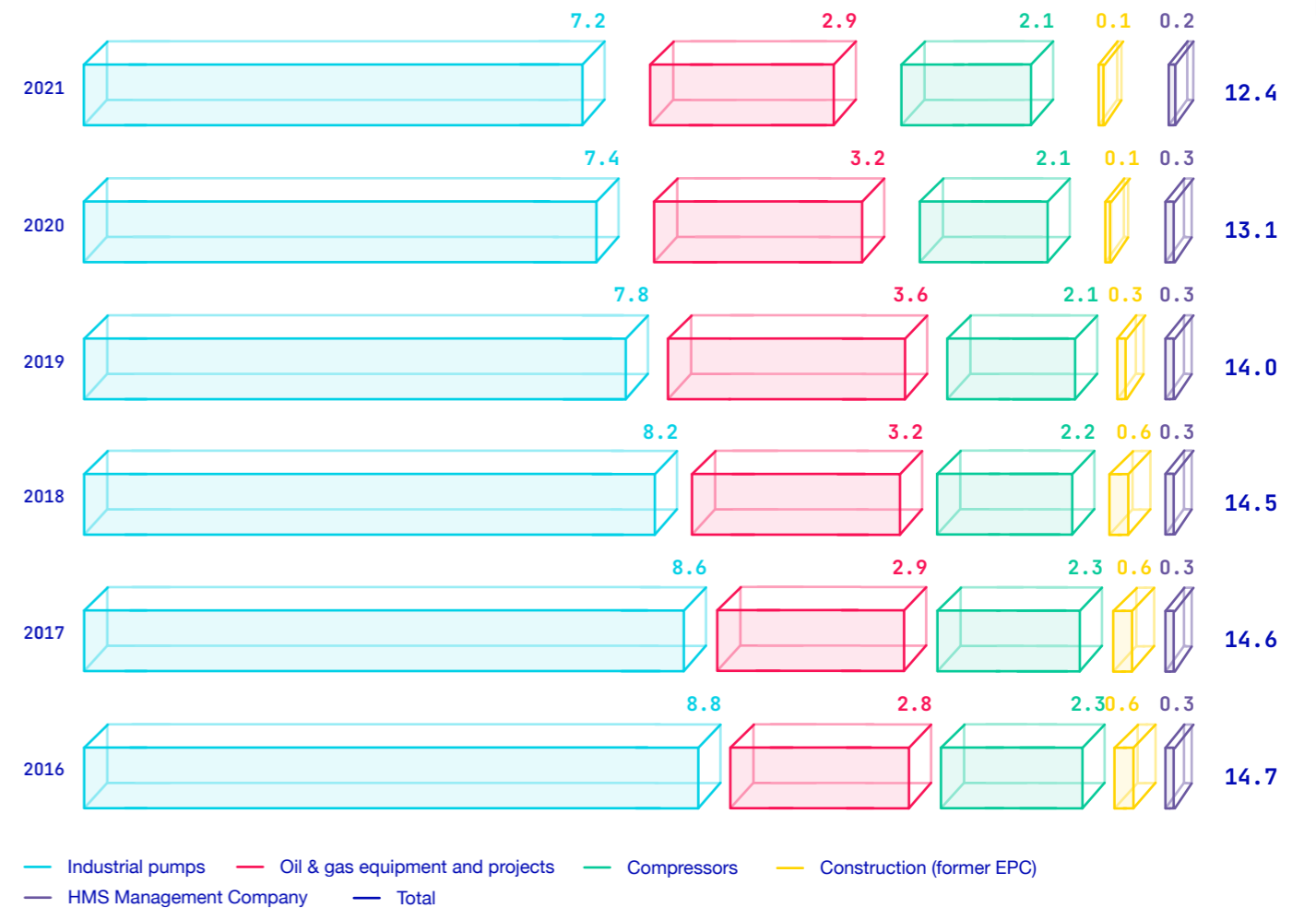
- Design of thermal power stations. Application of pump units in thermal power;
- DeLium, APD, Boosta, Ciris-series water pumps;
- Automation and review of product portfolios and capabilities of serial management and protection stations;
- Basic principles of selection and operation of pump units;
- Product portfolio of pumps used in oil and gas treatment. Basic principles of their selection and operation.

In order to increase personnel engagement in training process, achievement of the maximum conversion and analysis of training productivity, the company implemented a system of online learning based on the webinar.ru platform.

In addition, HMS realized a modular program for sales persons (negotiations, sales, presentations), aimed at improvement of customer service quality.

In 2021, the average headcount decreased by 0.6 thousand people (-4.9% yoy) due to the personnel optimization.

Average Headcount as of 31 December 2021



CORPORATE GOVERNANCE

Good corporate governance generates trust and engagement between a company and its stakeholders and contributes to a company's long-term success. Accountability, integrity, transparency, fairness, equity, sustainability and good ethics are all fundamental values of good corporate governance.

The Board of Directors of HMS Group is committed to the highest standards of corporate governance and aims to ensure on an ongoing basis that the Company is a modern, transparent, competitive and sustainable organization. By adopting best practices in corporate governance and corporate administration, the Company has achieved a dynamic and effective communication between the Board, the Company's management and its shareholders, leading to the successful implementation of its strategy.

The Company's corporate affairs are governed by the memorandum and articles of association of the Company and the provisions of applicable Cyprus law. Although the Company is not subject to any mandatory corporate governance code in its home jurisdiction of Cyprus, nor required to observe the UK Corporate Governance Code, it has

implemented various corporate governance measures and practices, which are detailed below in this section. These include the appointment of two independent non-executive Directors to its Board of Directors and the establishment of an Audit Committee and a Remuneration Committee. Each of these Committees of the Board of Directors is chaired by an independent, non-executive Director. Under the Cyprus Companies Law, the directors have to declare the nature of their interest (either direct or indirect) in transactions at a meeting of the directors of the company. Under the memorandum and articles of association of the Company, directors may not vote on a matter in which they have an interest even if the director has disclosed his interests in the transaction.

