



globalports™

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INNOVATING
DELIVERING

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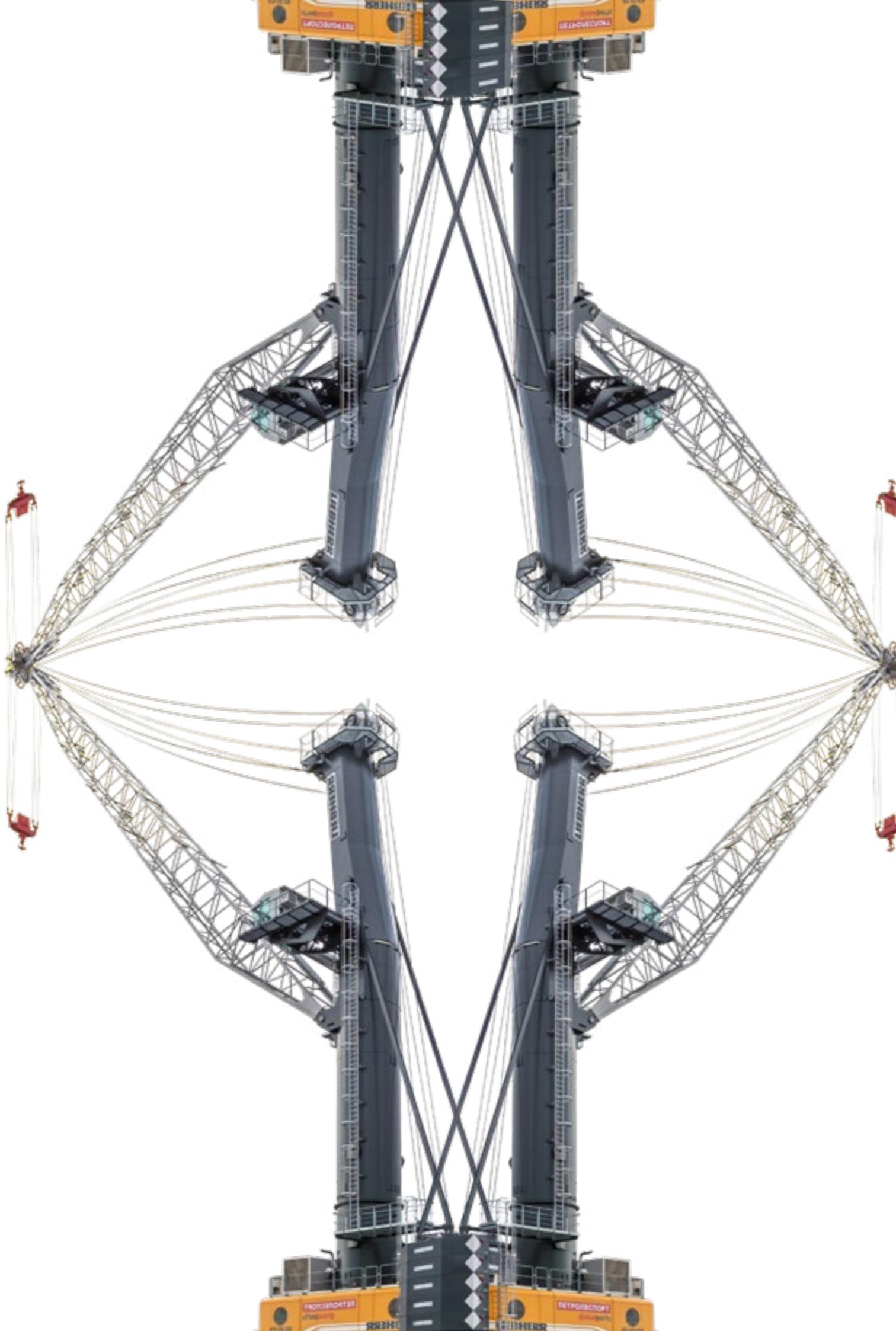
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GLOBAL PORTS
AT A GLANCE



OUTPERFORMING
EXPECTATIONS

Global Ports features best-in-class operational management, excellent logistics expertise, an outstanding asset base, and innovative IT systems.

GROWTH
IN FREE CASH¹
FLOW

+46.9%



+17.4%
GROWTH
IN ADJUSTED EBITDA

¹ Free Cash Flow definition and calculation were changed, for details and reconciliation please see: Reconciliation of Additional data (non-IFRS) to the consolidated financial statements in Business Review, and Definitions.

ruAA
RATING UPGRADE
FROM RA EXPERT

Global Ports Today

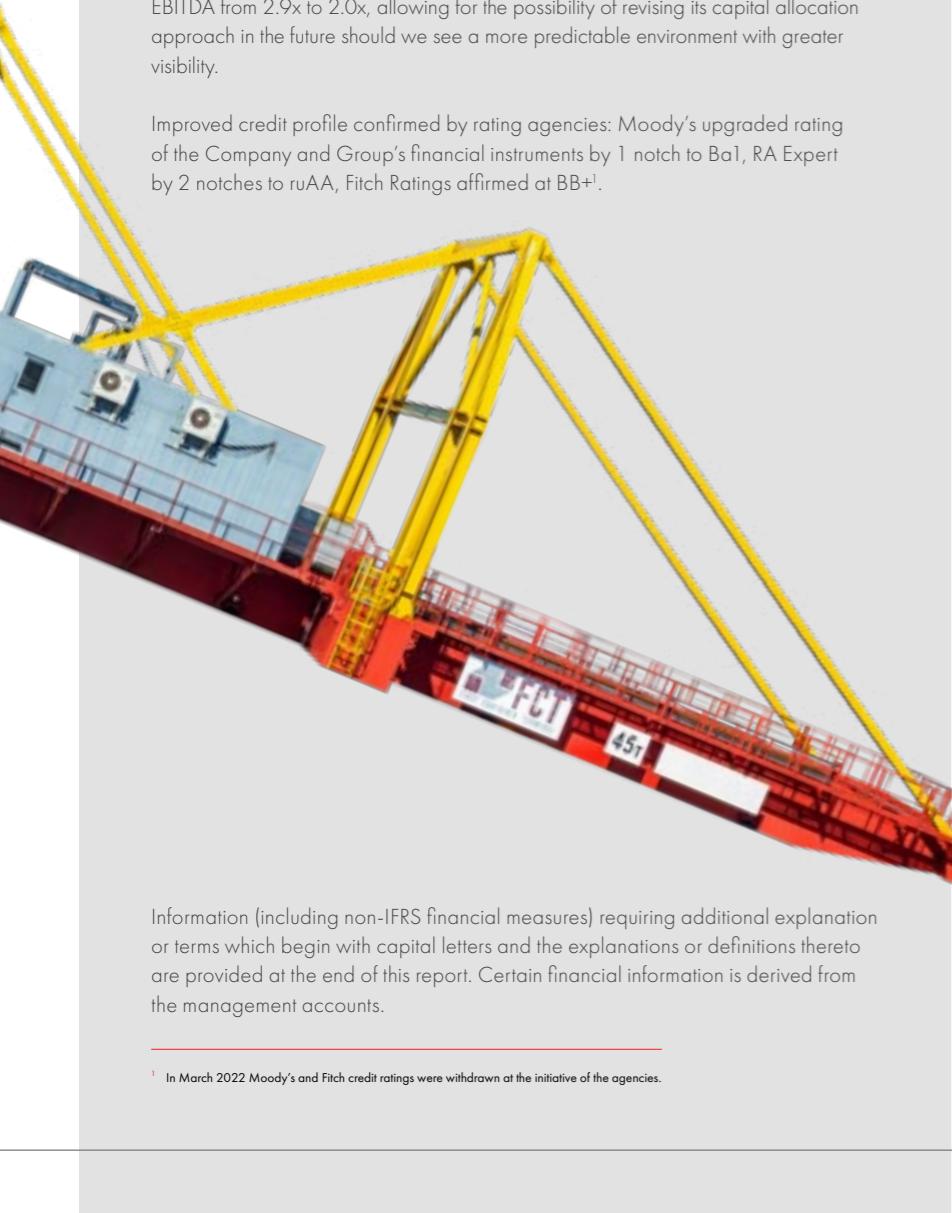
Global Ports proved that its business is fundamentally stable, sustainable and cash generative, despite an extremely volatile operating environment and disruptions to global supply chains in 2021.

In 2021 the Group continued to deliver excellent quality of operations launching a range of new services and supporting its clients in this uncertain time, consolidating its market share and achieving long-term deleveraging targets.

The Group produced strong financial results in 2021 achieving Adjusted EBITDA growth of 17.4% coupled with exceptional Free Cash Flow growth of 46.9%.

The Group continued its deleveraging strategy and decreased Net Debt / Adjusted EBITDA from 2.9x to 2.0x, allowing for the possibility of revising its capital allocation approach in the future should we see a more predictable environment with greater visibility.

Improved credit profile confirmed by rating agencies: Moody's upgraded rating of the Company and Group's financial instruments by 1 notch to Ba1, RA Expert by 2 notches to ruAA, Fitch Ratings affirmed at BB+¹.



Information (including non-IFRS financial measures) requiring additional explanation or terms which begin with capital letters and the explanations or definitions thereto are provided at the end of this report. Certain financial information is derived from the management accounts.

¹ In March 2022 Moody's and Fitch credit ratings were withdrawn at the initiative of the agencies.

KEY STRENGTHS

No.1

container terminal operator
in Russia²

7

marine container
and multipurpose terminals
in Russia and Finland

The only player with
a network of terminals in key
container gateways of Russia

GDR listed on the Main
Market of the LSE
(free-float of 20.5%)

Sustainable and responsible
business: MSCI ESG rating
at BB level, Sustainalytics
estimated Global Ports risk
of material financial impacts
driven by ESG factors
at medium level

2021 RESULTS

0.71 LTIFR

for 2021 well below
7y-average

+17.4%

Adjusted EBITDA

to USD

246.2 million

+2.8%

Consolidated Marine
Container Throughput

+46.9%

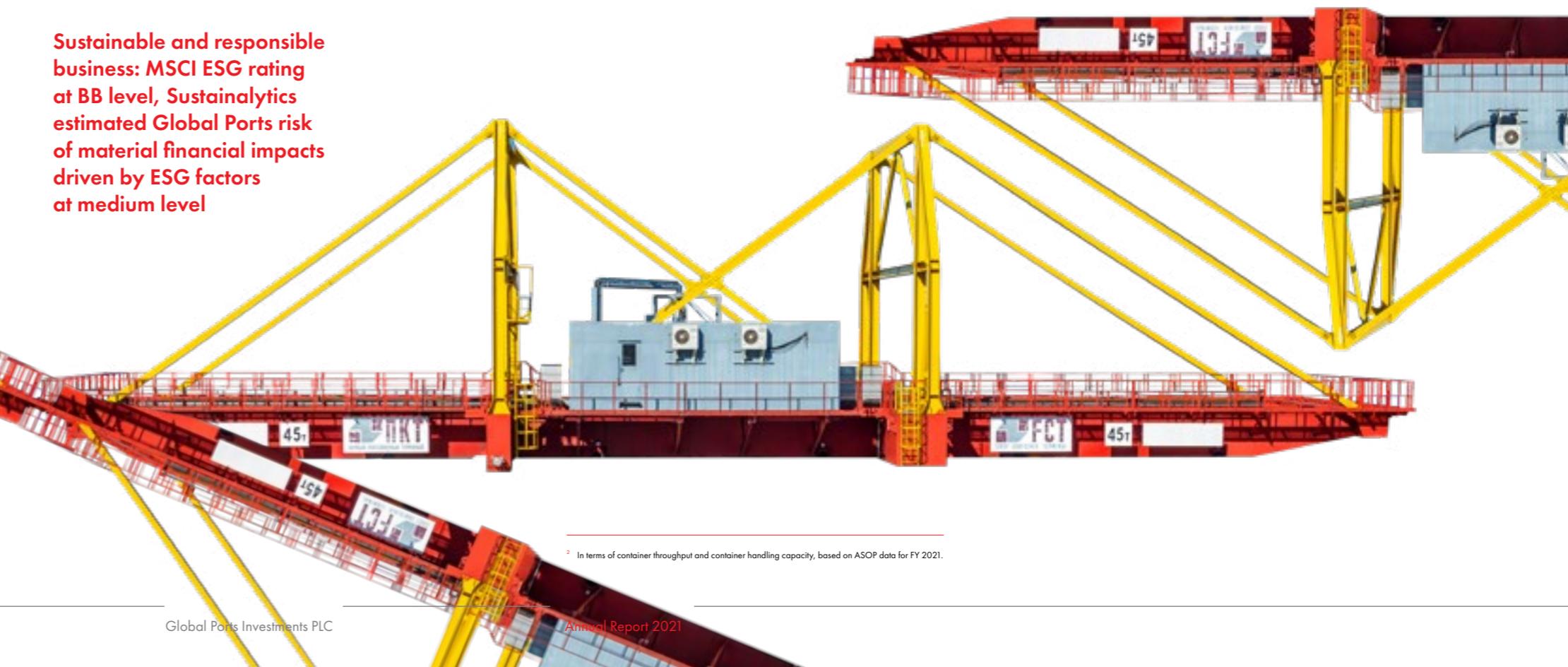
Free Cash Flow

to USD

129.1 million

2.0x

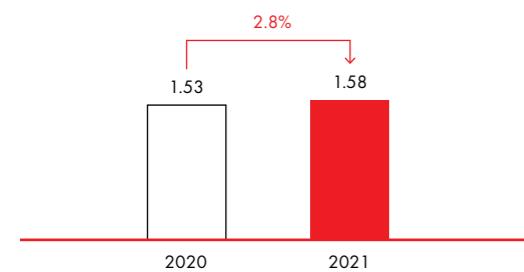
Net Debt to Adjusted EBITDA,
long-term deleveraging target
achieved



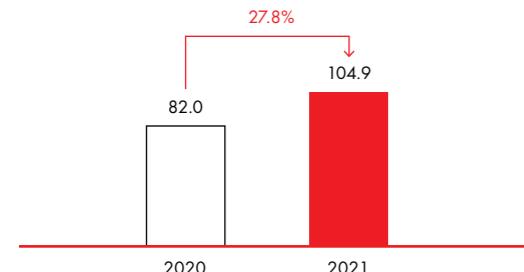
About us / Performance

In 2021, on the back of an extremely volatile operating environment and disruption across global supply chains, we not only enhanced our leading market positions in both basins of presence but also delivered solid growth in Adjusted EBITDA growth and Free Cash Flow.

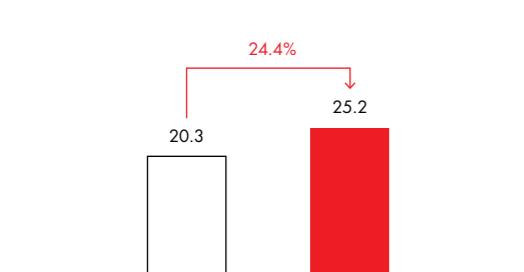
Consolidated Marine Container throughput, mln TEU



Cars, thousand units



Ro-Ro, thousand units



Ownership Structure, %



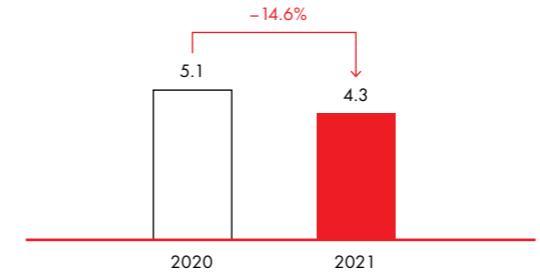
■ 30.75 Delo Group
 ■ 30.75 APM Terminals¹
 ■ 9.0 Ilbrinio Establishment Limited
 ■ 9.0 Polozio Enterprises Limited
 ■ 20.5 Free-float

Net Debt / Adjusted EBITDA

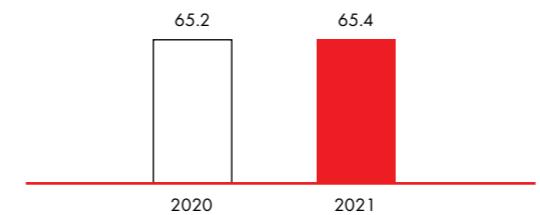
2020 2021

2.9 x → 2.0 x

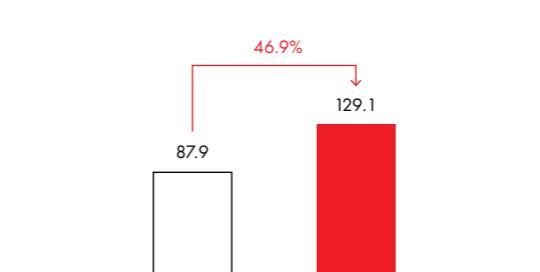
Consolidated Marine Bulk throughput, mln tonnes



Like-for-like Adjusted EBITDA Margin, %



Free Cash Flow, USD mln



Key consolidated financial and operational data

Selected IFRS Financial Information, USD million

	2021	2020	Change	Change, %
Revenue	502.8	384.4	118.4	30.8%
Cost of sales and administrative, selling and marketing expenses	(303.8)	(225.0)	(78.8)	35.0%
Gross profit	226.0	184.1	41.9	22.8%
Operating profit	197.1	157.4	39.7	25.2%
Net profit / loss	143.9	50.0	93.9	187.8%

Selected operational information

	2021	2020	Change	Change, %
Consolidated Marine Container throughput, mln TEU	1.58	1.53	0.0	2.8%
Consolidated Marine Bulk throughput, mln TEU	4.3	5.1	(0.7)	(14.6%)
Ro-Ro, thousand units	25.2	20.3	4.9	24.4%
Cars, thousand units	104.9	82.0	22.8	27.8%

Balance sheet and cash statement, USD million

	2021	2020	Change	Change, %
Total assets	1,443.5	1,327.2	116.3	8.8%
Cash and cash equivalents	296.7	207.0	89.7	43.3%
Net cash from operating activities	226.0	190.9	35.1	18.4%

Selected non-IFRS financial information, USD million

	2021	2020	Change	Change, %
Like-for-like Revenue ¹	376.7	321.7	55.1	17.1%
Total Operating Cash Costs	(257.9)	(176.0)	(81.9)	46.5%
Like-for-like Total Operating Cash costs ¹	(131.8)	(113.2)	(18.6)	16.4%
Adjusted EBITDA	246.2	209.7	36.5	17.4%
Like-for-like Adjusted EBITDA Margin ¹	65.4%	65.2%		
Free Cash Flow ²	129.1	87.9	41.2	46.9%
Net Debt	491.4	612.1	(120.7)	(19.7%)
Net Debt to Adjusted EBITDA	2.0x	2.9x	(0.9)	(31.0%)

¹ Like-for-like figures are given to provide historical consistency with the data before the accounting change in 2019. As a result of the new terms of certain sales agreements, in 2020 and 2021 VSC acted as a principal vs as an agent at the beginning of 2019; previously the net result of revenue from transportation services and associated cost was included in the consolidated revenue. Since the middle of the first half of 2019 full revenue and associated costs have been gradually recognised in consolidated revenue and transportation expenses accordingly. This Adjusted EBITDA neutral change resulted in additional USD 126.0 million to consolidated revenue (USD 62.8 million in 2020) and USD 126.0 million to the cost of sales in 2021 (USD 62.8 million in 2020).

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² FCF definition and calculation were changed, for details and reconciliation please see Reconciliation of Additional data (non-IFRS) to the consolidated financial statements in Business Review and Definitions.

Key Milestones for 2021 Annual Report



JANUARY

VSC's two newly commissioned RMG cranes start operations, enabling containers to be stacked in 14 rows, doubling the tier capacity to six. This installation, alongside upgrades to the area in March, increases VSC's container storage capacity to 27 thousand TEU.



APRIL

VSC starts its service for the new transcontinental service Maersk AE77. Containers are transported from Asian countries via the Russian ports of Vostochny and Novorossiysk onto the Black Sea and Eastern Mediterranean.



MAY

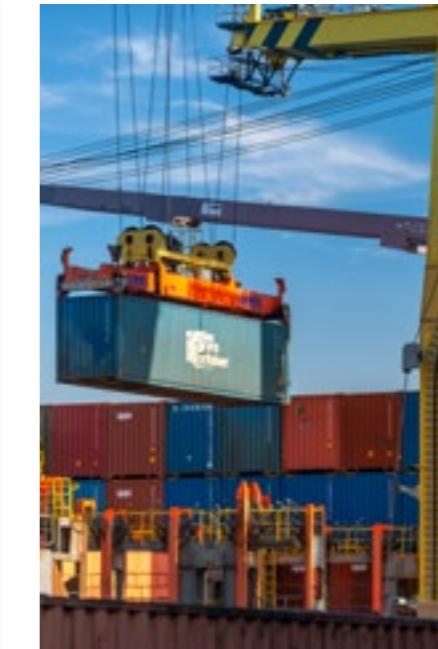
The rating agency RAEX (Expert RA) upgrades Global Ports' credit rating by two notches, from 'ruA+' to 'ruAA' with stable outlook.

VSC monthly container throughput exceeds 51 thousand TEU setting a new record in monthly performance of the terminal.



AUGUST

Moby Dik starts handling Ro-Ro cargo, following a successful pilot trial involving a Ro-Ro vessel laden with cars. The terminal handles 4 thousand cars and 270 thousand tonnes of bulk freight during 2021, confirming the success of the terminal's transformation.



NOVEMBER

VSC successfully places RUB 7.5 billion of non-convertible 5-year interest-bearing bonds with a fixed interest rate of 9.55% per annum. The proceeds from the issuance help refinance the Group's existing debt, reducing interest payments and minimising foreign exchange risks by aligning the debt portfolio with the Group's FX currency composition of revenue.



MARCH

Global Ports launches project to optimise berth allocation at FCT and PLP in the Greater Port of St. Petersburg. Based on the Portchain intelligent online platform, the system increases the visibility of operational processes and makes resource planning more efficient, providing customers with real-time monitoring of berths and cargo handling status.

The Group redeems its FCT-03 rouble bond, completing the refinancing of RUB 1.5 billion of expensive debt issued in 2015–2016 (FCT-01, FCT-02 and FCT-03). The FCT bonds are refinanced on better terms or fully repaid, lowering interest costs and further reducing debt.



JULY

VSC and FCT register the 100th container train of the regular transcontinental intermodal service Maersk AE19, organised in partnership with Global Ports and the transport company Modul. The containers arrive by sea from China, Korea, and Taiwan to VSC, where they are loaded on a train and shipped to St. Petersburg, loaded onto a Maersk vessel at FCT, delivered to Poland and then onto the United Kingdom.

PLP installs a video surveillance system on its ship-to-shore (STS) gantry cranes. The equipment will improve the operator's visibility and enhance the safety of container handling.

SEPTEMBER

VSC halts coal handling services to focus on more environmentally friendly and rapidly growing container cargo.



OCTOBER

MLT-Helsinki, a JV between Global Ports and CMA Terminals, begins working with CMA CGM. A new scheduled call at MLT-Helsinki provides weekly container transportation between Helsinki and Northern European ports using Unifeeder vessels.



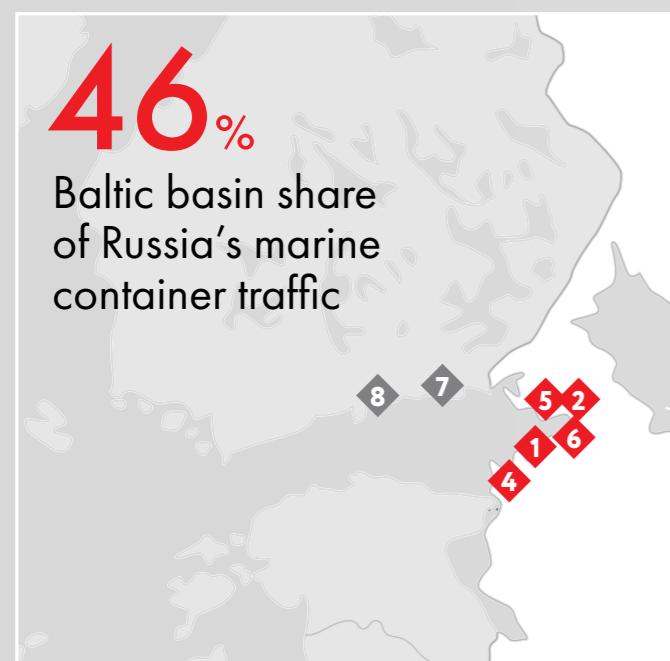
DECEMBER

Moody's Investors Service upgrades Global Ports' credit rating to Ba1 from Ba2.

PLP is chosen to handle transit cars from China to Europe as part of a new railway-sea service, organised by a consortium, consisting of Russian Railways, NYK Auto Logistics Rus, a leading supplier of finished vehicle logistics in Russia, and Sino-Worlink Special Cargo Railway Logistics Co (SSCR), a leading Chinese rolling stock operator.

STRONG PRESENCE IN RUSSIA'S KEY CONTAINER AND BULK GATEWAYS¹

Baltic Sea Basin



The Baltic Sea Basin's container terminals are close to key transhipment hubs for Russia's inbound and outbound containers, such as Hamburg and Rotterdam. The basin has a strong customer base due to its economic development, access to Russia's most populous regions and cost-effective transportation of containers to major Russian cities.

1. First Container Terminal (FCT)	2. Petrolesport (PLP)
St. Petersburg	St. Petersburg
Containers	Containers
1.25 mln/0.9 mln TEU per year	1 mln/0.55 mln TEU per year
88.6 ha	120.7 ha
100%	100%

3. Vostochnaya Stevedorings Company (VSC)	4. UST-LUGA Container Terminal (ULCT)
Nakhodka	Ust-Luga port cluster
Containers, Ro-Ro, bulk cargo	Containers, bulk cargo
1 mln/0.55 mln TEU per year	0.44 mln/0.22 mln TEU per year
77.1 ha	54.0 ha
100%	80%

- Location
- Cargo handled
- Container throughput berth/yard capacity²
- Land total
- Ownership

5. Moby Dik (MD)	6. Yanino (YLP)
Kronstadt, St. Petersburg	St. Petersburg
Containers, bulk cargo	Containers, Ro-Ro, bulk cargo
Ro-Ro, bulk and general cargo	0.2 mln TEU per year
13.0 ha	51.3 ha
75%	75%

7. MLT Kotka	8. MLT Helsinki
Kotka, Finland	Helsinki, Finland
Containers, Ro-Ro, bulk cargo	Containers, Ro-Ro, bulk cargo
0.15 mln TEU per year	0.27 mln TEU per year
4.3 ha	7.0 ha
75%	75%

Russian Ports segment:
PLP, VSC, FCT, ULCT, Yanino, MD
Finnish Ports segment:
MLT Kotka and MLT Helsinki

OUR PARTNERS:
Entity: Moby Dik, Finnish Ports, Yanino
Partner: CMA Terminals S.A.S.
Share: 25% in each
Entity: ULCT
Partner: Eurogate
Share: 20%

¹ Numbers for the Group are presented on a consolidated basis.
² Company estimates are based on annual potential berth and yard throughput capacity.

EXPANDING BEYOND BOUNDARIES

In the context of an unprecedented demand for container processing, Global Ports' ability to significantly outperform the Russian sector is a testament to its position as the market leader.

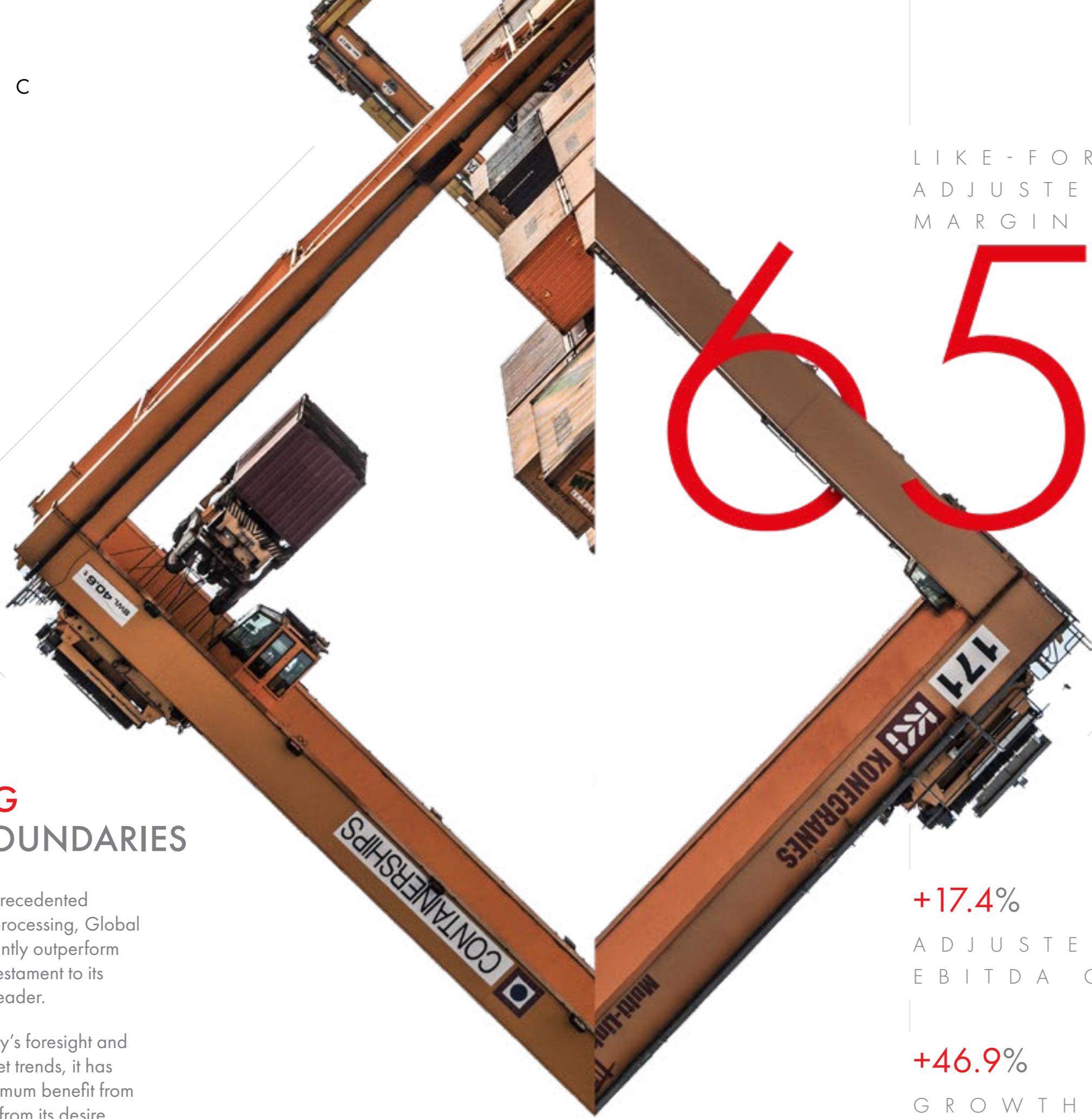
Because of the company's foresight and quick response to market trends, it has been able to reap maximum benefit from this situation, stemming from its desire to improve constantly.

LIKE-FOR-LIKE
ADJUSTED EBITDA
MARGIN

65.4%

+17.4%
ADJUSTED
EBITDA GROWTH

+46.9%
GROWTH IN FREE
CASH FLOW



Chairman's Statement

Soren Sjostrand Jakobsen

Chairman of the Board of Directors

2021 was a year of solid recovery for the world economy. However, pressing the restart button on global trade proved anything but smooth, creating extraordinary logistics conditions, especially for maritime freight, as surging global demand created huge imbalances in global supply chains. This produced boom conditions for the maritime logistics sector, as demand for vessels and containers exceeded supply and drove shipping and freight rates to record levels. As a result, 2021 proved to be an exceptional period for Russia's maritime infrastructure and logistics sector; the industry delivered strong single-digit growth and achieved record-high container volumes accompanied by healthy utilisation rates.

In last year's report, I said that the Group had emerged from the COVID crisis stronger thanks to its resilience and adaptability. Against a backdrop of market growth, our excellent 2021 results underline the quality of the Global Ports business model. Operationally, the Group's performance was very solid, ending the year with increased market shares in each of its basins of operation. This result is noteworthy as for part of the period, we were upgrading the asset base and withdrawing from coal-handling at VSC to focus on our container activities.

The Board is also encouraged by the Group's resilient financial performance. In a highly competitive market, Global Ports reported a robust set of results, growing the revenue base, maintaining high levels of profitability, and generating increased cashflows whilst keeping costs firmly in check. Customer service also improved.



Events over the past two years have demonstrated the importance of having adequate financial resources to address operational challenges. Rebuilding a strong capital base has been a strategic priority for several years, and in 2021 we achieved the leverage target first set in 2013. This accomplishment is an important strategic milestone in ensuring our long-term financial stability and supporting our future development.

It is also pleased to report that good progress has been made on the Group's sustainability agenda, as the Board and management team continued to develop new sustainability objectives as part of our overall corporate strategy.

Global Ports is only as strong as the people that work here. On behalf of the Board, I want to thank all our colleagues for their hard work and dedication over 2021.

Strategy
In recent years, we have made considerable progress in repositioning Global Ports as a premium container ports business. In 2021, the Board continued on that path with the decision to cease handling coal at VSC and focus entirely on our core container cargo operations. As well as simplifying the structure of our business, we have continued to improve our facilities, develop our client offering, and increase productivity through innovation and automation, helping to grow our market position and generate added value for our customers.

Our 2021 results were a testament to the success of our approach: continuous reinvestment in our ports builds world-class infrastructure, high service levels build customer loyalty, and efficiency improvements drive productivity. In volatile markets like those we encountered in 2020 and 2021, these factors have helped reinforce the scale-effect of our leadership position in the industry. And as the maritime logistics sector increasingly thinks in terms of developing sustainable logistics corridors rather than merely loading and unloading cargo, the beneficiaries will be companies like Global Ports that own modern gateway ports and who can eliminate complexity and add value to customers' supply chains.

The Board

Strong governance is fundamental to any successful company in an era where businesses are judged as much by their integrity and reliability as by their financial performance. As Chairman, one of my key responsibilities is to ensure that Global Ports adheres to the highest governance standards. In this regard, I have been ably supported by all the members of the Board. With their diverse backgrounds, they bring a balance and richness of skills and experience to the Group that complements the talents of the management team. I would like to thank all my colleagues on the Board for their invaluable contributions over the last year. More details of our governance activities can be found in the Governance section on pages 61 to 84.

Last year, I had the pleasure of welcoming three new members to the Board. Vladimir Bychkov, Andrey Lenvalsky, and Andrey Pavlyutin were elected to the Board at our AGM in May.

ESG

Being a responsible business has long been part of the culture at Global Ports. Increasingly, ESG considerations are no longer viewed as an add-on but rather as part of the fundamental decision-making for the business. The Board recognises that, as a provider of critical infrastructure, the development of environmentally and socially responsible business practices is crucial to our long term success. We believe that businesses do well when they behave well, and the Board and leadership team are committed to embedding this ethos across all our operations and at all levels of our workforce.

Although the Group has a consistent record of complying with all relevant legislation and regulations, the Board and leadership agree that we need to accelerate our ESG activities and move beyond compliance. As a result, in 2021, we began work on developing a comprehensive ESG strategy, in collaboration with a leading sustainability consulting firm, to set long-term ESG objectives for the Group. Sustainability will be built into every aspect of our operations, our corporate strategy, and how we do business. We are at the beginning of our Sustainability journey, but the Board is pleased with the progress to date.

Safety remains the Board's top priority. Ensuring the safety and wellbeing of our employees and all those who work on or visit our terminals is a core part of our culture. In our industry, safety is also of critical commercial concern because the safe handling of cargo is essential to our performance as a company. In 2021, we continued to make progress toward our target of zero fatalities and zero injuries. We focused on safety culture and improvements to our safety system, with a special emphasis on contractor safety. The Group continued its successful roll-out of its Fatal 5 safety campaign, focused on five high-risk activities. The hard work that has gone into our safety programmes is reflected in our Lost Time Injury Frequency Rate which maintained its low level of recent years.

We also recognise the need for more ambitious action on the environment and on addressing climate change. The Group made good progress in advancing our environmental agenda in 2021. We discontinued all coal-handling activities at VSC in the third quarter, which will significantly reduce the terminal's environmental impact. We also committed more investment into various environmental protection schemes at our terminals, alongside continuing initiatives to decarbonise our activities by reducing our energy intensity.

The Board also continued to reduce organisational complexity and improve governance and decision-making. In May, the Board approved an inter-group merger, whereby Global Ports Investments PLC absorbed its 100% owned investment holding company National Container Holdings Company, with the aim of simplifying the Group's structure, reducing overhead costs, and improving governance.

Summary

Global Ports delivered an excellent set of results in 2021, and I am proud of what the team accomplished last year. We have a well-defined strategy in place that has proven highly successful and enabled the Group to cement its leadership of the ports sector in Russia. I am confident that Global Ports has the right assets, the right people and the right strategy to continue to deliver sustainable long term growth for its stakeholders in the years ahead.

Outlook 2022

The market outlook for 2022 in the North West basin is well below 2021 given the recent events. For the Far East the market is expected to be more stable. It is too early to give any indication of when a market stabilization will occur, but we do expect a result well below that of 2021 despite the adjustments we are making for cost and CAPEX.

Chief Executive Officer's Statement

Albert Likholt

Chief Executive Officer

2021 marked a year of strong performance for Global Ports in a second successive year of volatility for the sector. Once again, we faced unpredictable trading conditions brought about by supply chain disruptions, container shortages, and the ongoing repercussions of COVID-19. However, we successfully leveraged our market leadership position to improve our market share in both basins of presence and deliver strong financial results across all our target metrics. At the same time, we made progress on our strategic objectives, achieving our long-term deleveraging target, which is a significant milestone, and streamlining the business to focus on our core container operations. Throughout this time, our people responded with agility and enormous commitment to help deliver this solid set of results, for which I thank them.

If 2020 was dominated by the pandemic, then 2021 was the year when its after-effects really hit home for the global economy. COVID-19 caused considerable disruption to world trade in 2021, a system designed and built on the concept of efficient rather than resilient global supply chains, stretching them to the limit as economies reopened and demand spiked. The accompanying shift from 'just in time' to 'just in case' logistics, put even greater strain on global supply chains and transport logistics. This phenomenon caused widespread issues for the maritime ports industry,

characterised by serious port congestion; high container dwell times; shipping shortages; empty container shortages; record high freight rates; and record container volumes at various gateway terminals around the world. The combination of these unique supply and demand dynamics created trade imbalances in many parts of the global economy.

Despite these difficulties, the container market in Russia performed very strongly in 2021, benefitting from continued export growth which was matched by strong increase in imports. Global Ports, as the owner of the leading portfolio of premium ports, was a major beneficiary of the demand trends in the economy.



Our Markets

International maritime container trade rose by 6.5% in 2021, the highest level since 2009, reflecting the exceptional market conditions of last year. Global demand gathered pace as the year progressed but the supply of ships and containers remained highly constrained leading to a significant increase in container freight rates. As a result, the shipping industry experienced exceptionally strong trading and profitability thanks to strong volumes and freight rates, which in turn boosted the performance of container port operators.