HMS Group continues to review its corporate governance policies in line with international best practice.

BOARD OF DIRECTORS

THE BOARD OF DIRECTORS AND PERFORMANCE

General Overview

As at 31 December 2021, the Board consisted of nine (9) Directors: the Group Chairman who was independent on appointment, three (3) Executive Directors and five (5) Non-executive Directors.

Chairman

Mr. Nikolay N. Yamburenko
Chairman of the Board of Directors, Non-Executive Director, Chair of the Strategy and Investments Committee

Mr. Nikolay Yamburenko was appointed as a member of the Board of Directors in October 2010.

He has been a non-executive member of the Board of Directors since 10 July 2014, when he was appointed Chair of the Board of Directors. Mr. Yamburenko previously held the position of Head of the Industrial Pumps Business Unit from 2005. Prior to joining the Group, Mr. Yamburenko was the CEO of Livhydromash (HMS Pumps), which is now part of the Group. Mr. Yamburenko has more than 30 years of industry experience. He graduated from the faculty of radio electronics of the Moscow Aviation Institute named after S. Ordzhonikidze, where he gained a degree in radio electronics.

Executive Directors

Mr. Artem V. Molchanov
Member of the Board of Directors, Managing Director (CEO)

As one of the founders of the Group, Mr. Artem Molchanov has held various executive positions within HMS Group since its establishment in 1993. Mr. Molchanov became the President of HMS Group in 2008 and was appointed as an executive member of the Board of Directors in October 2010. Mr. Molchanov has almost 30 years of industry experience. He graduated from the Plekhanov Russian Academy of Economics (currently Plekhanov Russian University of Economics), where he gained a degree in industrial economics.

Mr. Kirill V. Molchanov
Member of the Board of Directors

As one of the founders of the Group, Mr. Kirill Molchanov has held various executive positions within HMS Group since its establishment in 1993. Mr. Molchanov was appointed as an executive member of the Board of Directors in October 2010 and has served as Vice President of HMS Group since 2008. Mr. Molchanov has almost 30 years of industry experience. He graduated from the Bauman Moscow Higher Technical School (currently the Bauman Moscow State Technical University) with a degree in electromechanical engineering. Also, he graduated from the Judge Business School, University of Cambridge with an executive MBA degree.

Mr. Yury N. Skrynnik
Member of the Board of Directors

Mr. Yury Skrynnik was appointed as an executive member of the Board of Directors in October 2010.

He is currently the Head of the Compressor Business Unit, a position he has held since its establishment in 2012. Previously, Mr. Skrynnik held the position of Director for Strategic Marketing. Prior to joining HMS Group, he served as the Chief Representative of JSC «Sumy Frunze NPO» (Ukraine) in Russia from 1999 to 2008. Mr. Skrynnik worked as Director of the Innovative Technical Subdivision of «Machines, Equipment, Technologies, Products and Services» Ltd. from 1992 to 1999. He served as a scientific research officer at the Moscow Institute of Chemical Machinery (currently the Moscow State University of Environmental Engineering) from 1986 to 1988. Mr. Skrynnik has more than 30 years of science and management experience. He graduated from the Sumy branch of the Kharkiv Polytechnic Institute with a degree in mechanical engineering in 1983. He was awarded a PhD in engineering science from the Moscow Institute of Chemical Machinery (currently the Moscow State University of Environmental Engineering) in 1988. Mr. Skrynnik is the author of more than 50 scientific publications and creator of 20 inventions.

Non-executive Directors

Mr. Ezio Vergani
Member of the Board of Directors, Chair of the Audit Committee

Mr. Ezio Vergani was appointed as an independent non-executive member of the Board of Directors in June 2018.

Mr. Vergani is the owner and the President of Asco Pompe, an Italian company which produces, distributes, supplies and integrates products and technological systems for fluid handling, monitoring and water treatment. Prior to joining Asco Pompe, from 1985 to 2008, Mr. Vergani was the CEO and major shareholder of Finder Pompe, one of the European leading companies in the design and manufacture of engineered pumps and systems for oil & gas. Mr. Vergani has received a Master's degree in mechanical engineering from the Politecnico University of Milan, Italy and the Executive Program Certificate of the Stanford Business School, Palo Alto, California, USA. He has served as a Board member in Confindustria Lecco since 2014.

Mr. Andreas S. Petrou
Member of the Board of Directors

Mr. Andreas Petrou was appointed as a non-executive member of the Board of Directors in June 2010.

From 1989 to 1998, Mr. Petrou served as a member of the Board of Cyprus Tourism Development Public Company Ltd, representing the interests of the Government of the Republic of Cyprus. From 1987 to 1990, Mr. Petrou served as the General Secretary of Cyprus Dairy Organisation. In 1986, Mr. Petrou established his own law firm. He is an honours graduate of the Law School of Democrius University of Thrace. Mr. Petrou has been a member of the Cyprus Bar Association since 1985.

Mr. Giorgio Veronesi
Member of the Board of Directors, Chair of the Remuneration Committee

Mr. Giorgio Veronesi was appointed as an independent non-executive member of the Board of Directors in June 2018.

He has graduated in Chemical Engineering at the University of Padua, Italy and has over 35 years of experience in the international engineering and construction sector. Mr. Veronesi has held various senior positions at leading engineering companies Foster Wheeler, Tecnimont, Siirtec Nigi and Techint. He has been the Commercial Manager in Techint E&C since 2012.

Mr. Vladimir V. Lukyanenko
Member of the Board of Directors

Mr. Vladimir Lukyanenko was appointed as a non-executive member of the Board of Directors in July 2016.

He is also the member of the Remuneration Committee, the Audit Committee and the Strategy and Investments Committee. Currently he is the Director General of PROFITPROM LLC. From 2006 to 2008 Mr. Lukyanenko was the Vice-President of Hydraulic Machines LLC. From 2006 to 2008 Mr. Lukyanenko was the Vice-President of HMS Group. He has served as the Chairman of the Supervisory Board of Sumy Frunze NPO PJSC (Ukraine) from 2003 until 2007. He graduated from Moscow Chemical Engineering Institute (currently Moscow State University of Engineering Ecology) with a degree in machine building in 1991. Mr. Lukyanenko has over 20 years of experience in the industry.

Mr. Vyacheslav Tsoy
Member of the Board of Directors

Mr. Vyacheslav Tsoy was appointed as non-executive member of the Board of Directors in April 2019.

Currently, he is the General Director of «ITS» LLC, a manufacturer of prefabricated modular equipment. Prior to joining «ITS» LLC, Mr. Tsoy served from 2006 to 2011 as an analyst and deputy director of capital markets at HMS Group. From 2003 to 2006, Mr. Tsoy was an analyst at «Smith Barney», a private wealth management company. Mr. Tsoy graduated with honours from Drew University, New Jersey, USA with a degree in economics and finance in 2003.

BOARD OF DIRECTORS

PRINCIPAL ACTIVITIES OF THE BOARD OF DIRECTORS IN 2021

The Board of Directors held four ordinary meetings in 2021. Due to the COVID-19 pandemic, two out of four meetings of the Board of Directors were held via videoconference call. In 2021, the Board of Directors continued working on the development of the Company's mid-term and long-term financial and business strategies, including in relation to investment plans, mergers and acquisitions activities, budgeting, the long-term incentive program for the management of the Company and general corporate development.

At its meetings, the Board of Directors also reviewed other issues connected with the activities of the Company that are within its remit, including the approval of corporate reports.

THE BOARD OF DIRECTORS COMMITTEES

In order to exercise proper oversight of risk and control and pursuant to the authority granted to the Board under the Company's memorandum and articles of association, the Board has delegated certain responsibilities to committees of the Board. The principal committees are the Audit Committee, the Remuneration Committee, and the Strategy and Investments Committee. Each Committee has its own internal terms of reference which set forth its duties and responsibilities, as well as qualifications for Committee membership, procedures for Committee member appointment and removal, Committee structure and operations, and reporting lines to the Board of Directors. A brief description of the main activities of these principal Committees in 2021 is set out below.

Audit Committee

General Overview

As at 31 December 2021, the Audit Committee comprises three independent Directors and is expected to meet two to four times per year. Currently, the Audit Committee is chaired by Mr. Ezio Vergani; its other members are Mr. Giorgio Veronesi and Mr. Nikolay N. Yamburenko.

The Audit Committee is responsible for considering, amongst other matters: (i) monitoring the financial reporting process and the integrity of the Group's financial statements, including its annual and interim financial statements; (ii) the effectiveness of the Group's internal quality control and risk management systems; (iii) auditors' reports on the Group; and (iv) the terms of appointment and remuneration of the auditors of the Group.

The Audit Committee supervises, monitors, and advises the Board of Directors on risk management, control systems, and the implementation of codes of conduct. The Audit Committee also supervises the Group's submission of financial information and a number of other audit-related issues, and assesses the efficiency of the work of the Chair of the Board of Directors.

Further details on the main features of the Group's internal quality control and risk management systems, including in relation to the financial reporting process, are set out in the next section.

Activities in 2021

Three meetings of the Audit Committee were held in 2021. The main issues that the Audit Committee oversaw during the year were the preliminary review of IFRS financial statements, internal control and risk management (including the audit plan).

The Audit Committee also supervised the internal and external audit procedures, and the implementation of the annual tax strategy within the course of the year. The Audit Committee also made recommendations to the Board of Directors with regards to internal control efficiency and interim dividend distribution.

External Audit of Financial Statements

Every year the Company/Group appoints an external auditor who is responsible for the auditing and review of the consolidated financial statements of the Company/Group in compliance with IFRS. The external auditor also prepares reviews of the consolidated interim financial information of the Company/Group in compliance with IFRS requirements. The external auditor of the Company/Group is selected from leading audit firms after a thorough review of their respective proposals. Following the review, the Audit Committee gives its recommendations to the Board of Directors regarding the appointment of the external auditor and the remuneration of the auditor, and advises the Board of Directors on other terms and conditions of the contract with the auditor.

In 2021, based on the recommendation of the Audit Committee, the Board of Directors selected Deloitte (Cyprus) to conduct the audit of the financial statements of the Company/Group for the year ending 31 December 2020. Deloitte remains appointed for the 2021 audit.

Remuneration Committee

General Overview

The Remuneration Committee comprises four Directors and is expected to meet at least once per year. Currently, the Remuneration Committee is chaired by Mr. Giorgio Veronesi; its other members are Mr. Nikolay N. Yamburenko, Mr. Ezio Vergani and Mr. Vladimir V. Lukyanenko. The Remuneration Committee is responsible for, amongst other matters, determining and reviewing the Group's remuneration policies. The remuneration of independent Directors is a matter for the Chair of the Board of Directors and the Executive Directors. No Director or manager may be involved in any decisions regarding their own remuneration.

Activities in 2021

Two meetings of the Remuneration Committee were held in 2021. The main matter reviewed by the Remuneration Committee was the implementation of the Group's updated Long-Term Incentive Plan («LTIP»), as well as the 2021 LTIP targets and the list of participants.