The Russian marine container market enjoyed very strong momentum throughout 2021, delivering growth across all key segments. As a result, the container market achieved record container throughput volumes of 5.4 million TEUs, a year-on-year increase of 7.1%. Demand continued to be very resilient and underpinned by growth in world trade and global GDP, capacity overall utilisation rates climbed above 80%. Full container imports climbed above pre-COVID levels, rising 11% year-on-year. Structural growth in export cargoes maintained its positive trajectory of recent years. However, that growth was constrained to 4% due to the global shortage of empty containers. The other salient feature was the geographical shift in markets, with growth mainly concentrated in the Far Eastern and Southern basins, as high freight rates focused container traffic on those basins with the fastest container import and export supply chains and the shortest sea legs.

Our operating performance

Against this volatile backdrop, Global Ports not only protected its position as the leading player in the country but improved its market share in all its basins of presence, as the investments made into our ports and wider logistics services continued to attract strong backing from customers. Put another way, we were able to capture market share by virtue of owning the right assets in the right locations and by being quick to adapt our terminals to meet our customer's needs. In total, our Consolidated Marine Container Throughput increased by 2.8% to 1.58 million TEU in 2021. Container throughput at VSC our Far Eastern basin terminal improved by 14.8% year-on-year, ahead of the market, while throughput volumes in the Baltic Basin centred on St. Petersburg declined by 2.3% year-on-year, less than the overall market fall of 3.7% in this sub-market.

Our performance in the bulk cargo segment was inevitably impacted by our decision in the third quarter to cease coal handling at VSC, in order to concentrate on the Group's core strategic container business and reduce the negative impact of our operations on the surrounding environment. As a result, the Group's Consolidated Marine Bulk Throughput declined by 14.6% to 4.3 million tonnes in 2021. Our Ro-Ro and vehicle handling operations demonstrated very strong performance in 2021; the Group's car-handling volumes rose by 27.8%, an impressive turnaround after the difficulties of 2020 when volumes fell by 20% as a result of the pandemic. Heavy Ro-Ro also recorded a strong double-digit improvement in unit volumes.

The pandemic has exposed the vulnerabilities of existing global supply chains, a fact that became painfully evident in 2021. What recent events have emphasised is that supply chains need to become more resilient, responsive and agile. Strategically, we were arguably ahead of others in this respect, having steadfastly reconfigured our own business in recent times to make it more resilient, customer-focused, and agile.

We continued to take steps to sharpen our operational efficiency in 2021, investing in our container terminal portfolio and optimising our asset base. Our strategic decision to stop coal-handling at VSC and convert the terminal into a dedicated container handling facility, was in line with our drive to focus on our core competencies, support our clients, be more agile, and become a more sustainable business. We also continued to upgrade our ports and invest in digitalisation and in automation, for example installing a new terminal operating system at VSC that increased our cargo handling efficiency. We also focused on our customers and continued to improve our value proposition and invest in our employees and processes to deliver it.

Financial results

Our financial results were very solid, as we grew revenues strongly, delivered high levels of profitability, maximised free cash generation, controlled costs, and met our long-term deleveraging targets.

Consolidated revenue increased by 30.8% to USD 502.8 million, while like-for-like revenue grew by 17.1% as a 25% increase in container revenue more than offset a 5.2% decline in non-container revenue caused by the end of coal handling at VSC. As a result, the Group enjoyed very strong profitability over the period, benefitting from growing volumes and solid pricing. Adjusted EBITDA increased by 17.4% to USD 246.2 million, and like-for-like Adjusted EBITDA Margin was slightly ahead of the prior year at 65.4% up from 65.2%. As well as high margins, one other feature of our business is its ability to produce consistently strong cash flows. In 2021, the business delivered over USD 129.1 million of Free Cash Flow, up by almost 47% on 2020, as strong markets and lower financing costs together drove cash generation.

Strategically the most important financial metric is related not to our P&L but to our balance sheet. For the last seven years, the Group's principal financial objective has been to reduce indebtedness and deleverage. We finally met our long-term target Net Debt to Adjusted EBITDA of 2.0x in 2021, reporting Net Debt of USD 491 million. Throughout this deleveraging period, we kept focused on strict financial discipline and, as a result, we have now reached an important inflection point. Our efforts have been noted by the credit markets, and two of the three ratings agencies that cover us, upgraded the Group's credit rating in 2021. Our strengthened capital base gives the business greater strategic flexibility and offers the prospect of a resumption of dividend payments to shareholders should the Board decide the timing is right on a more predictable environment with greater visibility.

Outlook

Over the past few years, we have successfully restructured our business and reconfigured our asset base around our core expertise of container handling so that we have the right infrastructure, in the right locations, serving the right customers and end markets.

The outlook for 2022 is clouded with uncertainty because of heightened geopolitical tension, which has reduced market visibility, and rendered forward looking comments particularly uncertain. However, our business has proved successful under different market conditions and we will continue to work hard for our stakeholders and focus on delivering in these challenging conditions.

Delivering Quality and Leadership

GLOBAL PORTS MISSION

To increase long-term value for all our stakeholders by shaping and determining the trends in the container segment of the Russian transportation and logistics market, thereby driving international trade.

Strategically we remain focused on expanding our business through both organic growth and investment projects that offer tangible opportunities to the Group.

We will achieve our fundamental Strategic goal by:

- Providing the best services to our clients
- Maintaining operational excellence
- Using technology effectively
- Attracting and retaining a workforce with the right skills

VISION

To be the partner of choice for shipping lines and freight forwarders in our role as Russia's best-connected independent container terminal operator offering unparalleled access to international and domestic trade flows.

VALUES

Professionalism — **Respect** — **Cooperation**

Strategy

Our strategy aims to produce value growth by offering unparalleled access to international and domestic trade flows through our network of terminals sited at Russian key marine locations.



Business Model



Business Review

2021 Results: Continued strong growth, deleveraging targets achieved

Revenue increased by **30.8%** to USD 502.8 million (+17.1% like-for-like)¹

Adjusted EBITDA grew by **17.4%** to USD 246.2 million, delivering like-for-like

Adjusted EBITDA margin increase of **15** basis points to 65.4%

Consolidated Marine Bulk Throughput of

4.3 million tonnes (-14.6% y-o-y) on the back of the strategic decision to cease coal handling at VSC to drive more profitable container volume growth

Operating profit growth of **25.2%** to USD 197.1 million

Profit for the period increased by **2.9 x** to USD 143.9 million

Free Cash Flow generation growth of **46.9%** to USD 129.1² million

Improved credit profile confirmed by rating agencies in 2021³

Moody's upgraded rating of the Company and Group's financial instruments by 1 notch to

Ba1

RA Expert by 2 notches to

ruAA

Fitch Ratings affirmed at

BB+

Deleveraging target successfully achieved with Net Debt down of

USD **120.7 million** and Net Debt to Adjusted EBITDA reduced to

2.0 x (-0.9x compared to 31 December 2020)

Consolidated Marine Container Throughput up

2.8% y-o-y to 1,576 thousand TEU with strong market position successfully protected in all key basins of presence

ALBERT LIKHOLET,
CEO of Global Ports,
commented:

 The last two years have seen an extremely volatile operational environment and disruption across global supply chains and it has been vital for our customers to manage trade unbalances. As a result, we have learned the criticality of offering the right infrastructure capacity combined with a high standard of service, ensuring a clear focus on our clients' needs at the right time and in the right location. This approach generated a very favourable reception across our client base. Building on this strong foundation, we not only successfully enhanced our leading market positions in both basins of presence but also delivered solid growth in Adjusted EBITDA and Free Cash Flow.

Due to this strong performance, 2021 marks a significant milestone in the Group's history, as we have succeeded in reaching our long-term deleveraging targets. This achievement opens up potential opportunities for revising our capital allocation approach in the future should we see more predictable environment with greater visibility. 

¹ Like-for-like measures are given to provide historical consistency with the data before the accounting change in 2019. As a result of the new terms of certain sales agreements, in 2020 and 2021 VSC acted as a principal vs as an agent at the beginning of 2019: previously the net result of revenue from transportation services and associated cost was included in the consolidated revenue. Since the middle of the first half of 2019 full revenue and associated costs have been gradually recognised in consolidated revenue and transportation expenses accordingly. This Adjusted EBITDA neutral change resulted in additional USD 126.0 million to consolidated revenue (USD 62.8 million in 2020) and USD 126.0 million to the cost of sales in 2021 (USD 62.8 million in 2020).
² Free Cash Flow definition and calculation were changed, for details and reconciliation please see: Reconciliation of Additional data (non-IFRS) to the consolidated financial statements in Business Review, and Definitions.
³ In March 2022, Moody's and Fitch credit ratings were withdrawn at the initiative of the agencies.

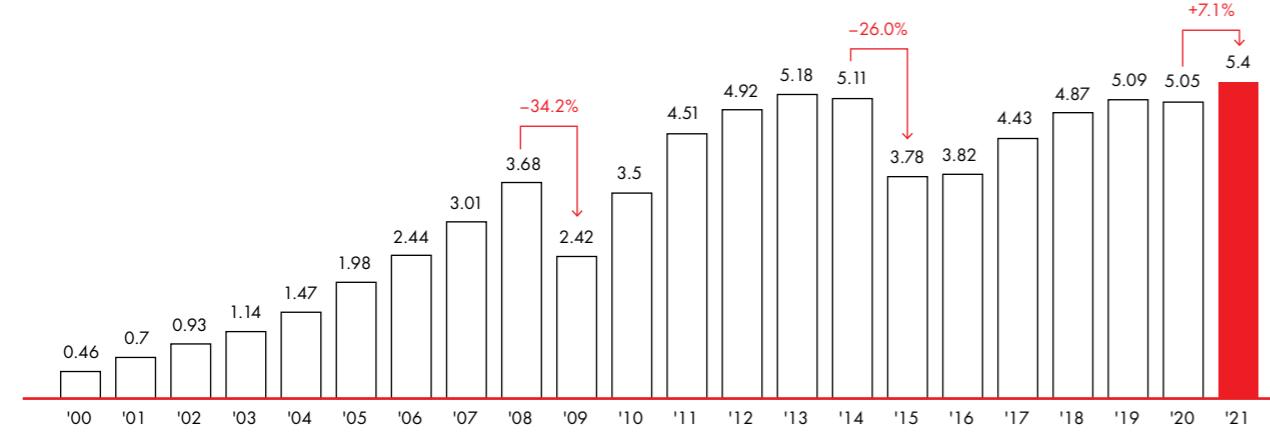
Financial Highlights

- Consolidated revenue increased by 30.8% to USD 502.8 million; excluding the impact of VSC transportation services, like-for-like revenue increased by 17.1% as 25.0% increase in Consolidated Container Revenue offset 5.2% decrease in Consolidated Non-container Revenue on the back of ceased coal handling at VSC.
- Like-for-like Revenue per TEU increased by 21.6% to USD 188.7 as a result of positive cargo, customer and basin mix changes, as well as customers' appreciation of our quality services in high demand environment in the Far Eastern basin.
- Operating profit increased by 25.2% to USD 197.1 million.
- Like-for-like Total Operating Cash Costs increased by 16.4% to USD 131.8 million due to inflationary pressure, volumes growth and also the fact that operating in a high demand environment and capacity utilisation rate at VSC required controlled cost increases to drive Adjusted EBITDA growth.
- Adjusted EBITDA increased by 17.4% to USD 246.2 million as a result of volume growth and Revenue per TEU increase. Profitability improved with like-for-like Adjusted EBITDA Margin at 65.4%, an increase of 15 basis points.
- The Group achieved significant Free Cash Flow growth of 46.9% generating USD 129.1 million over the year.
- The Group reduced Net Debt by USD 120.7 million in 2021 allowing Net Debt to Adjusted EBITDA to decrease from 2.9x as of 31 December 2020 to 2.0x as at the end of the reporting period, achieving the Group's long-term deleveraging target.

Business Performance

- Strong market growth in 2021 saw the Russian marine container market achieving all-time-high volumes in 2021 of 5.4 million TEU (+7.1% y-o-y), driving growth in both containerised import of 11.1% and containerised export of 4.2%.
- As a result of the sharp rise in freight rates in most of the main global container shipping trades, very tight network capacity in the Asia-Europe trade and a deficit of empty containers globally, market players increasingly preferred faster container import and export supply chains via the shortest sea leg. As a result, market growth was concentrated in the Far Eastern basin (+14.0% y-o-y)

Russian container market volumes, mln TEU



¹ Market data

Market data used in this Report, as well as certain statistics, including statistics in respect of market growth, volumes of third parties and market share, have been extracted from official and industry sources and other third-party sources, such as the Association of Sea Commercial Ports ("ASOP"), the Central Bank of the Russian Federation and the Russian Federal State Statistics Service, among others.

² Results of operations for Global Ports for the year ended 31 December 2021

The financial information presented in this Report is extracted from the Consolidated Financial Statements for the year ended 31 December 2021. This Report also includes certain non-IFRS financial information, identified using capitalised terms below. For further information on the calculation of such non-IFRS financial information, see Reconciliation of additional data (non-IFRS) to the consolidated financial information for the year ended 31 December 2021 and Definitions below. Readers should read the entire Report together with the Global Ports Group consolidated financial information.

Rounding adjustments have been made in calculating some of the financial and operational information included in this Report. As a result, numerical figures and percentages shown as totals in some tables may not be exact arithmetic aggregations and other calculations of the figures that precede them. Certain financial information is derived from the management accounts.

and the Southern basin (+6.4% y-o-y) while the combined throughput of terminals located in Saint Petersburg and the surrounding area declined by 3.7% y-o-y in FY 2021.

- The Group successfully improved its market share position in both its basins of presence in 2021, with VSC throughput improving 14.8% y-o-y and throughput of its terminals in the Baltic Basin declining by 2.3% y-o-y (being less than market decline). In total, Consolidated Marine Container Throughput increased by 2.8% y-o-y in 2021 to 1,576 thousand TEU.
- As previously announced, VSC ceased coal handling activities in September 2021, enabling the terminal to concentrate on the Group's core strategic container operations. As a result, the Group's Consolidated Marine Bulk Throughput decreased in 2021 by 14.6% y-o-y to 4.3 million tonnes.
- High and Heavy Ro-Ro handling increased by 24.4% to 25.2 thousand units, while car handling increased by 27.8% to 104.9 thousand units.

Outlook

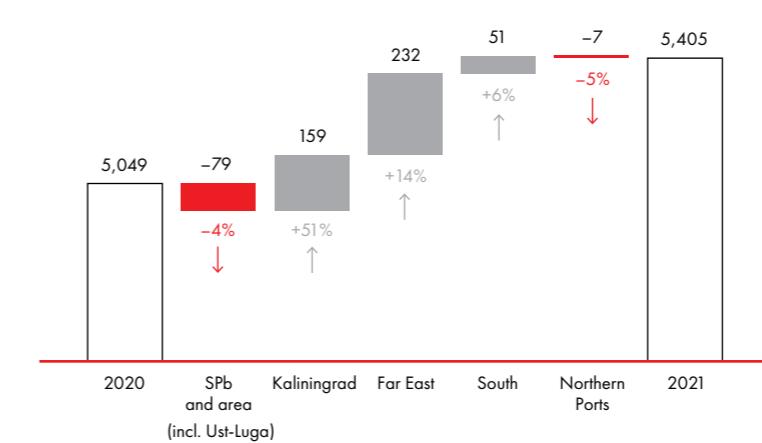
- The company's outlook for 2022 is impacted by increased volatility and heightened global and regional geopolitical tensions, which has immediately lowered visibility on the prospects for 2022.

Operational Information

The table below sets out the container and bulk cargo throughput of the Group's terminals for the periods indicated. Gross throughput is shown on a 100% basis for each terminal, including terminals held through joint ventures and accounted for using the equity method.

	FY 2021	FY 2020	Change Abs	Change %
Marine Terminals				
Containerised cargo (thousand TEU)				
PLP	399	377	22	5.9%
VSC	520	453	67	14.8%
FCT	628	654	(26)	(4.0%)
ULCT	29	50	(21)	(41.7%)
Non-containerised cargo				
Ro-Ro (thousand units)	25.2	20.3	4.9	24.4%
Cars (thousand units)	104.9	82.0	22.8	27.8%
Bulk cargo (thousand tonnes)	4,330	5,074	(743)	(14.6%)
Consolidated Marine Container Throughput				
1,576	1,533	42	2.8%	
Consolidated Marine Bulk Throughput				
4,330	5,074	(743)	(14.6%)	
Operational statistics of Joint Ventures				
Finnish Ports				
Containerised cargo (thousand TEU)	77	98	(20)	(20.7%)
Yanino (Inland Terminal)				
Containerised cargo (thousand TEU)	88.3	86.1	2.2	2.5%
Bulk cargo throughput (thousand tonnes)	354.1	261.3	92.8	35.5%

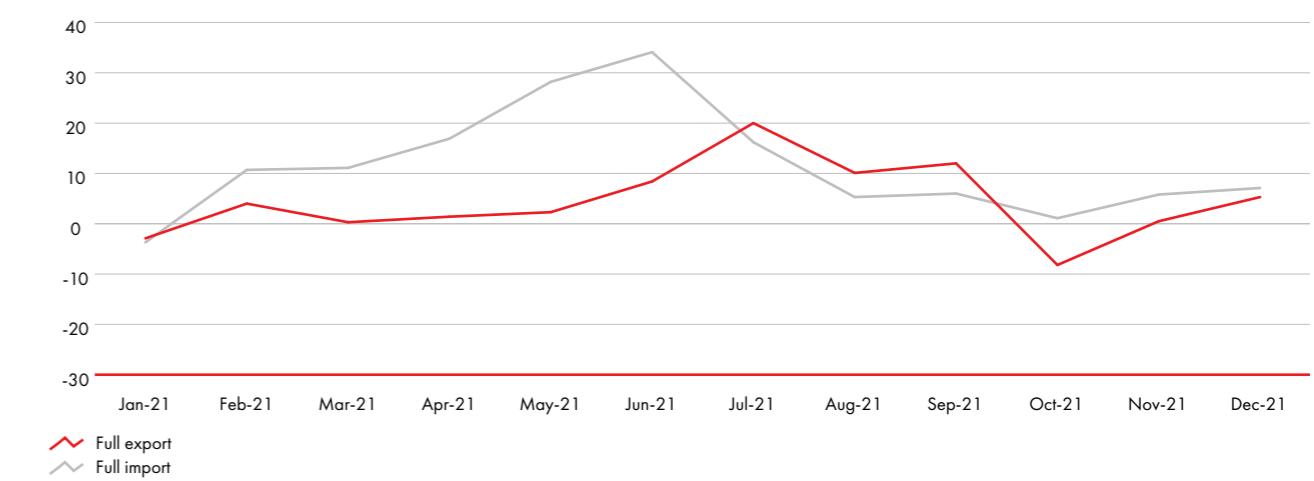
Russian container market dynamics by basins in 2021, thousand TEU



Russian container market dynamics by basins in 2021, %



Containerised export and import growth, % y-o-y

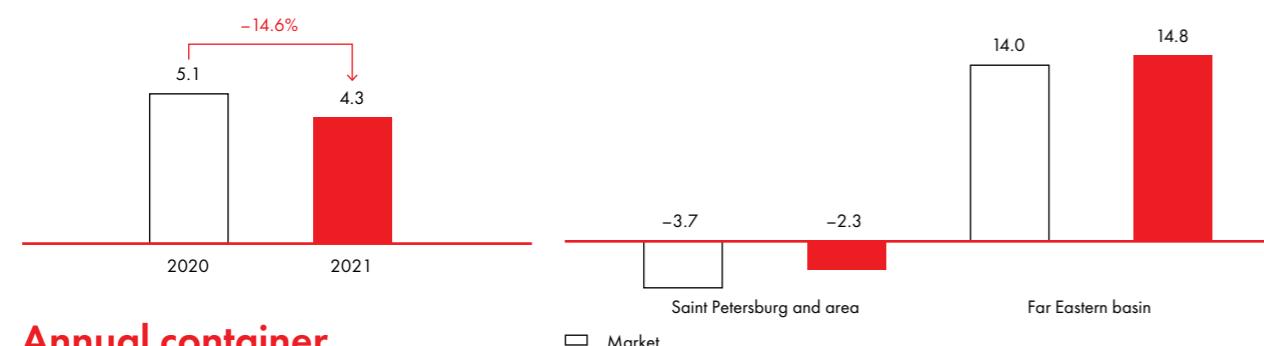


Containerisation in Russia remains low, TEU/thousand people



Source: Drewry; some 2021 numbers are estimated

Consolidated Marine Bulk throughput, Consolidated Marine Container throughput, % y-o-y million tonnes

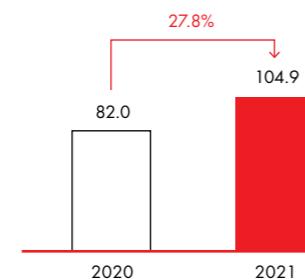


Annual container throughput capacity of terminals

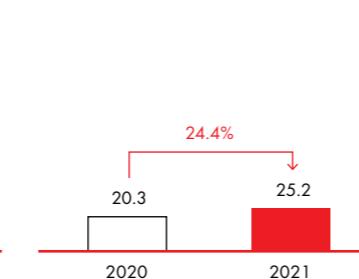
As a result of previous investment, the ceasing of coal handling at VSC and based on current estimates of container dwell time, the Group believes that the following numbers reflect berth and yard capacity of the Group's terminals as of the end of 2021.

Berth and gate capacity thousand TEU per annum	Yard capacity thousand TEU per annum
PLP	1,000
VSC	700
FCT	1,250
ULCT	440
	550
	700
	915
	220

Cars, thousand units



Ro-Ro, thousand units



Results of operations of Global Ports for the year period ended 31 December 2021 and 31 December 2020

The following table sets out the principal components of the Group's consolidated income statement and certain additional non-IFRS data of the Group for the year ended 31 December 2021 and 31 December 2020.

	FY 2021 USD mln	FY 2020 USD mln	Change USD mln	Change %
Selected consolidated financial information				
Revenue	502.8	384.4	118.4	30.8%
Cost of sales	(276.8)	(200.3)	(76.4)	38.2%
Gross profit	226.0	184.1	41.9	22.8%
Administrative, selling and marketing expenses	(27.0)	(24.7)	(2.3)	9.5%
Other income	1.3	1.3	-	0.0%
Share of (loss)/profit of joint ventures accounted for using the equity method	(2.8)	(3.0)	0.2	(5.9%)
Other (losses)/gains – net	(0.4)	(0.3)	(0.0)	10.3%
Operating profit	197.1	157.4	39.7	25.2%
Finance income	4.1	2.4	1.7	72.7%
Finance costs	(53.8)	(71.8)	179	(25.0%)
Change in fair value of derivative instruments	(5.9)	18.4	(24.3)	(132.1%)
Net foreign exchange gains/(losses) on financial activities	0.6	(41.8)	42.3	(101.4%)
Finance income/(costs) – net	(55.1)	(92.8)	377	(40.6%)
Profit before income tax	142.0	64.6	77.4	119.8%
Income tax credit/(expense)	1.8	(14.6)	16.5	(112.6%)
Profit for the period	143.9	50.0	93.9	187.8%
Attributable to:				
Owners of the Company	140.4	48.4	92.0	190.1%
Non-controlling interest	3.5	1.6	1.9	117.8%
Key Non-IFRS financial information				
Like-for-like revenue	376.7	321.7	55.1	17.1%
Adjusted EBITDA	246.2	209.7	36.5	17.4%
Like-for-like Adjusted EBITDA margin	65.4%	65.2%	-	-
Like-for-like Cash Cost of sales	(105.9)	(90.2)	(15.7)	17.4%
Like-for-like Total Operating Cash costs	(131.8)	(113.2)	(18.6)	16.4%
Free Cash Flow	129.1	87.9	41.2	46.9%

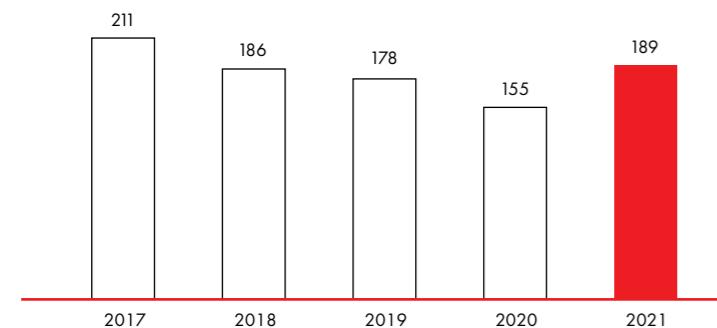
Revenue

The following table sets forth the components of the consolidated revenue for 2021 and 2020.

	FY 2021 USD mln	FY 2020 USD mln	Change USD mln	Change %
Consolidated Container Revenue as reported				
Adjusted for				
VSC transportation services	126.0	62.8	63.3	100.8%
Like-for-like Consolidated Container revenue	297.3	237.8	59.5	25.0%
Non-container revenue	79.5	83.8	(4.4)	(5.2%)
Consolidated Revenue	502.8	384.4	118.4	30.8%
Like-for-like consolidated revenue	376.7	321.7	55.1	17.1%
Like-for-like Revenue per TEU	188.7	155.1	33.6	21.6%

In 2021, like-for-like consolidated revenue increased by 17.1% to USD 376.7 million from USD 321.7 million in 2020, driven by the increase in like-for-like Consolidated Container Revenue, which was partially offset by decline in other revenue.

Revenue per TEU recovery¹, USD



Like-for-like Consolidated Container Revenue increased by 25.0%, or USD 59.5 million, to USD 297.3 million. This change was driven by an increase in Consolidated Marine Container Throughput of 2.3% and by a 21.6% increase in like-for-like Revenue per TEU. Like-for-like Revenue per TEU increased mainly as a result of positive cargo, customer and basin mix changes, as well as our customers' appreciation of our quality services in the high demand environment in the Far Eastern basin.

Consolidated Non-Container Revenue decreased by 5.2%, or USD 4.4 million, to USD 79.5 million, as decline of throughput of coal at VSC mentioned above was partially offset by growth in revenue from handling of cars and High and Heavy Ro-Ro on the back of the growing volumes described above.

As a result of new terms agreed on certain sales agreements, in 2020 and 2021 VSC acted as a principal versus a role as an agent at the beginning of 2019: previously the net result of revenue from transportation services and associated cost was included in consolidated revenue. Since the middle of the first half of 2019 full revenue and associated cost have been gradually recognised in consolidated revenue and transportation expenses accordingly. This Adjusted EBITDA neutral change resulted in an additional USD 126.0 million attributed to consolidated revenue (USD 62.8 million in 2020) and USD 126.0 million attributed to the cost of sales in 2021 (USD 62.8 million in 2020). The Group discloses like-for-like data to provide historical consistency with the data before this accounting change in 2019. In 2021, the growth of VSC revenue from transportation services was caused by organic growth of this part of business.

Cost of sales

The following table sets out a breakdown by expenses of the cost of sales for 2021 and 2020.

	FY 2021 USD mln	FY 2020 USD mln	Change USD mln	Change %
Depreciation of property, plant and equipment	34.9	34.1	0.8	2.4%
Amortisation of intangible assets	0.7	0.6	0.1	13.8%
Depreciation of right-of-use assets	13.4	11.8	1.6	13.5%
Reversal of impairment of property, plant and equipment	(8.5)	–	(8.5)	–
Write-off of property, plant and equipment	4.4	0.9	3.5	391.2%
Staff costs	53.4	45.1	8.3	18.5%
Transportation expenses	132.6	677	64.9	96.0%
• including VSC rail transportation costs	126.0	62.8	63.3	100.8%
• including transportation costs other than VSC transportation costs	6.6	4.9	1.7	34.0%
Fuel, electricity and gas	9.6	8.5	1.1	12.9%
Repair and maintenance of property, plant and equipment	5.5	5.3	0.2	4.2%
Purchased services	18.7	16.2	2.6	16.0%
Taxes other than on income	2.3	2.4	(0.0)	(1.9%)
Other operating expenses	9.7	7.9	1.9	23.7%
Total Cost of Sales	276.8	200.3	76.4	38.2%
Cash Cost of Sales	231.9	153.0	78.9	48.3%
Like-for-like Cash Cost of sales	105.9	90.2	15.7	17.4%

¹ On like-for-like basis.



The cost of sales increased by USD 76.4 million, or 38.2%, from USD 200.3 million in 2020 to USD 276.8 million in 2021 primarily due to growth in transportation expenses at VSC. The growth in transportation expenses from USD 62.8 million to USD 126 million in 2021 was driven by new terms of certain agreements that changed the recognition of revenue and costs generated by VSC from railway services for clients as described above.

Like-for-like Cash Cost of Sales increased by USD 15.7 million, or 17.4%, from USD 90.2 million in 2020 to USD 105.9 million in 2021 in order to drive Adjusted EBITDA growth while improving Adjusted EBITDA margin. The key drivers for like-for-like Cash Cost of Sales were: staff costs growth at VSC driven by 14.8% increase in container throughput on the back of high market demand while the terminal operated in the environment of the high utilisation

rate; consolidated volume growth; inflationary pressure; and growth in purchased services at PLP to support non-containerised cargo throughput increase.

Gross profit

Gross profit increased by USD 41.9 million, or 22.8%, from USD 184.1 million in 2020 to USD 226 million in 2021. This increase was due to the factors described above under "Revenue" and "Cost of sales".

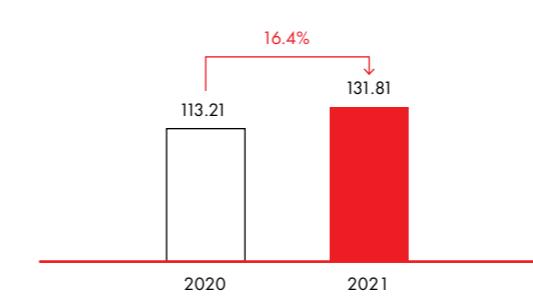
Administrative, selling and marketing expenses

Administrative, selling and marketing expenses increased by USD 2.3 million, or 9.5%, from USD 24.7 million in 2020 to USD 27 million in 2021 and broadly in line with inflation in Russia over the same period (8.4%).

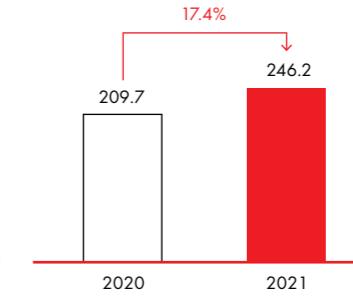
Adjusted EBITDA and Adjusted EBITDA Margin

Adjusted EBITDA in 2021 increased by 17.4%, or USD 36.5 million to USD 246.2 million. Like-for-like Adjusted EBITDA Margin was 64.4%, 15 basis points higher than in 2020 (65.2%).

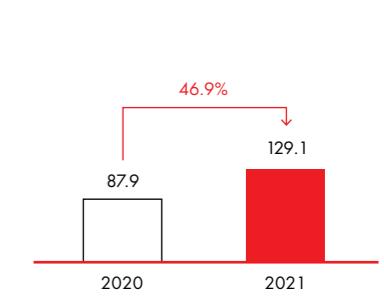
Like-for-like Operating Cash Costs, USD million



Adjusted EBITDA, USD million



Free Cash Flow growth, USD million



Share of profit/(loss) of joint ventures accounted for using the equity method

The Group's share of loss from joint ventures decreased from a loss of USD 3.0 million in 2020 to a loss of USD 2.8 million in 2021.

The loss from MLT Group increased from USD 2.0 million in 2020 to a loss of USD 2.9 million. This result was primarily driven mainly by a decreased volume at MLT.

The change in the share of results from CD Holding Group, from a loss of USD 1.0 million in 2020 to a profit of USD 0.05 million in 2021, was mainly driven by the depreciation of the Russian Rouble against the US Dollar in 2021 that resulted in a gain from the revaluation of the RUB nominated borrowings of YLP.

	FY 2021	FY 2020	Change	Change
	USD mln	USD mln	USD mln	%
MLT	(2.9)	(2.0)	(0.9)	43.2%
CD Holding	0.05	(1.0)	1.0	(105.2%)
Total share of profit/(loss) of joint ventures	(2.8)	(3.0)	0.2	(6.7%)

Other gains/(losses)—net

Other gains/(losses) changed from a net loss of USD 339 thousand in 2020 to a net loss of USD 374 thousand in 2021.

Operating profit/(loss)

The Group's operating profit increased from USD 157.4 million in 2020 to USD 197.1 million in 2021 due to the factors described above under "Gross profit", "Share of profit/(loss) of joint ventures accounted for using the equity method" and "Other gains/(losses)-net".

Finance income/(costs)—net

Net finance income/(costs) decreased from a cost of USD 92.8 million in 2020 to a cost of USD 55.1 million in 2021. This move was primarily due to a decrease of interest expenses on bonds from USD 61.1 million in 2020 to USD 43.0 million in 2021 as the result of own Eurobond buyback in 2020 and successful refinancing of FTC rouble bond with a lower coupon rate. In addition, Net foreign exchange loss from financing activities changed from a loss of USD 41.8 million in 2020 to a profit of USD 0.6 million in 2021. This was partially offset by a change in the fair value of derivative instruments to a loss of USD 5.9 million in 2021 from a profit of USD 18.4 million in 2020.

Profit/(loss) before income tax

Profit before income tax increased to USD 142.0 million in 2021 from USD 64.6 million in 2020. This change is due to the factors described above under "Operating profit/(loss)" and "Finance income/(costs)—net".

Income tax expense

In 2021, income tax credit was USD 1.8 million compared to USD 14.6 million of tax expense in 2020. The current tax remained broadly unchanged (USD 12.3 million of expense in 2020 compared to USD 11.1 million in 2021), while Deferred tax reversal amounted to USD 13.0 million compared to USD 0.9 million in 2020.

Profit/(loss) for the period

The Group reported a profit of USD 143.9 million in 2021, an increase of USD 93.9 million and almost triple the profit of USD 50.0 million in 2020 due to the factors described above.

Liquidity and capital resources

General

As of 31 December 2021, the Group had USD 296.7 million in cash and cash equivalents.

The Group's liquidity requirements arise primarily in connection with repayments of principal and interest payments, capital investment programmes and ongoing costs of its operations. In 2021, the Group's liquidity needs were met primarily by cash flows generated from its operational activities as well as borrowings. The Group expects to fund its liquidity requirements in both the short and medium term with cash generated from operational activities and borrowings.

As a result of the shareholding and joint venture agreements of Moby Dik, the Finnish Ports and Yanino, the cash generated from the operational activities of each of the entities in those businesses is not freely available to fund the other operations and capital expenditures of the Group or any other businesses within the Group and can only be lent to an entity or distributed as a dividend with the consent of the other shareholders to those arrangements.

As of 31 December 2021, the Group had USD 788.1 million of total borrowings (including lease liabilities), of which USD 215.3 million comprised current borrowings and USD 572.8 million comprised noncurrent borrowings. See also "Capital resources".

Cash flow

The following table sets out the principal components of the Group's consolidated cash flow statement for 2021 and for 2020.

Net cash from operating activities

Net cash from operating activities increased by USD 35.1 million, or 18.4%, from USD 190.9 million in 2020 to USD 226 million in 2021. Growth in net cash from operating activities was primarily due to a 21.2% increase in cash generated from operations from USD 196.6 million in 2020 to USD 238.3 in 2021 due to the financial result from operations as described above.

Net cash used in investing activities

Net cash used in investing activities increased from USD 32.5 million in 2020 to USD 39.5 million in 2021. This change was primarily due to an increase in purchases of property, plant and equipment from USD 33.9 million in 2020 to USD 43.4 in 2021 as strong market growth and growing utilisation of terminals required a CAPEX increase to drive profitable growth.

	FY 2021	FY 2020	Change	Change
	USD mln	USD mln	USD mln	%
Net cash from operating activities	226.0	190.9	35.1	18.4%
Cash generated from operations	238.3	196.6	41.7	21.2%
Tax paid	(12.2)	(5.7)	(6.6)	115.7%
Net cash used in investing activities	(39.5)	(32.5)	(7.0)	21.6%
Purchases of intangible assets	(0.5)	(0.9)	0.3	(38.7%)
Purchases of property, plant and equipment	(43.4)	(33.9)	(9.5)	28.0%
Proceeds from sale of property, plant and equipment	0.5	0.4	0.1	23.4%
Interest and loans repayments received	3.9	1.9	2.0	108.0%
Net cash used in financing activities	(93.9)	(74.3)	(19.6)	26.4%
Repayments of borrowings	(133.4)	(73.0)	(60.4)	82.8%
Proceeds from borrowings	101.8	72.1	29.7	41.2%
Interest paid on borrowings	(52.7)	(66.4)	13.7	(20.6%)
Interest paid on leases	(4.7)	(4.2)	(0.5)	12.2%
Proceeds from derivative financial instruments	(1.2)	(0.8)	(0.3)	36.4%
Principal elements of lease payments	(3.6)	(2.0)	(1.7)	85.4%
Free Cash Flow	129.1	87.9	41.2	46.9%
Net increase/(decrease) in cash and cash equivalents	92.7	84.2	8.5	10.1%
Cash and cash equivalents at beginning of the period	207.0	124.4	82.6	66.4%
Exchange gains/(losses) on cash and cash equivalents	(3.0)	(1.5)	(1.4)	92.9%
Cash and cash equivalents at end of the period	296.7	207.0	89.7	43.3%

Net cash used in financing activities

Net cash used in financing activities increased by USD 19.6 million or 26.4% from USD 74.3 million in 2020 to USD 93.9 million. This was due to an increase in the repayment of borrowings of USD 60.4 million because of scheduled FCT rouble bonds repayments in the reporting period in line with the Group's deleveraging strategy. These were partially offset by an increase in proceeds from borrowings by USD 29.7 million or 41.2% from USD 72.1 in 2020 to USD 101.8 million in 2021 as the Group placed 5-year RUB 7.5 billion bonds to partially refinance Eurobonds due in January 2022. In January 2022 Eurobonds for the total amount of USD 199 million were successfully fully repaid.

Free Cash Flow

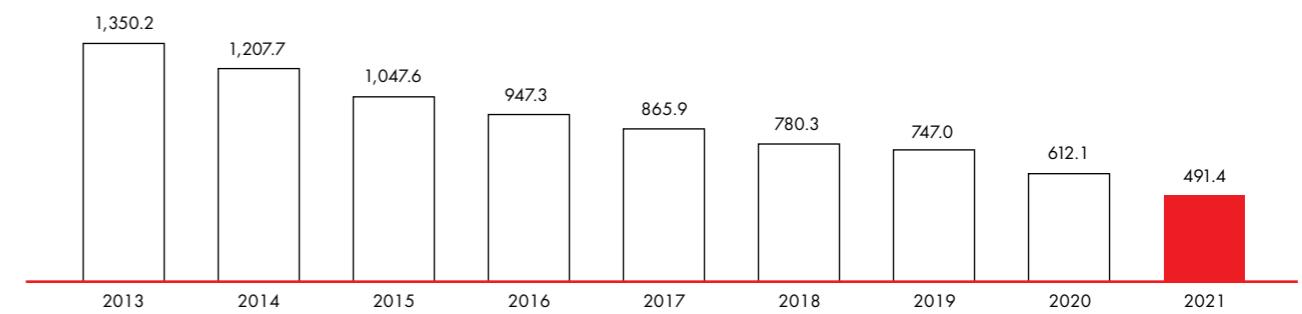
Free Cash Flow increased by USD 41.2 million or 46.9% from USD 87.9 million in 2020 to USD 129.1 million in 2021. This change is driven by the reasons described above.