Strategy and Investments Committee

General Overview

The Strategy and Investments Committee comprises four directors, one of whom is independent. The Committee is expected to meet at least once each year. Currently, the Strategy and Investments Committee is chaired by Mr. Vladimir V. Lukyanenko and the other members are Mr. Giorgio Veronesi, Mr. Yuri N. Skrynnik and Mr. Nikolay N. Yamburenko.

The Strategy and Investments Committee is responsible for considering, amongst other matters: (i) strategic business combinations; (ii) acquisitions, mergers, disposals and similar strategic transactions involving the Company; and (iii) fundamental investments of the Company.

Activities in 2021

One meeting of the Strategy and Investments Committee was held in 2021. The main matter reviewed by the Committee was the updated strategy and financial model of the Group.

DIRECTORS' COMPENSATION

The total compensation of the Chairman of the Board was Euro 270,115 for the year ended 31 December 2021.

The total compensation of the independent Directors, as set out in the Group's consolidated statement of profit or loss and other comprehensive income, was Euro 260,000 for the year ended 31 December 2021.

DIVERSITY POLICY STATEMENT

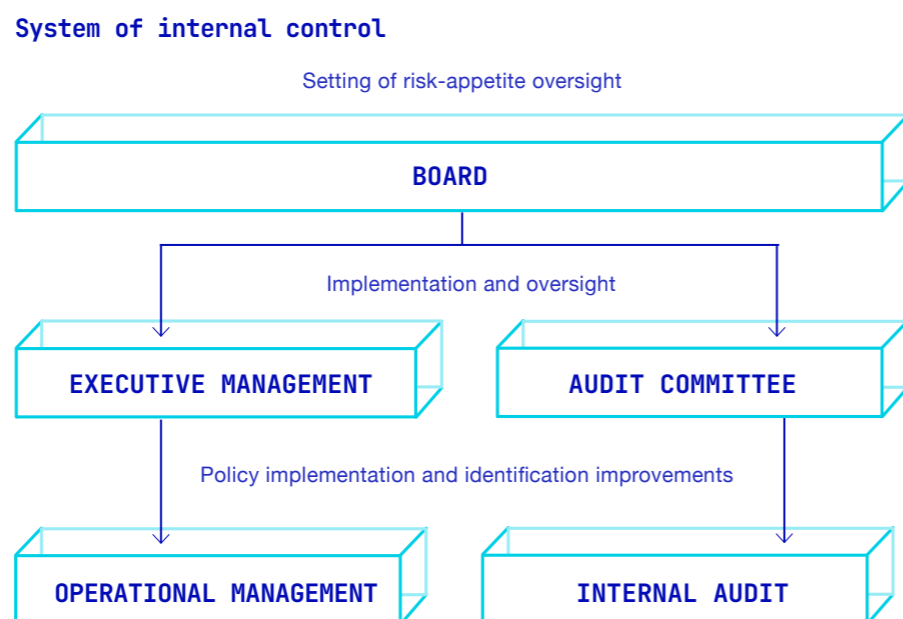
The Company operates in accordance with the fundamental principles of equality, diversity and non-discrimination and the Charter of Fundamental Rights of the European Union. All career, training and development opportunities are afforded on the basis of gender, religious and other possible forms of equality. Decisions and policies in respect of remuneration and recognition are similarly based on the principles of equality, merit and ability. In the Board's opinion, this approach, which incorporates equality and diversity as qualitative measures, achieves its aims better than a formal diversity policy focused on quantitative measures, and for this reason the Company does not have a formal diversity policy in place. Nevertheless, the Board maintains a regular review of this position.

RISK MANAGEMENT AND INTERNAL CONTROL

OVERVIEW

HMS Group is exposed to various risks and uncertainties that may have undesirable financial or reputational implications. A risk management and internal control system has been integrated into the Group's operations in order to minimise the negative impact of such risks and to benefit from available opportunities. The overall objective of this system is to obtain reasonable assurance that HMS' goals and objectives will be achieved.

The main principle in the design and maintenance of such systems is that the expected benefits should outweigh the associated costs.



KEY FEATURES OF THE INTERNAL CONTROL SYSTEM OVER FINANCIAL REPORTING

The Group uses a formal risk management program across its companies; there is an ongoing process for identifying, evaluating and managing the significant risks the company faces. Risks are classified according to their likelihood and significance; different strategies are used to manage identified risks. This process is regularly reviewed by the Board in accordance with applicable guidance.

The Board is responsible for the Group's system of internal control and for reviewing its effectiveness. This system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

Internal control and risk management monitoring is performed through internal and external assurance providers, which include:

- Financial statement audits performed by external auditors. Discussion by the Audit Committee of the results of the audit, including a review of the financial performance, any changes to disclosure, a subsequent events review, important accounting matters and other internal control matters.
- Review and formal approval of the financial results by the CEO, CFO, Audit Committee and the Board.
- Board and sub-committee approval and monitoring of operating, financial and other plans.

- Consolidation and verification of correct identification and proper assessment of critical business risks. The Audit Committee reviews changes to the risk profiles together with progress on actions for key risks on a regular basis.
- Internal audit function. The Head of Internal Audit functionally reports to the Audit Committee and administratively to the First Deputy CEO. The internal audit department performs its activities in accordance with an audit plan and incorporates review of material controls, including financial, compliance and operational controls. The results of each audit are discussed in detail with the companies and business units concerned and action plans are agreed upon.

CONTINUOUS IMPROVEMENT

HMS Group's goal is to continuously improve its governance and risk management sub-systems. We assess the findings of audits and internal investigations and use them to revise our internal processes and procedures.

The key features of the risk management process include:

- The gathering and analysis of information related to internal and external factors which can affect the achievement of the Group's objectives;

- Identifying the possible negative impact of various events on operational and financial results in accordance with applicable risk-assessment methods;
- Setting appropriate risk-tolerance levels;
- Ranking risks according to their significance and probability;
- Making appropriate decisions to manage identified risks;
- Actively monitoring the steps taken to control the most significant risks.