Capital resources

The Group's financial indebtedness consists of bank borrowings, bonds and lease liabilities and was USD 788.1 million as of 31 December 2021. As of that date, all of the Group's borrowings were secured by guarantees and suretyships granted by certain Group companies. Certain of these borrowings contain covenants requiring the Group and the borrower to maintain specific indebtedness to Adjusted EBITDA and other ratios, as well as covenants having the effect of restricting the ability of the borrower to transfer assets, make loans and pay dividends to other members of the Group. The Group is in full compliance with covenants in the reporting period.

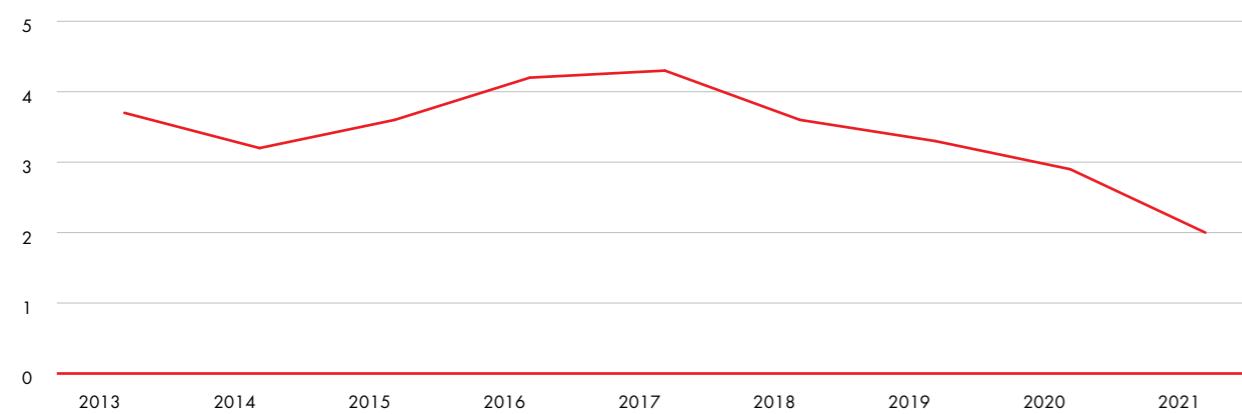
The Weighted Average Effective Interest Rate of the Group's debt portfolio is 6.66% for USD nominated borrowings and 9.04% for Russian Rouble nominated borrowings.

As of 31 December 2021, the Group had a leverage of Net Debt to Adjusted EBITDA ratio of 2.0x (compared to a ratio of 2.9x as of 31 December 2020).

Net Debt, USD million



Net Debt / Adjusted EBITDA



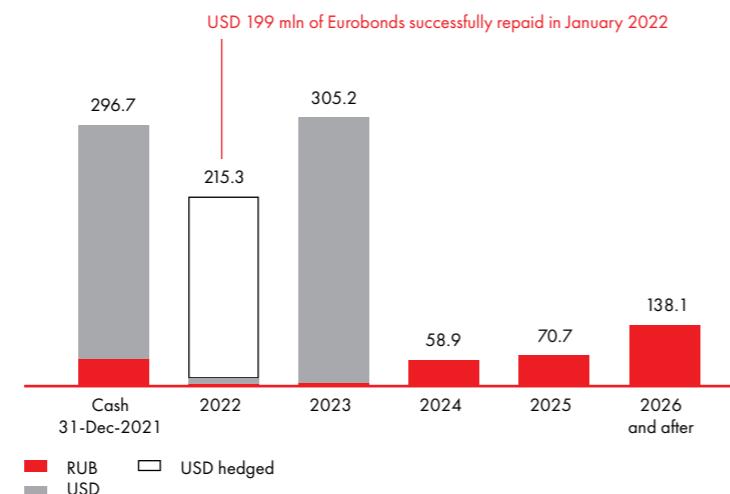
The following table sets out the maturity profile of the Group's total borrowings (including lease liabilities) as of 31 December 2021.

	USD mln
1H 2022	213.3
2H 2022	2.0
2023	305.2
2024	58.9
2025	70.7
2026 and after	138.1
Total	788.1

As of 31 December 2021, the carrying amounts of the Group's borrowings (including lease liabilities) were denominated in the following currencies:

	USD mln
Rouble	281.0
US dollar	507.1
Total	788.1

Debt maturity profile, USD million



Reconciliation of additional data (non-IFRS) to the consolidated financial information for the year ended 31 December 2021

Reconciliation of Adjusted EBITDA to profit for the period

	FY 2021 USD mln	FY 2020 USD mln	Change USD mln	Change %
Profit for the year	143.9	50.0	93.9	187.8%
Adjusted for				
Income tax expense	(1.8)	14.6	(16.5)	(112.6%)
Finance costs—net	55.1	92.8	(37.7)	(40.6%)
Depreciation of property, plant and equipment	35.8	35.6	0.3	0.8%
Depreciation of right-of-use assets	13.4	11.8	1.6	13.5%
Amortisation of intangible assets	0.84	0.77	0.1	9.5%
Reversal of impairment of property, plant and equipment	(8.5)	—	(8.5)	—
Write-off of property, plant and equipment	4.4	0.9	3.5	391.2%
Other (gains)/losses—net	0.4	0.3	0.0	10.3%
Share of (profit)/loss of joint ventures accounted for using the equity method	2.8	3.0	(0.2)	(5.9%)
Adjusted EBITDA	246.2	209.7	36.5	17.4%

Reconciliation of Adjusted EBITDA Margin

	FY 2021 USD mln	FY 2020 USD mln	Change USD mln	Change %
Revenue	502.8	384.4	118.4	30.8%
Adjusted EBITDA	246.2	209.7	36.5	17.4%
Adjusted EBITDA Margin	49.0%	54.6%	—	—

Reconciliation of Total Operating Cash Costs to cost of sales and administrative, selling and marketing expenses

	FY 2021 USD mln	FY 2020 USD mln	Change USD mln	Change %
Cost of sales	276.8	200.3	76.4	38.2%
Administrative, selling and marketing expenses	270	24.7	2.3	9.5%
Total	303.8	225.0	78.8	35.0%
Adjusted for				
Depreciation of property, plant and equipment	(35.8)	(35.6)	(0.3)	0.8%
Depreciation of right-of-use assets	(13.4)	(11.8)	(1.6)	13.5%
Amortisation of intangible assets	(0.84)	(0.77)	(0.07)	9.5%
Reversal of impairment of property, plant and equipment	8.5	—	8.5	—
Write-off of property, plant and equipment	(4.4)	(0.9)	(3.5)	—
Total Operating Cash Costs	257.9	176.0	81.9	46.5%

Reconciliation of Cash Cost of Sales to cost of sales

	FY 2021	FY 2020	Change	Change
	USD mln	USD mln	USD mln	%
Cost of sales	276.8	200.3	76.4	38.2%
Adjusted for				
Depreciation of property, plant and equipment	(34.9)	(34.1)	(0.8)	2.4%
Depreciation of right-of-use assets	(13.4)	(11.8)	(1.6)	13.5%
Amortisation of intangible assets	(0.7)	(0.6)	(0.1)	13.8%
Reversal of impairment of property, plant and equipment	8.5	–	8.5	–
Write-off of property, plant and equipment	(4.4)	(0.9)	(3.5)	391.2%
Cash Cost of Sales	231.9	153.0	79.0	51.6%

Reconciliation of Cash Administrative, Selling and Marketing Expenses to Administrative, selling and marketing expenses

	FY 2021	FY 2020	Change	Change
	USD mln	USD mln	USD mln	%
Administrative, selling and marketing expenses	27.0	24.7	2.3	9.5%
Adjusted for				
Depreciation of property, plant and equipment	(1.0)	(1.5)	0.5	(35.9%)
Amortisation of intangible assets	(0.17)	(0.18)	0.01	(5.1%)
Cash Administrative, Selling and Marketing expenses	25.9	23.0	2.9	12.5%

Reconciliation of Net Debt and Total Debt to borrowings and lease liabilities

	As at 31.12.2021	As at 31.12.2020	Change	Change
	USD mln	USD mln	USD mln	%
Non-current Borrowings	536.1	632.9	(96.8)	(15.3%)
Current Borrowings	211.8	153.3	58.5	38.2%
Non-current Lease liabilities	36.7	31.1	5.6	18.1%
Current Lease liabilities	3.4	1.8	1.6	90.0%
Total Debt	788.1	819.1	(31.0)	(3.8%)
Adjusted for				
Cash and cash equivalents	(296.7)	(207.0)	(89.7)	43.3%
Net Debt	491.4	612.1	(120.7)	(19.7%)

Reconciliation of Free Cash Flow to net cash from operating activities

	FY 2021	FY 2020	Change	Change
	USD mln	USD mln	USD mln	%
Net cash from operating activities	226.0	190.9	35.1	18.4%
Adjusted for				
Net cash used in investing activities	(39.5)	(32.5)	(7.0)	21.6%
Interest paid	(57.4)	(70.6)	13.2	(18.6%)
Free Cash Flow	129.1	87.9	41.2	46.9%

Reconciliation of like-for-like revenue to consolidated revenue

	FY 2021	FY 2020	Change	Change
	USD mln	USD mln	USD mln	%
Consolidated revenue	502.8	384.4	118.4	30.8%
Adjusted for				
VSC transportation services	126.0	62.8	63.3	100.8%
Like-for-like revenue	376.7	321.7	55.1	17.1%

Reconciliation of like-for-like Consolidated Container Revenue to Consolidated Container Revenue

	FY 2021	FY 2020	Change	Change
	USD mln	USD mln	USD mln	%
Consolidated Container Revenue	423.3	300.6	122.7	40.8%
Adjusted for				
VSC transportation services	126.0	62.8	63.3	100.8%
Like-for-like Consolidated Container Revenue	297.3	237.8	59.5	25.0%

Reconciliation of like-for-like Cash Cost of Sales to Cash Cost of Sales

	FY 2021	FY 2020	Change	Change
	USD mln	USD mln	USD mln	%
Cash Cost of Sales	231.9	153.0	79.0	51.6%
Adjusted for				
VSC transportation services	126.0	62.8	63.3	100.8%
Like-for-like Cash Cost of Sales	105.9	90.2	15.7	17.4%

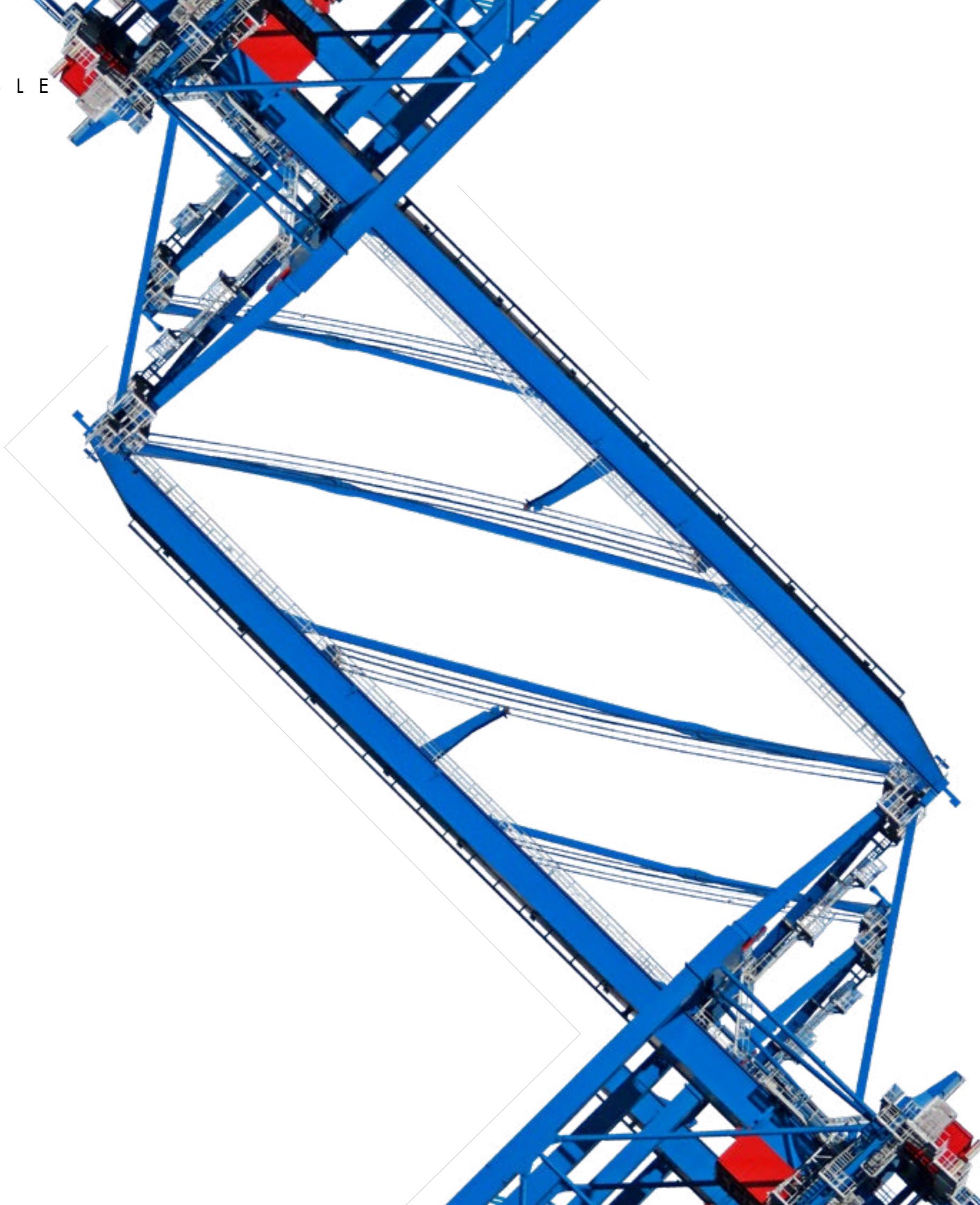
Reconciliation of like-for-like Total Operating Cash Costs to Total Operating Cash Costs

	FY 2021	FY 2020	Change	Change
	USD mln	USD mln	USD mln	%
Total Operating Cash Costs	257.9	176.0	81.9	46.5%
Adjusted for				
VSC transportation services	126.0	62.8	63.3	100.8%
Total like-for-like Operating Cash Costs	131.8	113.2	18.6	16.4%

Reconciliation of like-for-like Adjusted EBITDA Margin

	FY 2021	FY 2020	Change	Change
	USD mln	USD mln	USD mln	%
Like-for-like revenue	376.7	321.7	55.1	17.1%
Adjusted EBITDA	246.2	209.7	36.5	17.4%
Like-for-like EBITDA Margin	65.4%	65.2%		

SUSTAINABLE
AND SAFE
BUSINESS



Environmental, Social and Governance



Welcome to Global Ports Sustainability Report for 2021.

The report provides our stakeholders with information on the Group's sustainability strategy and how we performed in 2021.

Our vision is to be a partner of choice for shipping lines and freight forwarders as the best-connected independent container terminal operator in Russia with unequalled access to domestic and international trade flows. Therefore, we regard sustainability with its pillars of environment, society and governance (ESG) as an essential part of our strategy. And we are committed to driving Global Ports on a more sustainable path, in order to maximise the positive impact of ESG practices.

As the leading container ports group in Russia, we have long understood the importance of sustainability and we work hard to meet our ESG responsibilities. Our ambition is to be a sustainability leader in the container ports and logistics sector, underpinned and supported by the Group's strong governance culture. We have made steady year on year progress in our ESG practices, increasing the level of ESG disclosures, expanding our standard metrics, and obtaining our sustainability ratings whose scores are increasingly considered by investors.

To implement our sustainability ambitions, our development strategy needs to evolve to keep pace with our stakeholders' expectations and an expanding reporting landscape. Consequently, in 2021, we undertook a wide-ranging review of our sustainability approach. Recognising that sustainability is not a 'one size-fits-all' approach, we worked with a leading global sustainability consulting firm to create a detailed understanding of our sustainability positioning, including peer group comparisons, surveys of stakeholders, and analysis of best practices. The purpose of the review is to set new sustainability targets and goals, the achievement of which will add value for our stakeholders and maximise our ESG impact.

Although the past year has been an extremely challenging one, we have made good progress on achieving our ESG priorities during 2021. We continue to take our environmental stewardship

responsibilities very seriously; over the past year, we focused on maintaining rigorous regulatory compliance and making improvements in three key areas: energy efficiency, environmental protection, and marine conservation. Safety is at the core of everything we do at Global Ports, and we elevated our focus on safety culture last year in our pursuit of a zero-harm environment. And we also continued to invest in building our employer brand, encouraging staff development and supporting the communities we serve.

As the industry leader, Global Ports has long advocated the importance of being a responsible business, and we continue to work hard to meet our broader responsibilities to society. As an organisation, we have reached the stage where if we are to continue to create sustainable long-term value, we need to chart a new, more sustainable course for the Group.

We recognise we are at the start of our sustainability journey, but we are committed to becoming a fully sustainable business and meeting the expectations of our stakeholders and society. ❤️

ALBERT LIKHOLET
Chief Executive Officer
of Global Ports
Management LLC

Environment

Our industry, like others, is working to develop sustainable business practices that reduce its impact on the environment. At Global Ports, environmental sustainability is a critical part of our business strategy, requiring a careful balance be struck between our growth aspirations and our sustainability obligations. We are committed to accelerating the integration of sustainable practices into our business operations, improving our carbon footprint and lowering emissions across our value chain.

The Group has a strong track record of compliance with environmental legislation. We are fully transparent and accountable when it comes to issues relating to the environment. Our environmental management system requires that all companies within the group evaluate and manage their environmental impacts, enforce local environmental laws and regulations, and make continuous improvements. All of the Group's terminals carry comprehensive sustainability plans and these are embedded in all the Group's investment programmes.

Strategically and operationally the Group made good progress in its environmental approach in 2021. The Group announced at its interim results in August 2021 it had made the strategic decision to cease all coal handling operations at its VSC terminal as of September 2021. This decision significantly reduced the environmental impact of VSC, and means it fully focused on handling more environmentally-friendly container handling.

Operationally, the Group intensified its efforts to support the environment. Priority projects included ones focused on energy conservation, emissions and green recycling.

Climate Change

Climate change is one of the most significant challenges facing mankind. Inaction is not an option if the world is to reverse the effects of climate change, and limit global warming to well below 2.0 degree above pre-industrial levels. At Global Ports we are determined to play our part by reducing our emissions, becoming more energy efficient, and improving climate change adaptation.

Compared to other modes of transportation, shipping is one of the most energy efficient ways to transport freight, moving 90% of the world's goods. As leaders of the region's logistics infrastructure, our ports can play an important part in the drive to decarbonise and be part of the solution to addressing climate change. Because our container terminals are strategically situated in the key gateways of Russia, they act as hubs connecting two of the most environmentally-friendly transport options, marine shipping and freight rail to create eco-friendly value chains.

At the same time, ports infrastructure faces increased risks from climate-related threats such as rising sea levels or severe weather events, which will require port operators like Global Ports to strengthen our climate change adaptation by upgrading our infrastructure and operations. Our approach to climate change, therefore, focuses on both adaptation and mitigation measures through cutting our greenhouse gas emissions, improving infrastructure resilience, and continuing to innovate.

While the Group complies with all mandatory rules and regulations regarding Greenhouse Gas Emissions (GHG), we recognise that the Group needs to improve its decarbonisation efforts. And in 2021 the Group made the environmentally significant decision to discontinue coal handling at its VSC terminal in Russia's Far East since September of the last year, reducing its carbon footprint.

The Group continued to make progress in its decarbonisation initiatives, with ongoing measure such as the introduction of more energy-efficient lighting systems and heating systems being supplemented by new initiatives in 2021 including introduction of green electricity charging points; greater use of electric vehicles and electric cranes; introduction of more efficient plant and machinery.

We stopped generating electricity using natural gas at one of the terminals.

As a result, we have again reduced our energy usage across the Group, with electricity and fuel consumption per tonne of cargo handled both falling for the fourth straight year.

Meantime, we continue to collaborate closely with other participants in the logistics value chain to find solutions that create more eco-efficient logistics chains. We are working with our shipping clients, our suppliers, rail freight companies and trucking firms to make changes in this area.

Environmental Protection and Conservation

We are committed to being stewards of the natural environments in which we operate. A key strategic focus is minimising the environmental impacts of our port operations on the local ecosystems. The land, waterways and estuaries that we manage are valuable natural assets, and we continually review our operations to ensure that we are acting in an environmentally responsible way. At the heart of our approach is effective environmental management, acting to conserve, regenerate and protect the natural habitats, marine and land-based, around our terminals.

We implemented a number of environmental schemes and pilot projects to improve the environment at our locations during 2021. In 2021, the Group's expenditure on environmental protection schemes was mainly focused on our VSC and ULCT terminals. For example, at VSC, in the Russian Far East, in cooperation with the Green Patrol organisation, we financed the work to de-pollute Lake Solyonoye and rid it of harmful oil products. This resulted in positive improvements to the ecology of the lake and its surrounding area based on analyses carried out by experts from the Admiral Nevelsky Maritime University.

Sustainability is also an important part of our port infrastructure capacity planning, in preparing for future expansion. We continue to work closely with local and regional governments ensuring that any potential environmental impacts resulting from land reclamation, reconstruction or development are properly quantified and addressed.

Water Usage

Global Ports is committed to actively manage its water resources, including being more efficient in how we use water. Across our terminals, waste is treated and recycled back to the waterways. The terminals are actively working to improve the efficiency of wastewater treatment to ensure the discharge of clean water in any conditions.

Energy Usage

	2019	2020	2021
Electricity consumption per 1 tonne of cargo handled by Russian Ports' marine terminals, kWh	2.08	1.69	1.87
Fuel consumption per 1 tonne of cargo handled by Russian Ports' marine terminals, l/t	0.46	0.44	0.44
Energy intensity of Russian Ports' marine terminals, MWh per million of sales revenue in USD	120	108	91



We are also working to conserve water usage across the Group through monitoring of water usage, and installing more water-efficient equipment. All water consumers have been equipped with water flow meters, which ensures 100% leakage control and monitoring of consumption at all times. Monitoring of water use is carried out monthly by taking readings from flow meters, which are equipped with all releases to water bodies and metering units of tap water from suppliers. The data is submitted as part of reports to the Federal Agency for Water Resources. We use recycled water for car washing in one of our terminals.

Waste Management

Waste is a major global issue and we have a responsibility to minimise the impacts of our operations. Tackling the waste challenge is therefore an important pillar of our environmental activities. Waste management is the subject of several Group programmes, focused on minimising how much waste we produce, repurposing and recycling where we can, and ensuring that disposing of waste takes place in the most eco-friendly way.

Social

As a provider of critical national infrastructure, Global Ports already has a big impact on people's lives as a facilitator of global trade, connecting economies. But we also are intimately connected to our local economies, where our presence has a significant social impact: supporting communities, funding social investment, providing employment, and creating job training and development opportunities.

As a responsible business, we recognise that the well-being of our employees and the communities directly affects the long term prospects for the Group's development. We are committed to advancing our social agenda which aims at providing safe working conditions, motivated employees, equal opportunities, engaged communities, and economic and social support for the regions where we operate.

Safety

The health and safety of everyone who works at Global Ports is our top priority. We have a fundamental duty of care to ensure that our people are safe at all times and we are committed to placing safety assurance at the core of our operations and corporate culture.

Our zero-harm strategy has as its objective the removal of the risk of harm from all of our operations. To meet our zero-harm objective, our focus is on building a sustainable safety culture among our employees, contractors and other terminal visitors. We pride ourselves on setting high safety standards and continually seek to drive improvements in our performance.

The nature of the working environment at our terminals places high demands on our employees and contractors, meaning that they are regularly exposed to risks while doing their jobs. Every day of the year, we are tasked with ensuring that the safety of our employees, contractors and others who visit our terminals is accorded the highest priority.

Our approach to developing a sustainable safety culture is based on three principles:

- providing a safe working environment
- providing comprehensive implementation plans built around best practice safety and compliance standards
- offering comprehensive training focused on risk awareness and reduction

We constantly monitor health and safety risks to ensure that our risk controls and working practices are the safest they can be. We believe this approach leads to better

safety outcomes. Our safety management system focuses on ensuring compliance with our safety standards to provide a safe work environment, based:

- Global Minimum Safety requirements (GMR) that are aligned with industry best practices
- Safety audits to improve compliance of individual terminals with GMR
- Safety briefings and information updates for our staff and contractors
- Safety walks programme of daily audits at each terminal
- Health and safety training for line management and employees staff
- General safety training drills
- Specialised training programmes for handling dangerous or hazardous cargoes
- Monitoring employees' health and wellbeing to improve wellbeing and reduce incidence of occupational illnesses.

Safety Governance

The Board has overall responsibility for health and safety matters and is committed to continuous improvement in our safety culture and systems. The Board sets Health and Safety policy, agrees on safety standards and reviews performance.

The Chief Operating Officer is the senior executive responsible for health and safety compliance and performance monitoring. The Chief Operating Officer regularly reviews feedback and performance reports supplied by the individual business units and the Board receives monthly performance reports. The Group's safety performance is regularly reviewed by the Board and any decisions taken are discussed and agreed with the executive team.

Safety Performance

In 2021, against the backdrop of COVID-19 Global Ports maintained its unwavering commitment to safety, paying a high level of attention to protecting the health and wellbeing of our employees, contractors, customers and suppliers.

Our group-wide programmes to improve safety awareness and build a strong safety culture made progress against the priorities we had set for 2021. These included improving our safety processes and controls and implementing our Fatal 5 programme, a behaviour-based safety campaign, focused on reducing five major recurring risks: working under the cranes, working at height, working with hazardous cargoes, obeying speed limits and working of contractors.

Improving safety compliance with our GMRs remains a core area of focus, as these are the cornerstone of our safety compliance framework. Management maintained its strict cycle of annual safety audits of terminals assessing compliance levels, agreeing safety improvements and issuing instructions. This focus on continuous safety has improved safety assurance across the Group, and contributed to a consistent reduction in the risk of fatality.

We recognise the importance of leadership and behaviours in creating a positive safety culture and encourage our managers to lead their teams by example. Our Safety Walk programme of daily safety audits continues to deliver high levels of compliance. The ritual of daily safety audits has taken firm root among our terminal operations teams, helping to foster the zero-harm safety culture we aspire to.

We also acknowledge the importance of listening to, and acting upon, our regular safety feedback sessions with our employees. In 2020, to improve our safety audits, the Group introduced its unique GP Alarm mobile application, one version of which allows responsible employees to promptly monitor record safety violations, while another version, distributed to all employees, enables all individuals to sound the alarm on safety grounds. The feedback provided by employees using the app during 2021 was invaluable in making improvements to the functionality of the application and driving user engagement.

Our flagship Fatal 5 safety programme, which focuses on five high risk activities, achieved most of its planned activities for the year, delivering further improvement in critical safety processes and risk reduction:

- Working under cranes: working with cranes and other types of lifting equipment creates risks for individuals working underneath. As cranes play an essential role in terminal operations, loading and unloading cargo, it is incumbent on the Group to ensure the safety of those working in the vicinity of crane operators. Objects falling from height are one of the most common threats, as falling loads can cause serious injuries and fatalities. To avoid such events, we introduced a number of technical solutions to delimit work zones under cranes. Where these were difficult to implement, we introduced greater surveillance, appointing crane supervisors and introducing safety zones
- Speed awareness: traffic incidents represent a serious risk in marine terminals, as they operate 24 hours a day, in all weathers, with multiple types of vehicles in use. The Group has traffic-safety programmes designed to reduce the risk of traffic incidents, including those caused by speeding. In 2021, a series of measures were introduced to ensure that speed limits are observed at the terminals. Alongside the annual traffic maintenance and renewal programmes, the Group installed speed sign boards that display live speeds of vehicles, and radar-activated speed traps to detect and deter persistent violators. These actions have significantly increased traffic safety across our container terminals
- Working at height: many of the activities carried out in our ports could lead to a fall from height. These activities may be during routine operations or during one-off maintenance activities. To reduce the risks involved in working at height, we introduced a number of improvements to help keep colleagues working at height safely. We tested and upgraded the safety of the equipment used for working at height and at the same time introduced a number of additional features. For instance, in July 2021, we installed sophisticated video systems at all six ship-to-shore (STS) cranes operating at the Petrolesport terminal, enabling crane operators to monitor cargo movement far more effectively, making loading and offloading operations far safer as well as more efficient
- Working with hazardous cargo: we established a single protocol across all our terminals for the handling of hazardous materials, modelled on APM Terminals' guidelines and the requirements laid down in the International Maritime Dangerous Goods Code (IMDG). We introduced training for employees involved in handling hazardous materials, based on the new requirements, alongside further controls and more audits

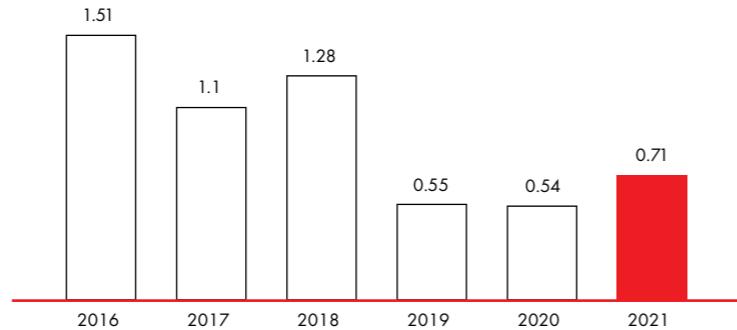
• Working with contractors: at Global Ports our safety culture extends to all visitors to our terminals, including those working for other companies at our terminals. Our safety management system aims to protect all individuals on our premises so that everyone can return home safely. Contractor safety was a priority focus in 2021, as contractors are an important stakeholder group and a key part of Global Ports' overall safety management system. To address the issue of contractor safety, the Health & Safety Security Environment Office of the Management Committee took an in-depth look at how we protect our contractors.

As a result, we introduced a new safety regulation specifically for contractors. This is an important step in the Group's drive to meet its target of zero harm, as the directive establishes a uniform set of safety requirement and procedures for companies performing tasks at terminals and facilities owned by Global Ports, and these stipulations now form part of the Group's standard contractual terms for contractors. The Group has now begun the formal process of working with contractors and their employees on the new contractor safety regime, and that work will continue

• Speed awareness: traffic incidents represent a serious risk in marine terminals, as they operate 24 hours a day, in all weathers, with multiple types of vehicles in use. The Group has traffic-safety programmes designed to reduce the risk of traffic incidents, including those caused by speeding. In 2021, a series of measures were introduced to ensure that speed limits are observed at the terminals. Alongside the annual traffic maintenance and renewal programmes, the Group installed speed sign boards that display live speeds of vehicles, and radar-activated speed traps to detect and deter persistent violators. These actions have significantly increased traffic safety across our container terminals

The Group also increased its commitment to improving and expanding its emergency response programme. The number and variety of emergency drills increased over 2021, to include emergency simulation events including dealing with hazardous cargo spills, warehouse fires, individuals falling into water, and fires at height including on cranes. Training staff in how to respond to emergency incidents is an important part of building an awareness of risk and eliminating accidents among employees. In conjunction, our terminal employees attend regular safety seminars to discuss safety issues and receive updates including on rule changes, new legislation, safety incidents and general safety progress. Alongside increasing the time allocated to safety training, last year

LTIFR



the Group upgraded the emergency facilities at its terminals, establishing round the clock emergency medical support stations and equipping each with defibrillators.

Our absolute commitment to occupational health and safety means increasing the level of general safety awareness across the Group is an ongoing process. In 2021, our safety programme focused on safety culture and contractor safety. In 2022, the Group's safety plan will focus on building greater safety awareness and involvement among terminal staff and improving the levels of industrial safety compliance. The plan also contains specific initiatives to improve the safety of our engineering and technical staff who are involved in carrying out repairs and maintenance of buildings, structures, plants and equipment.

To provide greater transparency of its safety performance, the Group began formally benchmarking its Lost Time Injury Frequency Rate (LTIFR) in 2020. In 2021, we maintained a low rate of reportable incidents, despite the fact that our terminals were operating at full stretch to cope with the surge in demand. In 2021, Global Ports companies had a Lost Time Injury Frequency Rate (LTIFR) of 0.71 up from 0.54 in 2020 on the back of growing throughput volumes and utilisation rate of our terminals as well as increased construction works at the terminals.

Our People

We are focused on building our reputation as a responsible employer. Across our seven terminals, we employ over 2,900 employees, who are critical to the long term success of the Group and the creation of sustainable value for all our stakeholders. We are committed to investing in our people to help them fulfil their ambitions, to keeping them safe, to recruiting the right people by offering rewarding career opportunities and to creating a work culture which is inclusive and where every individual feels respected and supported.

Employ more than

2,900
people¹

Length of average service (years), %



50	Less than 5 years
14	5–10 years
29	11–20 years
7	More than 20 years

Building a Culture of Engagement

Employee engagement is a strategic priority as our long-term success rests on building a culture where our employees feel engaged and valued. How our employees feel about the Group is of utmost importance to the Group, so proactively consulting with them is a priority, as their feedback is vitally important in shaping the future of the organisation.

We communicate regularly with our people through a range of channels ensuring we maintain effective and consistent engagement with our workforce. These channels include regular briefings, workshops, surveys and feedback sessions. We believe that regular communications help build a strong employee brand and supportive company culture.

We run periodic employee surveys to give our employees an opportunity to say what they think about working at Global Ports and what we can do to make it even better. Our most recent survey showed that high satisfaction levels among our employees. In 2021, we focused on improving working conditions and personal development opportunities.

Diversity data, females as a percentage

68%
of administration staff
25%
of production staff
29%
of total

¹ As at 31 December 2021.

Attracting and Retaining Talent

In order to recruit and retain the best people, we strive to offer competitive benefits packages that reward success, recognise individual contributions, and incentivise our people to succeed. Our performance management systems are designed to ensure that staff remuneration packages are transparent, simple to understand, and closely tied to corporate performance. Global Ports is working to improve executive remuneration disclosure and ensure alignment with shareholders. In 2021, the Group added sustainability performance indicators linking sustainability performance to bonus incentives for some of the senior management.

As a responsible employer, the Group strives to offer an attractive package of non-financial incentives for its staff and prospective employees. The package of incentives includes: voluntary health insurance, gifts for celebrations, the companies of the group hold corporate events for employees and their children, provide team buildings, reimbursing or financing sports activities. Global Ports terminals can provide bonuses to anniversaries, partial compensation of sanatoriums and children's camps, material assistance in various life situations.

Training and Development

Training and development are important elements of the Group's overall people development strategy and considered crucial to the future success of the Group. We value all our employees, and we are committed to providing them with training and development opportunities, both to develop their talents, and ensure we are developing the next generation of leaders. So we invest in a wide selection of training and development opportunities to help individuals develop their careers at Global Ports.

In 2021, over 1,900 employees of the Group underwent advanced training and training in development programmes in format of external and internal training. Particular attention was paid to the wide range of business topics, incl. advanced training of operational staff, risk-oriented approaches, compliance, financial modeling, project management in construction, security of information technologies and networks, features of legal regulation and dispute resolution and business performance management.

Succession planning and developing the next generation of leaders is a priority area for the Group. In 2021, we continued to develop our management development programmes for aspiring fast-track leaders and more experienced managers, with the objective of improving their skillsets. These programmes provide personalised development based on a mix of one-to-one coaching, mentoring, and management courses.

Diversity, Inclusion and Equality

Our people are critical to our success, so it is vital that we create a workplace that is inclusive and increases diversity. By doing so, and creating a work culture that embraces diversity, we can access a wider talent pool and build a more resilient business.

We do not discriminate against employees on the basis of race, religious or political beliefs, marital status, age, gender, sexual orientation or disability. Our approach is enshrined in our Code of Ethics which all employees must observe. All forms of discrimination are prohibited and all allegations of harassment, including sexual and racial harassment are taken seriously and investigated thoroughly.

We continue to promote diversity and equal opportunity through staff communications and training. Traditionally, the logistics industry has employed more men than women, and female representation within the industry has been low.

As at the year-end, 29% of our total workforce was female, including 25% of production staff and 68% of administrative staff. Of our Board of Directors, women accounted for 27% of the membership and two out of the three independent directors.

Human Rights

At Global Ports, we recognise the fundamental civil, political, economic and social human rights and freedoms of every individual and we strive to reflect them in our business activities. Our Code of Ethics incorporates our commitment to human rights which is strictly in accordance with Russian and international human rights laws.

Our Human Rights approach is aligned with the UN Guiding Principles on Business and Human Rights. The policy establishes minimum thresholds with regard to human rights that employees and those who work with the Group must meet.

Our Communities

Global Ports is committed to giving back to society. As a major employer, investor and purchaser of goods and services, we make a significant contribution to the overall economy. And we are proud to be an integral part of the communities where we operate. Our port locations are more than sources of local employment; they are part of the fabric of the community and play an essential role in everyday life. We want to support our employees and their communities and improve their quality of life.

Social Investment

As a Group, we are committed to giving back to society through our social investment programme. Our aim is to bring about positive social change and have a lasting impact on people and communities. Our approach is based around supporting our communities through targeted social investment and staff volunteering.

We are a significant employer in our communities and our employees are encouraged to volunteer and support our social investment schemes. In 2021, the Group contributed to its social and community initiatives, which are focused around the themes of health, education, welfare and culture. Our welfare and education support is directed toward supporting community-based projects. We support a number of cultural projects including those focused on heritage restoration, and we also fund a number of community-based sports programmes as part of our work to deliver better health outcomes.

VSC's Atmosphere Foundation contributed a total of RUB 20 million for medical, sports, environmental, social, and cultural projects for the residents of the Nakhodka urban district. The Foundation continued its ongoing support of a kindergarten

No. 65 in the Wrangel neighbourhood. The Foundation gave over RUB 4.5 million to support various public events including the annual City Day, and a further RUB 3.5 million was donated to supply sound and lighting equipment to a youth centre, where the Nakhodka's Rampa theatre group is based.

Governance¹

In 2021, we continued to make improvements to ensure the Group continues to meet high standards of governance.

Business Ethics

Good governance and ethical behaviour are the cornerstones of our operations and the foundation of our licence to operate. As a business, we are committed to complying with all relevant laws and regulations while upholding the highest standards of ethics. We expect everyone who works with us, from our employees to contractors and suppliers, to share our values and behave in an ethical and responsible way as a matter of course.

Our Code of Ethics establishes the governance framework for how we conduct business. The principles laid out in the Code are further detailed in individual policy documents that address specific aspects of our business ethics including anti-corruption, whistleblowing, human rights, and supplier relations.

The purpose of The Code is to clearly articulate our ethical standards and provide employees with a guide to what is expected of them in their behaviour and business activities. It provides information on how they can get help, and also guidance on their responsibility to report issues if they identify a problem. The Code provides guidance to ensure employees are aware of, and understand, their ethical and legal responsibilities, and covers issues relating to employees, customers, shareholders and the community. On joining, new employees are required to read the Code and then sign to demonstrate that they have read and understood it. All employees are kept up to date with the Group's governance policies and we provide ongoing training to cover any policy changes.