PRINCIPAL RISKS AND UNCERTAINTIES

The table below shows the relationship between the main categories of the risks we encounter and how they affect our strategy

Below is the summary of the principal risks facing the Group's business. HMS also faces other risks both known and unknown; some of them apply to similar companies operating in both the Russian and international markets.

Risk	Enhancing margins	Driving growth	Generating cash	Maximising returns	Securing customers	Securing long-term suppliers
Global political and economic risks	■	■	■	■	■	■
Sales	■	■	■	■		
Project execution risks	■	■	■	■	■	■
Human Capital	■	■	■	■		
Acquisitions and disposals	■	■	■	■		
Fraud and corruption risks	■	■	■	■	■	■
Technology		■				
Legislation and regulations	■	■	■	■		
Product liability and litigation	■	■	■		■	■
Financial risks	■	■	■	■		
Credit and liquidity risks	■	■	■	■		

RISK MANAGEMENT AND INTERNAL CONTROL

GLOBAL POLITICAL AND ECONOMIC RISKS, SALES AND PROJECT EXECUTION RISKS, LEGISLATION AND REGULATIONS RISKS, TECHNOLOGY RISKS

In the existing geopolitical environment, a number of risks increased and a range of uncertainties emerged. The management of HMS Group carefully monitors the current situation and makes all possible efforts in the interests of all shareholders.

CONTRACT EXECUTION RISKS

HMS Group performs a systematic work to manage legal risks through their identification, and prevention of reasons and conditions when they arise at the pre-contractual stage as well as at the stages of contracts execution and legal proceedings.

Risks formation in 2021 was stipulated by a number of reason both macroeconomic and contractual related to a number of projects executed by the company.

Main legal risks which arise at the stage of contracts execution, contracts signing:

- a) Risk of nonfulfillment of a contract by a client (in whole or in part);
- b) Risk of nonfulfillment of their liabilities by third parties (sub-tiers), responsible for delivery (production) of a product's components;
- c) Risk of «a mediator» insolvency (failure to generate a cash flow in a settlements' chain «client — producer»)
- d) Risk of penalty claims for the breach of the contract;
- e) Default risk (including, as a result of sanctions and/or other enforcement actions from state services);
- f) Piracy risks

Management of legal risks is based on their quality (expert) assessment and directed to their identification, monitoring of risk factors, as well as their mitigation.

HMS Legal department uses the following basic strategy of risks management:

- Legal risks are verified at the stage of contracts' preliminary qualification and vetting as well as their further support;
 - Regarding risks (a)-(c): contracts execution security to guarantee adequate sources of costs covering in the case of contracts nonfulfillment is maintained through:
 - Usage of different kinds of collateral and non-material securities provided by a counterparty when entering into an agreement in the form of independent guarantees (banking, corporate) for advance payments/contract performance, third-party guarantees, collateral and others;
 - Withholding of an advance payment till the provision of a security; if it is not provided, then payment after delivery;
 - Management of the contract commitments chain «client — producer», which assures the receipt of the payment at the time of cash flow passing
 - Regarding (d) risks: control and organization of the work to fix legally important facts and circumstances through putting together evidential documentation (letter, acts, protocols, etc.), identified factors of contractual nonfulfillment (a customer's fault), with subsequent claims settlement by signing amendments to the contract;
 - Regarding (e) risks: monitoring of changes and control of deals compliance with the current legislation of the Russian Federation;
 - Regarding (f) risks: processing of patent search, due diligence, and record-keeping of intellectual activity results.
- In case when risks occur at the trial level, standard legal procedures and collected documentation, which proves the counter nonfulfillment by the client, perspective deliver success of the trial (complete or partial rejection of the suit, or significant lowering of penal sanctions)

HUMAN CAPITAL

In the existing geopolitical environment, a number of risks increased and a range of uncertainties emerged. The management of HMS Group carefully monitors the current situation and makes all possible efforts in the interests of all shareholders and its employees.

ACQUISITIONS & DISPOSALS

During the whole period of its operation, the Group has completed a number of acquisitions targeting the key players in the markets of industrial pumps, compressors, modular oil & gas equipment and EPC-contracts.

Taking into account the economic slow-down and high uncertainties, insufficient demand in many segments that makes it difficult to evaluate potential synergies from M&As, the Group does not consider any material acquisitions in the nearest future, so this risk as immaterial.

FRAUD AND CORRUPTION RISKS

Fraud and corruption are pervasive and inherent risks of all business operations. There is always some potential for fraud and other dishonest activity at all levels of a business, from that of a factory worker to senior management. Efficient operations and optimal use of resources depends on our ability to prevent occurrences of fraud and corruption at all levels within the Group.

Tightening of anti-corruption control over government-owned corporations can affect a pattern of interaction of HMS Group with its largest Russian customers in mutual trust and confidence.

Tightening of anti-corruption control over state authorities (arrests and cases against ministers, governors and other state officials), often accompanied by media publications with political complexion, can affect mutual trust and confidence between business and state authorities as well.

HMS Group promotes ethical behaviour among its employees and maintains dedicated violation reporting channels to raise concerns within the Group through an ethics hotline available 24/7. The Group's internal audit and/or security department perform investigations into alleged fraud and misconduct. If necessary, the results of such investigations are provided to CEO, the Board, the management and the Audit Committee, as necessary.

As the Group operates in a number of jurisdictions around the world, the Board and senior management also put a strong emphasis on corporate compliance with applicable regulation, including anti-bribery and anti-corruption legislation, such as the UK Bribery Act.