Anti-Bribery & Corruption

We are committed to upholding the highest ethical standards and operate a zero tolerance approach to bribery and corruption in any form; our approach is reflected in the Group's Code of Ethics, which sets out the standards of conduct expected.

Our Anti-Bribery and Corruption Policy ensures that all our business is conducted in an honest and ethical manner and in compliance with the law. The policy applies to all employees of Global Ports, as well as those working on our behalf in any capacity.

Whistleblowing

Global Ports encourages its employees, clients and other stakeholders to report any potentially unethical, unlawful or suspicious conduct or practices. The Group operates a 24/7 confidential whistleblower service that offers a variety of routes to report concerns:

- Via a dedicated e-mail address
- Via a free confidential telephone number
- Face-to-face with a senior member of Group Internal Audit Department responsible for managing the whistleblowing service

Details of the service are available on the Group's intranet as well as on information boards located throughout the offices and prominently displayed at the Group's terminals.

The service is run by the Internal Audit Department which operates independently of management and reports directly to the Audit & Risk Committee of the Board. Calls to the hotline service are treated in confidence, and investigated thoroughly and without bias.

In 2021, 20 reports were submitted to the confidential whistle blower service, 70% came via email, with the remainder reported via the telephone hotline. Out of the 20 reports submitted, 15 required full investigation and follow-up actions and five did not as these did not meet the threshold required. There was just one allegation relating to fraud, which on further investigation was not upheld.

Responsible Procurement

We aim to develop strong supplier relationships, working together to maintain the highest ethical standards. This is an important part of our approach to sustainability and important to how we manage risk in our business. We expect suppliers to comply with the Group's high ethical standards and behaviours which are set out in the Group's Code of Ethics.

The Group's Procurement Policy sets out the guidelines for suppliers. The Procurement Department of Global Ports Management LLC has purchasing responsibility for the terminals of the Group based on the following principles:

- Full compliance with the legislation of the Russian Federation
- Competitiveness and transparency
- Supplier selection based on price, quality and timeliness
- Total cost of ownership

All procurement information is placed on www.etprf.ru and www.fabrikant.ru electronic marketplaces. All necessary information is also shared on the EIS (Electronic Information System) website www.zakupki.gov.ru.

All tender requests are published on the websites stated above to ensure fairness and transparency in the tendering process.

The Group conducts periodic reviews and audits of its suppliers to ensure compliance. And the procurement department continues to monitor the development of responsible procurement practices.

¹ Please also see Corporate Governance section on page 59 of this Annual Report.

	Units	2019	2020	2021
ENVIRONMENT				
Electricity Used	Thousand MWh	42.0	39.8	43.9
Fuel Used (diesel, petrol)	Mln litre	9.6	10.6	10.6
Electricity consumption per 1 tonne of cargo handled by Russian Ports' marine terminals	kWh	2.08	1.69	1.87
Fuel consumption per 1 tonne of cargo handled by Russian Ports' marine terminals	l/t	0.46	0.44	0.44
Energy intensity of Russian Ports' marine terminals	MWh per million of sales revenue in USD	120	108	91
SOCIAL				
Diversity				
Diversity of staff				
• male	%	68	70	71
• female	%	32	30	29
Administration staff				
• male	%	35	34	32
• female	%	65	66	68
Production staff				
• male	%	73	74	75
• female	%	27	26	25
Executive management				
• male	%	87	100	100
• female	%	13	0	0
Health and Safety				
LTIFR	number	0.55	0.54	0.71
Fatalities	number	1	0	0
Fatalities / Thousand employees	number	0.35	0	0
Sustainability Governance				
Length of service (years)				
• Less than 5 years	%	40	44	50
• 5–10 years	%	19	18	14
• 11–20 years	%	28	31	29
• More than 20 year	%	12	7	7
Number of Sites	number	7	7	7
Political Donations	number	0	0	0
Business Ethics Policy	yes / no	yes	yes	yes
Anti-Bribery Ethics Policy	yes / no	yes	yes	yes
Number of Employees - CSR	number	2,870	2,797	2,929
Number of Part-Time Employees	number	5	52	37
Employee Turnover	%	12	14	16
Employee Voluntary Turnover	%	9	8	10
Employee Involuntary Turnover	%	2	5	6
Employee Training Cost	mln USD	0.1	0.1	0.1
Employee Average Age	number	x	43.3	43.6
GOVERNANCE				
Board of Directors				
The Board of Directors size	number	11	11	11
Number of Independent Directors	number	3	3	3
Senior Independent Directors	number	1	1	1
Independent Directors	%	27	27	27

	Units	2019	2020	2021
Number of Executive Directors	number	0	0	0
Number of Non-Executive Directors	number	11	11	11
Percentage of Non-Executive Directors on Board	%	100.0	100.0	100.0
Tenure of Board				
• < 1 year	%	36	9	27
• 1–4 year	%	64	91	64
• > 4 years	%	0	0	9
Number of Board Meetings for the Year	number	18	13	12
Board Meeting Attendance %	%	96.0	100.0	97.7
Num of Directors Attending less than 75% of Mtg	number	1	0	0
Independent Directors Board Meeting Attendance	%	98.10	100.00	100.00
# Board Members Serving > 10 Years	number	0	0	0
# Board Members Serving > 5 Years	number	0	0	0
Longest Serving Board Member Name		Mr. Morten Engelstoft	Ms. Britta Dalunde	Ms. Britta Dalunde
Chair Name		Mr. Morten Engelstoft	Mr. Soren Sjostrand Jakobsen	Mr. Soren Sjostrand Jakobsen
Independent Chairperson	yes / no	no	no	no
Date of Last Board of Director Change	date	14 May 2018	29 May 2020	27 May 2021
Number of Board of Director Changes During FY	number	4	2	3
CEO on the Board (Y/N)	yes / no	no	no	no
CEO Duality	yes / no	no	no	no
# Board Positions CEO Holds	number	0	0	0
Executive Chair (Y/N)	yes / no	no	no	no
Former CEO or its Equivalent on Board	yes / no	no	no	no
Board Duration (Years)	number	3	3	3
Non Employee Board Members Holding Shares	%	18.18	18.18	18.18
# Executive Directors on 2+ Boards	number	0	0	0
of Executive Directors on 2+ Boards	%	0	0	0
# of Non-Executive Board Members on 3+ Boards	number	3	3	3
Executive Management (Global Ports Management LLC)				
CEO Name		Mr. Vladimir Bychkov	Mr. Albert Likhоlet	Mr. Albert Likhоlet
Last Chief Executive Officer Start Date	date	16 July 2018	15 July 2020	15 July 2020
CEO Promoted from Within	yes / no	no	yes	yes
Number of CEO and Equivalent Changes During FY	number	0	1	0
Chief Executive Officer Tenure as of FY End	number	1.6	0.5	1.5
Chief Executive Officer Age	number	52	39	40
Chief Financial Officer Name		Mr. Alexander Roslavtsev	Mr. Alexander Roslavtsev	Mr. Alexander Roslavtsev
Last Chief Financial Officer Start Date	date	25 September 2017	25 September 2017	25 September 2017
Number of CFO and Equivalent Changes During FY	number	0	0	0
Chief Financial Officer Tenure as of FY End	number	2.25	3.25	4.25
Last Chief Operating Officer Start Date	date	21 March 2016	1 October 2020	1 October 2020
Number of COO and Equivalent Changes During FY	number	0	1	0
Chief Operating Officer Tenure as of FY End	number	3.75	0.25	1.25
Diversity				
Board diversity				
• male	%	73	73	73
• female	%	27	27	27
Independent Directors Diversity				
• male	%	33	33	33
• female	%	67	67	67
Number of Women on Board	number	3	3	3
Age of the Youngest Director	number	31	32	33

	Units	2019	2020	2021
Age of the Oldest Director	number	66	62	62
Board of Directors Age Range	number	35	30	29
Board Average Age	number	52	50	51
Female Chief Executive Officer or Equivalent	yes / no	no	no	no
Female Chairperson or Equivalent	yes / no	no	no	no
Board has at Least One Female Director	yes / no	yes	yes	yes
Chief Executive Officer or Equivalent a Woman	yes / no	no	no	no
Board Committee				
Number of Board Committees	number	3	3	3
Strategy Committee	yes / no	yes	yes	yes
CSR/Sustainability Committee (Y/N)	yes / no	no	no	no
Audit and Risk Committee				
Audit and Risk Committee size	number	5	5	5
Number of Independent Directors in Committee	number	3	3	3
Percent of Independent Directors on Audit and Risk Committee	%	60	60	60
Independent Audit and Risk Committee Chairperson	yes / no	yes	yes	yes
Number of Non-Executive Directors on Audit and Risk Committee	number	5	5	5
Non Executive Directors on Audit and Risk Committee	%	100	100	100
Number of Audit and Risk Committee Meetings	number	13	10	12
Audit and Risk Committee Meeting Attendance Percentage	%	99	100	100
Nomination and Remuneration Committee¹				
Nomination and Remuneration Committee size	number	3	3	3
Number of Independent Directors in Committee	number	1	1	1
Percent of Independent Directors on Nomination and Remuneration Committee	%	33	33	33
Independent Nomination and Remuneration Committee Chairperson	yes / no	yes	yes	yes
Number of Non-Executive Directors on Nomination and Remuneration Committee	number	3	3	3
Non Executive Directors on Nomination and Remuneration Committee	%	100	100	100
Number of Nomination and Remuneration Committee Meetings	number	15	16	13
Nomination and Remuneration Committee Meeting Attendance Percentage	%	97.7	100.0	100.0
Strategy Committee				
Strategy Committee size	number	4	5	5
Number of Independent Directors in Committee	number	1	1	1
Percent of Independent Directors on Strategy Committee	%	25	20	20
Independent Strategy Committee Chairperson	yes / no	no	no	no
Number of Non-Executive Directors on Strategy Committee	number	4	5	5
Non Executive Directors on Strategy Committee	%	100	100	100
Number of Strategy Committee Meetings	number	5	8	13
Strategy Committee Meeting Attendance	%	100	100	98
Investor Relations				

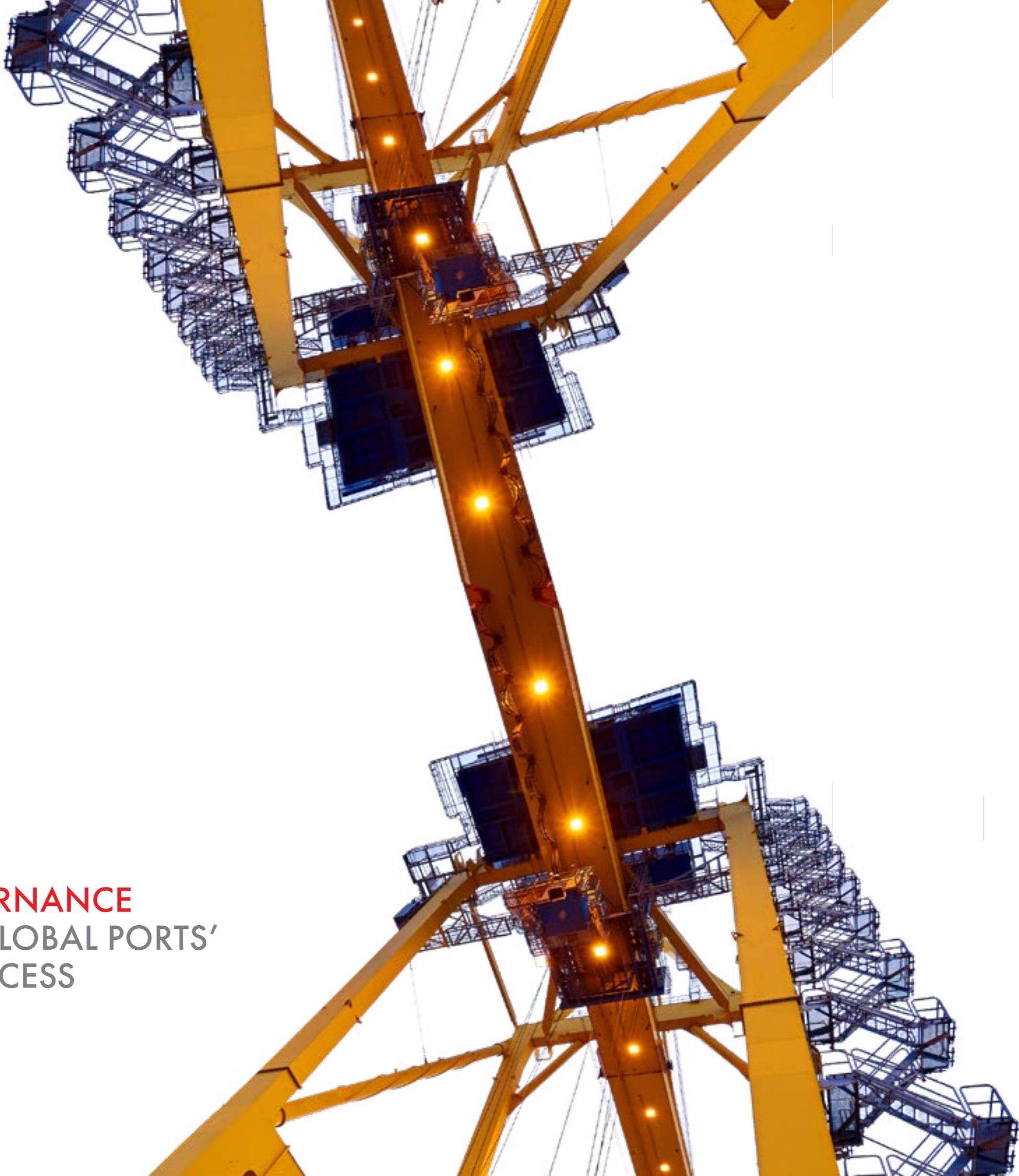
	Units	2019	2020	2021
IR Contact Name		1. Mikhail Grigoriev 2. Tatiana Khanavarova	1. Mikhail Grigoriev 2. Tatiana Khanavarova	1. Mikhail Grigoriev 2. Tatiana Khanavarova
IR Title		1. Head of IR and Capital Markets 2. IR Analyst	1. Head of IR and Capital Markets 2. IR Analyst	1. Head of IR and Capital Markets 2. IR Analyst
IR Phone Number		1. +357 25 313 475 / +7 916 991 73 96 2. +7 812 677 15 57	1. +357 25 313 475 / +7 916 991 73 96 2. +7 812 677 15 57	1. +357 25 313 475 / +7 916 991 73 96 2. +7 812 677 15 57
IR Tenure		1. 8 years 2. 2 years	1. 9 years 2. 3 years	1. 10 years 2. 4 years
IR Email Address		ir@globalports.com	ir@globalports.com	ir@globalports.com
Other				
Total Board of Director Compensation Paid	th.USD	818	245	278
Total Salaries and Bonuses Paid to Executives	th.USD	8,311	3,743	6,142
Auditor Ratification	yes / no	yes	yes	yes

Source: Company data

¹ The Nomination and Remuneration Committee was established in June 2019 following the merger of the Nomination Committee and the Remuneration Committee in order to simplify the work of the committees and Board members. The data on 2019 relate to the meetings of former separate Nomination and former Remuneration committees and also to the meetings of the new merged Nomination and Remuneration Committee.

C O R P O R A T E
G O V E R N A N C E

EFFECTIVE GOVERNANCE
IS CENTRAL TO GLOBAL PORTS'
LONG-TERM SUCCESS



Corporate Governance

Board independence, %



Tenure of the Board, %



Board diversity: the whole Board, %



Directors' superior mix of knowledge and experience

10
Industry



6
Risk management



5
Sustainable development



7
Other



Board diversity: Independent Directors, %

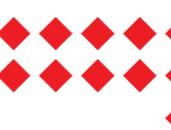


The Role of the Board of Directors

The Company is governed by its Board of Directors (also referred as "the Board") which is collectively responsible to the shareholders for the short- and long-term sustainable success of the Group, generating value to shareholders and contributing to the wider society as a whole. Its responsibility is to promote adherence to best-in-class corporate governance.

The Board of Directors' role is to provide entrepreneurial leadership to the Group through establishing the Group's purpose, values and strategy, setting out the corporate governance standards, satisfying itself that these and its culture are aligned, ensuring that the necessary financial and human resources are in place for the Group to meet its objectives and reviewing management performance.

11
Members of the Board of Directors



3
Independent directors



3
Committees



51
Board average age

29
Board age range

The Group seeks directors who bring strong track records and a deep understanding of the industry. The Board sets the Group's values and standards and ensures all obligations to shareholders are understood and met. The Board ensures the Group establishes a framework of prudent and effective controls, which enables risk to be assessed and managed and maintains a sound system of internal control, corporate compliance and enterprise risk management to safeguard the Group's assets and shareholders' investments in the Group.

The roles and responsibilities of the Chairman, Senior Independent Director, Board and committees' members are set out in writing in the Terms of Reference of the Board and committees. The latest version of the Terms of Reference of the Board of Directors was approved by the shareholders on 18 June 2019. It is available on the Company's website.

Code of Ethics

The Code of Ethics was approved by the Board of Directors on 8 December 2016 and was introduced in the companies of the Group in the course of the year 2017. The 3rd revision of the Code of Ethics was adopted by the Board of Directors on 18 August 2020, aimed at simplifying and updating the Group' mission, values and standards of corporate engagement.

Global Ports' Code of Ethics outlines the general business ethics and acceptable standards of professional behaviour that we expect of all our directors, employees and contractors. This Code, given to all new staff as part of their induction, means that everyone at Global Ports is accountable for their own decisions and conduct. As well as general standards of behaviour, the Code covers fraud and corruption, ethics and conflicts of interest principles with reference to detailed policies. Employees and external parties are encouraged to report any suspected breaches, via various channels including the dedicated hotline.

The Code is available to all staff on Global Ports' website (in the Corporate Governance section) and in the HR department at every operating facility. There are also other more detailed rules concerning our anti-fraud and whistleblowing policies.

The Board is updated on a regular basis on any breaches of various policies with the specific focus on the fraud incidents and resulting actions, although significant breaches have to be reported to the Board immediately.

Members of the Board of Directors

The Board of Directors leads the process in making new Board member appointments and makes recommendations on appointments to shareholders. In accordance with the Terms of Reference of the Board, all Directors are subject to election by shareholders at the first Annual General Meeting after their appointment, and to re-election at intervals of no more than one year. Any term beyond six years for a Non-Executive Director is subject to particularly rigorous review, and takes into account the need to refresh the Board on a regular basis.

The Board comprises of 11 members. The Board reviews the size of the Board annually and considers the current size of the Board as appropriate for the current scope and nature of the Group's operations.

Profiles of each Director are set out on pages 72–77 of this Annual Report. On 27 May 2021 Messrs. Demos Katsis, Sergey Shishkarev and Andrey Yashchenko resigned from the Board and Messrs. Vladimir Bychkov, Andrey Lenvalskiy and Andriy Pavlyutin replaced them on the same date. All new Board members were reviewed and recommended for appointment by the Nomination and Remuneration Committee.

All other Directors were members of the Board throughout the year ended 31 December 2021, including the independent directors: Ms. Britta Dalunde, Ms. Inna Kuznetsova and Mr. Lampros Papadopoulos¹.

There were no significant changes in the responsibilities of the Directors during 2021 except for membership in the committees as described below.

There is no provision in the Company's Articles of Association for the retirement of Directors by rotation. However, in accordance with the Terms of Reference of the Board of Directors and the resolutions adopted by the Shareholders at the Annual General Meeting held on 27 May 2021 all present directors are subject to re-election at the next Annual General Meeting of the Shareholders of the Company, which will take place in 2022.