The Group has implemented procedures to ensure that all employees are aware of the requirements of the Group's anti-corruption policies, with a particular focus on those roles most exposed to the risk of breach.

FINANCIAL RISKS

HMS Group doesn't use financial instruments for hedging or other risk management, so the company is not exposed to such kind of risks, including price and liquidity risks.

FOREIGN EXCHANGE RISKS

The Group has no material foreign exchange mismatch. The company operates primarily in Russia, with the majority of its revenue generated in Russian rubles. Operating costs are also mainly Russian ruble denominated and almost 100 percent of debt is in Russian rubles.

CREDIT AND LIQUIDITY RISKS

At the end of 2021, the company refinanced of a part of bank credits. As the result, currently HMS Group had only Rub 187 million repayments falling in 2022.

At the end of 2021, the Group accumulated Rub 8.8 billion of available cash. Considering all the above factors, HMS estimates its exposure to credit and liquidity risks as immaterial.

COVID-19

Starting from early 2020, a new coronavirus disease (COVID-19) has begun rapidly spreading all over the world resulting in announcement of the pandemic status by the World Health Organization in March 2020. Responses put in place by many countries to contain the spread of COVID-19 are resulting in significant operational disruption for many companies and have significant impact on global financial markets. Group's management does not expect a significant adverse impact of the current operating environment on the financial position and operating results of the Group and the Group's ability to continue as a going concern.

HMS GLOBAL DEPOSITORY RECEIPTS

SHAREHOLDING

As of December 31, 2021, HMS Hydraulic Machines & Systems Group Plc had an issued share capital of Euro 1,171,634.27 divided into 117,163,427 ordinary shares with par value of Euro 0.01 per share, and these shares are not traded.

There are 6,676,593 depository receipts outstanding in the GDR program.

LONG TERM INCENTIVE PLAN

During 2021, the Group's Executive Directors and persons discharging managerial responsibilities ("PDMRs") didn't acquired an interest over the Company's global depository receipts ("GDRs") under the Company's LTIP.

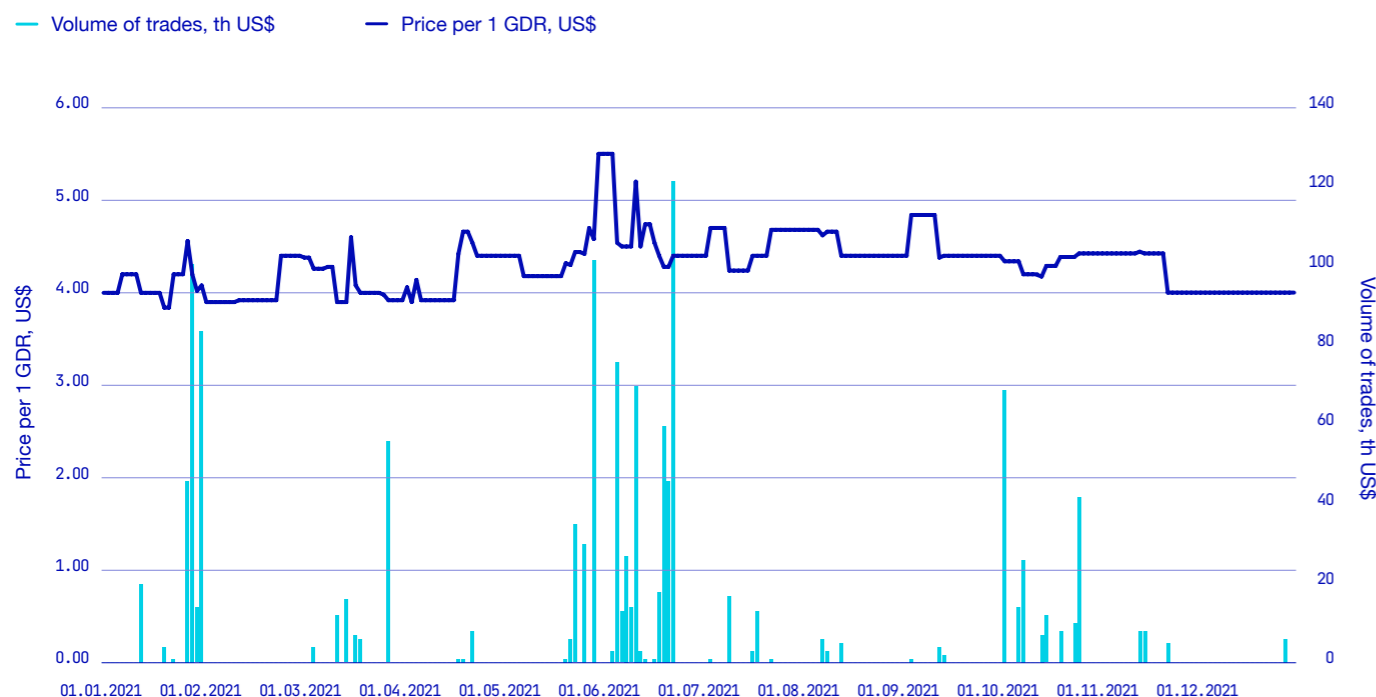
On 30 March 2022, Fitch Ratings withdrew its ratings of JSC HMS Group and terminated the rating engagement agreement due to the sanctions adopted by the Council of the European Union.

Credit ratings as of December 31, 2021

	Fitch Ratings	Expert RA	National Credit Ratings
HMS Credit Rating / Outlook	B+ / Stable	ruA- / Stable	A-.ru / Stable
Date of Rating / Date of Confirmation	22 Feb 2017 / 16 July 2021	11 July 2017 / 15 July 2021	12 Oct 2021

SHARE PRICE

HMS Group's GDRs performance in 2021, the London Stock Exchange



Price of HMS Group's GDRs on the London Stock Exchange, 2011-2021

	Min, US\$	Max, US\$	GDR price at the end of the period, US\$	Market capitalization at the end of the period, US\$ mn
2011	19.90	41.21	22.05	516.69
2012	19.50	29.90	21.10	494.43
2013	10.50	21.15	12.50	292.91
2014	1.30	12.50	1.30	30.46
2015	1.30	4.50	2.76	64.67
2016	2.05	8.01	7.46	174.81
2017	7.46	9.80	9.80	229.64
2018	6.60	11.30	7.00	164.03
2019	4.10	7.50	4.60	107.79
2020	3.50	5.85	3.90	91.39
2021	3.84	5.50	4.00	93.73
1Q 2021	3.84	4.60	4.06	95.14
2Q 2021	3.90	5.50	4.40	103.10
3Q 2021	4.24	4.84	4.40	103.10
4Q 2021	4.00	4.46	4.00	93.73

HMS Group's GDRs performance in 2021, the Moscow Exchange



HMS GLOBAL DEPOSITORY RECEIPTS

Price of HMS Group's GDRs on the Moscow Exchange, 2021

	Min, Rub	Max, Rub	GDR price at the end of the period, Rub	Market capitalization at the end of the period, Rub mn
2021	289.00	600.05	303.50	7,112
1Q 2021	-	-	-	-
2Q 2021	323.00	600.05	326.55	7,652
3Q 2021	316.00	345.00	328.50	7,698
4Q 2021	289.00	341.50	303.50	7,112

DIVIDENDS

As a general rule, the company targets to pay out total dividends for a given reporting period in the region of 50% of the "Profit attributable to Shareholders of the Company" for the year, as set out in its IFRS Consolidated Financial Statements, subject to capital constraints such as Debt and Liquidity position and

forecast. HMS also plans to pay out dividends basically twice a year (interim and final). Dividends are announced per 1 ordinary share.

In December 2021, HMS Group paid Rub 2.14 interim dividends per 1 ordinary share (Rub 10.70 per 1 GDR).

History of dividend payments

Period	Dividend per share, Rub	Dividend per GDR, Rub	Amount announced, Rub mn	Record Date	Payment Date
2012	6.82	6.82	799.1	10.06.2013	28.06.2013
2013	3.41	3.41	399.5	10.06.2014	27.06.2014
2015	8.37	41.85	980.7	03.06.2016	21.06.2016
2016	8.53	42.65	999.5	09.06.2017	27.06.2017
2017	11.95	59.75	1,400.2	15.06.2018	03.07.2018
2018	9.81	49.05	1,149.5	14.06.2019	01.07.2019
2019	3.41	17.05	399.5	19.06.2020	30.06.2020
2020	4.25	21.25	497.9	18.06.2021	01.07.2021
2021 9m	2.14	10.70	250.0	23.12.2021	29.12.2021

BUYBACK PROGRAM

As of today, HMS has repurchased 1,385,836 GDRs since the start of the program. The Buyback program will end as soon as the total amount of acquired securities has reached the maximum amount specified (1,405,961 GDRs) or, if earlier, in June 2022.

HMS Group started its buyback program in 2012. The main objectives of the program's implementation were an intention to maximize shareholder value as well as a reduction of the effect of external shocks on GDR's price.

Buyback period is 1 year, and the renewal of the program should be approved by the Annual General Meeting of Shareholders.

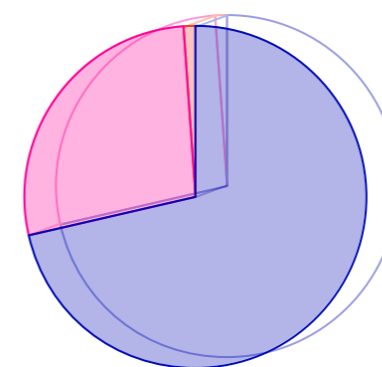
In 2015, the company approved new conditions of the program: the maximum number of GDRs, which could be repurchased, was increased to 5% of the subscribed capital of HMS Group, including previously acquired and held in the form of treasury shares.

In 2016, the company increased the maximum number of GDRs, which could be repurchased, to 6% of the subscribed capital of HMS Group.

The Company's shares are held by JSC HMS Holding, though HMS Technologies remains the ultimate controlling parent as the sole shareholder of JSC HMS Holding.

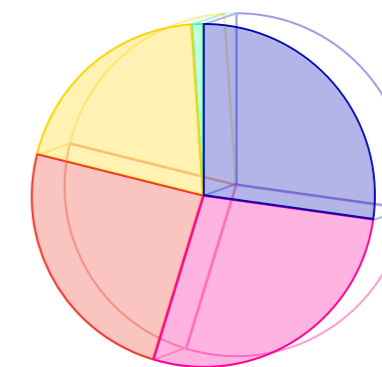
Major shareholders of HMS Group as of December 31, 2021

Shareholders by legal entities, %



JSC HMS Holding **71.5**
Free-float (other holders of GDRs) **27.4**
Treasury GDRs **1.1**

Shareholding by holders (effective share), %



Vladimir Lukyanenko **27.4**
Free-float **27.4**
Managers and persons closely associated with management **24.3**
German Tsoy **19.8**
Treasury GDRs **1.1**

INFORMATION FOR SHAREHOLDERS AND DISCLAIMER

GDRs of HMS Hydraulic Machines & Systems Group Plc are traded on the London Stock Exchange and the Moscow Exchange under ticker HMSG.

The Company' shares are now held by JSC HMS Holding, though HMS Technologies remains the ultimate controlling parent as the sole shareholder of JSC HMS Holding.

On the date of Annual report publication, trading of GDRS of HMS Group has been suspended on the London Stock Exchange

GENERAL INFORMATION

Company Name	HMS HYDRAULIC MACHINES & SYSTEMS GROUP PLC
Company Type	Public
Fiscal Year-End	December 31
Disclosure	The London Stock Exchange
Managing Director (CEO)	Artem Molchanov
First Deputy CEO (CFO)	Kirill Molchanov
Ticker	HMSG
CUSIP	RegS: 40425X407 144A: 40425X308
LEI	254900DDFETNLASV8M53
Exchange	London Stock Exchange MOEX
ISIN	RegS: US40425X4079 144A: US40425X3089
CFI	EDSXFR
Ratio, GDR:ordinary shares	1:5
Issued GDRs	6,676,593
Ordinary shares (share capital)	117,163,427
Local exchange	Not traded
Underlying ISIN	CY0104230913
Underlying CFI	ESVUFR
Depository bank	BNY Melon

GLOBAL DEPOSITARY RECEIPTS SHAREHOLDERS' CONTACTS:

Contacts for inquiries regarding:

- advise of a change of name and/or address
- report lost/stolen GDR share certificates or the non-receipt of a dividend check
- request an election form for the scrip dividend program
- request forms to transfer GDRs
- report the death of a registered holder of GDR shares
- request a duplicate account statement
- have dividends electronically deposited to your bank account
- consolidate similar account registrations
- request general information about your shareholder account, etc.

The Bank of New York Mellon
BNY Mellon Shareowner Services
PO Box 358516
Pittsburgh, PA 15252-8516
USA

Tel: +1 888 737 2377 (USA only)
Tel: +1 201 680 6825 (International)

Email: shrrelations@bnymellon.com
Website: www.bnymellon.com

General Shareholder enquiries and Investor Relations contacts

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DISCLAIMER

This document contains forward-looking statements that reflect management's current views with respect to future events.

Such statements are subject to risks and uncertainties that are beyond HMS Group's ability to control or estimate precisely, such as future market and economic conditions, the behavior of other market participants, the ability to successfully integrate acquired businesses and achieve anticipated synergies and the actions of government regulators. If any of these or other risks and uncertainties occur, or if the assumptions underlying any of these statements prove incorrect, then actual results may be materially different

from those expressed or implied by such statements. HMS Group does not intend or assume any obligation to update any forward-looking statements to reflect events or circumstances after the date of these materials.

This annual report does not constitute an invitation to invest in HMS Group GDRs. Any decisions you make in reliance on this information are solely your responsibility. The information is given as of the dates specified, and we undertake no obligation to update it save as required by applicable law. HMS Group accepts no responsibility for any information on other websites that may be accessed from the company's website by hyperlinks

VOCABULARY, CALCULATIONS AND FORMULAS

UNITS OF MEASUREMENT

bcm	Billion cubic meters
bcma	Billion cubic meters per annum
bn	Billion
cub.m.	Cubic meter
cmpa	Cubic meter per annum
km	kilometer
kW	Kilowatt
M	Meter
m ³	Cubic meter
mn	Million
MPa	Megapascal, a unit of pressure measurement
Mt	Millions of tonnes
MW	Megawatt
Nm ³ /Hour	Normal cubic metre per hour
Rub/RUB	Russian ruble
Scm ³ /hour	Standard cubic meters per hour
t	Ton / tonne
tcm	Trillion cubic meters
US\$	US Dollar

ABBREVIATIONS & CONTRACTIONS

API	American Petroleum Institute
Bank of Russia	Central Bank of the Russian Federation, cbr.ru
BIM	Building Information Modelling
BM	Binary mixture
CAGR	Compound annual growth rate, is the mean annual growth rate of an investment over a specified period of time longer than one year
CIS, the	Commonwealth of Independent States
Chg	Change
GDP	Gross Domestic Product
GDR	Global depositary receipt
GTNG	Giprotyumenneftegaz
ERP	Enterprise Restructuring Project
EU	European Union
EUR	Euro
KKM	Kazankompressormash
KMPO	Kazan Motor-Building Production Association (KMPO JSC)
LNG	Liquefied natural gas
LSE	London Stock Exchange
NEM	Nasosenergomash
OGEP	Oil and gas engineering and projects business segment
OPEC	Organization of the Petroleum Exporting Countries
R&D	Research and development
yoy	Year-on-year

FORMULAS AND CALCULATIONS

Management of the Group assesses the performance of operating segments based on a measure of adjusted EBITDA, which is derived from the consolidated financial statements prepared in accordance with IFRS

EBITDA

is defined as operating profit/loss from continuing operations adjusted for other operating income/expenses, depreciation and amortisation, impairment of assets, excess of fair value of net assets acquired over the cost of acquisition, defined benefits scheme expense and provisions (including provision for obsolete inventory, provision for impairment of accounts receivable, unused vacation allowance, warranty provision, provision for legal claims, tax provision and other provisions). This measurement basis, therefore, excludes the effects of a number of non-recurring income and expenses on the results of the operating segments

EBIT

is calculated as Gross profit minus Distribution & transportation expenses minus General & administrative expenses minus Other operating expenses

Total debt

is calculated as Long-term borrowings plus Short-term borrowings

Net debt

is calculated as Total debt minus Cash & cash equivalents at the end of the period

ROCE

is calculated as EBIT LTM divided by Average Capital Employed (Total debt + Total equity)

ROE

is calculated as Total equity period average divided by Profit for the period

Operating profit adj. & Profit for the year adj.

are deferred as adjusted by impairment of PPE, investment property and goodwill

Working capital

is calculated as Inventories plus Trade and other receivables, excluding Short-term loans issued, Bank deposits and Promissory notes receivable, plus Current income tax receivable minus Trade and other payables minus Short-term provisions for liabilities and charges minus Current income tax payable minus Other taxes payable

Capex

= Organic capex = Purchase of PPE + Purchase of intangible assets