Chairman of the Board of Directors

Mr. Soren Jakobsen is the Chairman of the Board since 24 April 2020, when he replaced Mr. Morten Engelstoft.

The role of the Chairman of the Board of Directors is to ensure that Board meetings are held as and when necessary, lead the directors, ensure their effectiveness and review the agenda of Board meetings. The Chairman together with the Secretary of the Board review Board materials before they are presented to the Board and ensure that Board

members are provided with accurate, timely and clear information. The members of the management team who have prepared the papers, or who can provide additional insights into the issues being discussed, are invited to present papers or attend the Board meeting at the relevant time. Board members regularly hold meetings with the Group's management to discuss their work and evaluate their performance.

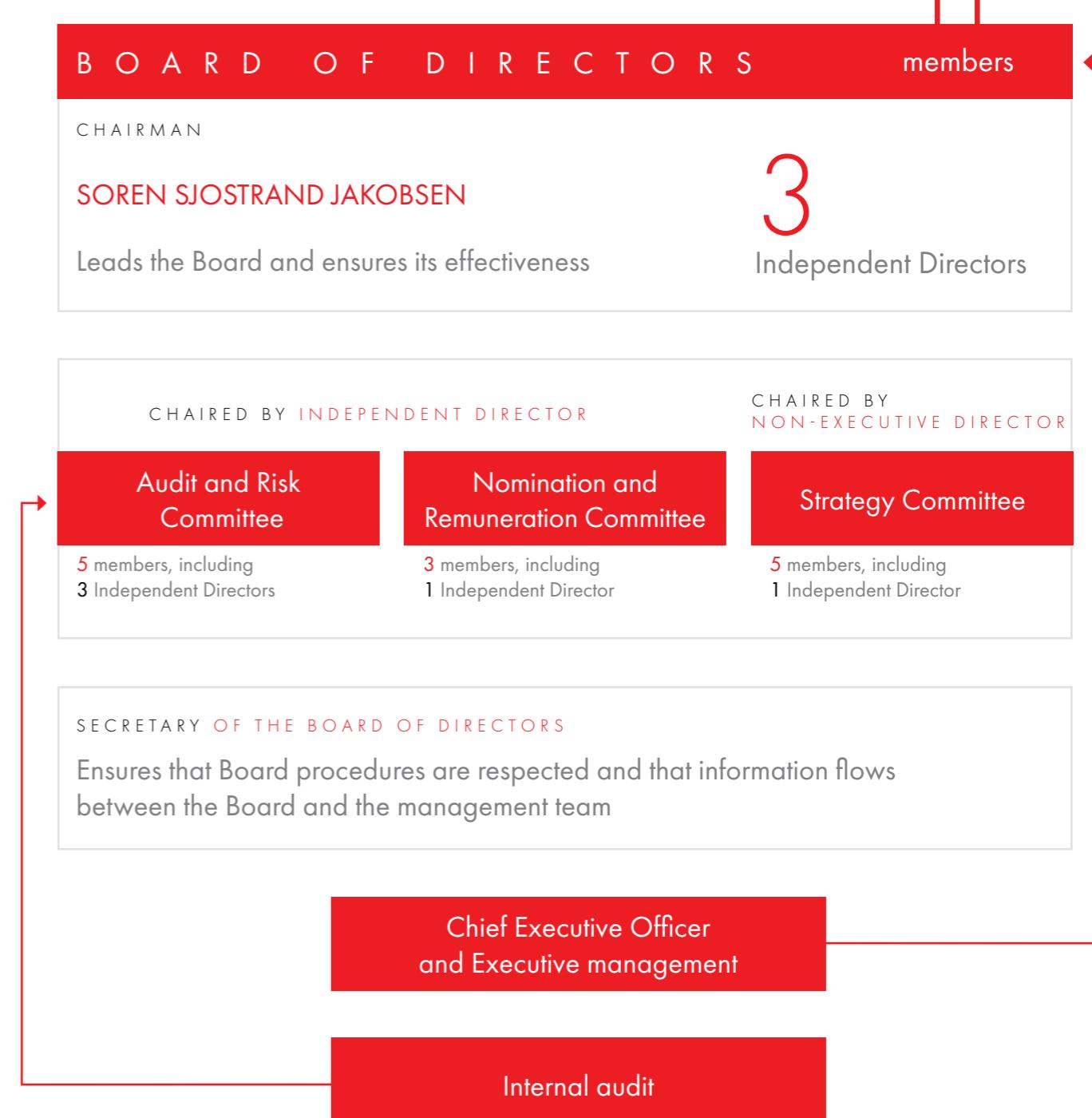
The Chairman monitors communications and relations between the Group and its shareholders, the Board and management, and independent and non-independent directors, with a view to encouraging dialogue and constructive relations. The Chairman should demonstrate objective judgement and promote a culture of openness and debate. In addition, the Chairman facilitates constructive board relations and the effective contribution of all non-executive directors.

The Group separates the positions of the Chairman and CEO to ensure an appropriate segregation of roles and duties.

The Board Committees

Since December 2008, the Board of Directors established the operation of three committees: an Audit and Risk Committee, a Nomination Committee and a Remuneration Committee. The composition of the committees was changed by the Board of Directors in June 2019: the Nomination Committee and the Remuneration Committee were merged into one and a new Strategy Committee was established.

CORPORATE GOVERNANCE STRUCTURE¹



¹ On 14 March 2022, Britta Dalunde has tendered her resignation from the Company's Board of Directors, effective from 23 March 2022 and Inna Kuznetsova informed the Company's Board of Directors that she will not stand for re-election at the next AGM to be held in 2022.

¹ As at 31 December 2021.

Non-executive and Independent Directors

All of the Board members are non-executive directors.

Mrs. Britta Dalunde, Mrs. Inna Kuznetsova and Mr. Lambros Papadopoulos are independent directors, and have no relationship with the Group, its related companies or their officers. This means they can exercise objective judgment on corporate affairs independently from management.

Although all directors have equal responsibility for the Group's operations, the role of the independent non-executive directors is particularly important in ensuring that the management's strategies are constructively challenged. As well as ensuring the Group's strategies are fully discussed and examined, they must take into account the long-term interests, not only of the major shareholders, but also of the GDR holders, bondholders, other lenders, employees, customers, suppliers and the communities in which the Group conducts its business.

Mrs. Britta Dalunde was appointed as the Senior Independent Director on 31 May 2018. The role of the Senior Independent Director is to provide a sounding board for the Chairman and serve as an intermediary for the other directors and shareholders. Led by the senior independent director, the non-executive directors should meet without the Chairman present at least annually to appraise the Chairman's performance, and on other occasions as necessary.

Board and Management Remuneration

Non-Executive Directors serve on the Board pursuant to the letters of appointment. Such letters of appointment specify the terms of appointment and the remuneration of Non-Executive Directors. Only Independent Non-Executive Directors receive remuneration.

Levels of remuneration for the Independent Non-Executive Directors reflect the time commitment, responsibilities of the role and membership of the respective committees of the Board. Directors are also reimbursed for expenses associated with discharge of their duties. Directors are not eligible for bonuses, retirement benefits or to participate in any incentive plans operated by the Group. Additional remuneration is paid for membership and chairmanship of the committees by the Independent Non-Executive Directors.

The shareholders of the Company approved the remuneration of the members of the Board on 29 June 2018, 30 December 2019, 16 April 2020, 29 May 2020 and 22 October 2021.

Neither the Board members, nor the management has long-term incentive schemes. However, the performance-based part of the remuneration of the senior management is aligned to the strategic goals and initiatives approved by the Board.

The performance-based part of the remuneration of the Key Management is based on the Key Rules of Awarding and Payment of Performance Based Bonuses of GPI Group adopted by the Board on 15 June 2016 and regularly updated with the last update on 29 October 2020. The Nomination and Remuneration Committee monitors the efficiency of the Rules and makes recommendations to the Board on their amendment and revision.

Refer to Note 30(f) to the Consolidated Financial Statements for details of the remuneration paid to the members of the Board and key management.

Internal Audit

The internal audit function is carried out by Group's Internal Audit Service (IAS). It is responsible for analysing the systems of risk management, internal control procedures and the corporate governance process for the Group with a view to obtaining a reasonable assurance that:

- Risks are appropriately identified, assessed, responded to and managed
- There is interaction with the various governance groups occurs as needed
- Significant financial, managerial, and operating information is accurate, reliable, and timely;
- Employee's actions are in compliance with policies, standards, procedures, and applicable laws and regulations
- Resources are acquired economically, used efficiently and adequately protected
- Programmes, plans and objectives are achieved;
- Quality and continuous improvement are fostered in the Group's control process; and
- Significant legislative or regulatory issues impacting the Group are recognised and addressed properly

The Head of the IAS, Mr. Ilya Kotlov, functionally reports directly to the Audit and Risk Committee.

An external quality assessment review was done for Global Port's internal audit function in 2021 by one of the Big 4 companies. The assessment concluded that "Internal audit generally conforms¹ with the International Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors. Rating "Generally conforms" means that an internal audit activity has a charter, policies, and processes, which are judged to be in conformance with the Standards. Recommendations for the function enhancement have been provided and are being implemented

External Auditors

An external auditor is appointed at the Global Ports AGM on an annual basis to review the Group's financial and operating performance.

This follows proposals drafted by the Audit and Risk Committee for the Board of Directors regarding the reappointment of the external auditor of the Group.

KPMG Limited were appointed as the auditor of the Company at the Annual General Meeting of the Shareholders held in 2021. KPMG Limited have expressed their willingness to continue in office and a resolution giving authority to the Board of Directors to fix their remuneration will be proposed at the next Annual General Meeting of the Shareholders.

Shareholder Engagement

The Company's shares are listed on the London Stock Exchange (LSE) in the form of Global Depository Receipts (GDRs)¹, and the Group's communications with shareholders are consistent with international best practice in line with the information disclosure rules set out by the London Stock Exchange.

The main principles of the Group's disclosure approach are regularity, efficiency, availability, reliability, completeness, balance, equality and safety of information resources.

Shareholders are a key consideration in Board decision-making and the Group has an active approach to shareholder engagement. Members of the executive

management team meet regularly with investors, investment analysts, debt investors and ESG analysts to discuss with and seek their views on a range of issues including strategy, business performance, corporate governance and ESG matters. This is undertaken through a structured programme of roadshows, meetings, investor conferences, industry events and site-visits. Although the pandemic meant that shareholder meetings were largely conducted on-line or by telephone, it did not affect the Group's ability to engage with shareholders. Management conducted over 200 online meetings and participated in seven virtual investor conferences and roadshows in 2021.

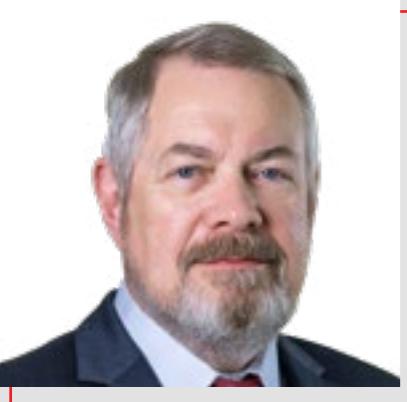
Shareholders can access up-to-date information on Global Ports through the Company's website, which has been recently relaunched and updated. All material information on the Company can be found there, together with copies of annual and interim results, company presentations, press releases, annual reports, and webcasts. The Investor Relations team has day-to-day responsibility for managing investor communications acting in close consultation with the Board and the executive management team.

The Board is kept informed of significant discussions with shareholders and changes in the shareholder register and investor relations reports are regularly circulated to the members of the Board of Directors.

¹ "Generally conforms" is the best possible rating that can be awarded as the result of an external quality assessment suggested by the Standard 1320 – Reporting on the Quality Assurance and Improvement Programme of the International Standards for the Professional Practice of Internal Auditing developed by the Institute of Internal Auditors.

¹ On 3 March 2022, London Stock Exchange announced the decision to suspend the admission to trading of Global Ports GDRs. For more details, please see LSE notice: <https://docs.londonstockexchange.com/sites/default/files/documents/n0622.pdf>.

Board of Directors



Meeting participation **100%**

First elected in 2018,
re-elected annually from 2018 to 2021

Experience

Industry	+
Risk management	+
Sustainable development	+
Other	-

Shareholding:

-

SOREN SJOSTRAND JAKOBSEN

Chairman of the Board of Directors
Non-Executive Director
Member of the Strategy Committee, the Nomination and Remuneration Committee

Mr. Jakobsen was appointed as a Non-Executive member of the Board of Directors of Global Ports in March 2018.

Mr. Jakobsen brings extensive international experience in the maritime industry as well as port development and operation as a result of his 41-year career at A.P. Moller – Maersk Group, having spent the last 16 years with APM Terminals. Mr. Jakobsen has been based in Dubai, UAE since 2013, and until 2019 as Portfolio Manager for APM Terminal's Africa, Middle East and South Asia joint venture portfolio. Since early 2019, Mr. Jakobsen focused on APM Terminal's Russia portfolio as well as joint venture interests globally. Mr. Jakobsen also serves on the board of various APM Terminals joint venture companies including two other stock listed entities. His APM Terminals career has included roles as the Regional Manager for Latin America, based in Panama and as Global Head of Project Implementation, based in The Hague, the Netherlands. Prior to joining APM Terminals, Mr. Jakobsen worked at Maersk Line and Svitzer.

Mr. Jakobsen is a graduate of the A.P. Moller – Maersk International Shipping Education and of executive education courses at IMD in Lausanne, Switzerland and INSEAD Business School in Fontainebleau, France.

External Appointments

Mr. Jakobsen holds a number of other Board positions including: Sogester S.A., Angola; Salalah Port Services Company SOAG, Oman; APM Terminals Bahrain B.S.C.; LCB Container Terminal 1 Ltd, Thailand; South East Asia Gateway Terminal Pvt. Ltd, Sri Lanka and Abidjan Terminal SETV, Ivory Coast.

Remuneration

USD	2019	2020	2021
Board membership	-	-	-

VLADIMIR BYCHKOV

Non-Executive Director
Chairman of the Strategy Committee

Mr. Bychkov was appointed as a Non-Executive member of the Board of Directors of Global Ports in May 2021.

Mr. Bychkov was appointed Vice President of Logistics and Business Development at Delo Group in August 2020. Mr. Bychkov has worked at Delo Group over a period of 20 years, starting his career as a freight forwarder in 2000. Positions held during his tenure include President of Ruscon, the container and logistics segment of Delo Group (2010–2018); CEO of Delo Group, where he was instrumental to M&A, strategic partnerships, attracting equity finance while successfully transforming the Group into an efficient transport business with a core focus on stevedoring and logistics (2004–2009); and Deputy CEO (2003–2004).

Between 2018 and 2020, Mr. Bychkov served as Chief Executive Officer of Global Ports Management LLC and lead the transformational shift of the Group towards becoming a centralised client-oriented business with increased operational efficiency and a reinforced leadership position in the industry.

Mr. Bychkov holds degrees in law and finance from both the Academy of Federal Security and the Finance Academy of the Russian Federation respectively, and an Executive MBA from the School of Business of Moscow State University.

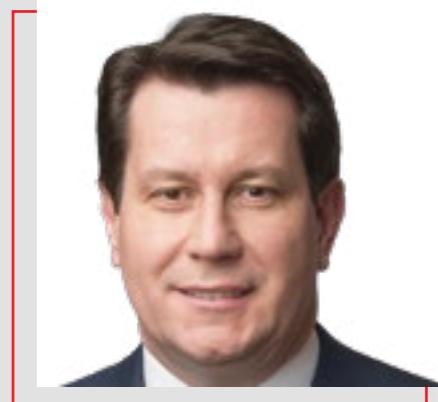
Mr. Bychkov owns 705,903 ordinary shares of Global Ports Investments PLC (235,301 GDRs).

External Appointments

Senior Vice President on Strategic Development and IT, Management Company "Delo".

Remuneration

USD	2019	2020	2021
Board membership	-	-	-



Meeting participation **86%**

First elected in 2021

Experience

Industry	+
Risk management	-
Sustainable development	-
Other	-

Shareholding:

235,301 GDRs representing 705,903 ordinary shares



Meeting participation 100%

First elected in 2017,
re-elected annually from 2018 to 2021

Experience

Industry	+
Risk management	+
Sustainable development	+
Other	+

Shareholding:

7,000 GDRs representing 21,000 ordinary shares

BRITTA DALUNDE¹

Senior Independent Non-Executive Director
Chairwoman of the Audit and Risk Committee

Mrs. Dalunde was appointed as an Independent Non-Executive member of the Board of Directors of the Company in May 2017.

Mrs. Dalunde has over 30 years' experience as an executive and a board member of various companies. She held the role of Group CFO at SJ AB, the Swedish national rail operator, from 2009 until 2013. She has almost 25 years' experience working as a CFO while working in different industries including transportation, engineering and IT.

Mrs. Dalunde's prior board engagements include Projektempagmang Sweden AB and Boule Diagnostics AB, both listed on NASDAQ Stockholm as well as HANZA Group AB and Oniva Online Group Europe AB both listed on Nasdaq First North, where she served as Independent Non-Executive Director and chairman of the audit committees.

Mrs. Dalunde graduated from the University of Uppsala with a Bachelors degree in Business Administration and International Business. She also earned an Executive MBA degree with a specialism in Strategic Planning from the Business School at Heriot-Watt University, Edinburgh.

Mrs. Dalunde owns 21,000 ordinary shares of Global Ports Investments PLC (7,000 GDRs).

External Appointments

Mrs. Dalunde currently also serves as an Independent Non-Executive Director of Kopy Goldfields AB, which is listed on NASDAQ First North, as well as being an Independent Non-Executive Director of ForSea Ferries AB, Nordion Energy AB, Arlandabanan Infrastructure AB and as Chairman of Chorus AB.

Remuneration

USD ²	2019	2020	2021
Board membership	67,208	68,532	75,428
ARC chairmanship	16,802	17,133	20,706

ALEXANDRA FOMENKO

Non-Executive Director
Member of the Nomination and Remuneration Committee

Ms. Alexandra Fomenko was appointed as a Non-Executive member of the Board of Directors of Global Ports in June 2019.

Ms. Alexandra Fomenko has undertaken a number of commercial and managerial roles in Ukraine, France, the UAE and Russia. Her international career commenced in 2014 at Vermillon SARL (France), where she held the position of assistant export manager. She then moved on to Solaris Commodity DMCC (Dubai, UAE) to become the commercial and later general manager of the company between 2015 and 2018. Ms. Fomenko joined Delo Group in September 2018, where she currently holds the position of Head of Portfolio Investments.

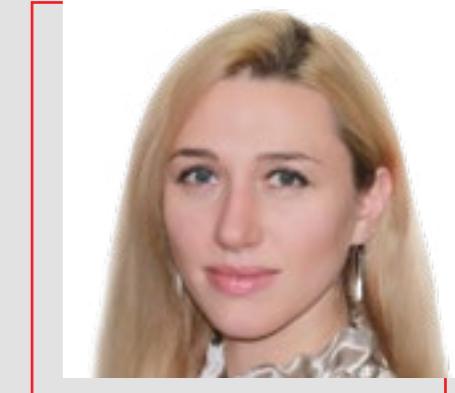
Ms. Alexandra Fomenko graduated with both Bachelor's and Master's degrees in International Economics from Donetsk National Technical University in Donetsk, Ukraine. She also holds an MSc (Management) from IAE Aix Graduate School of Management, France, with a specialisation in Management of International Business.

External Appointments

Head of Portfolio Investments in Delo Group.

Remuneration

USD	2019	2020	2021
Board membership	-	-	-



Meeting participation 100%

First elected in 2019,
re-elected in 2020 and 2021

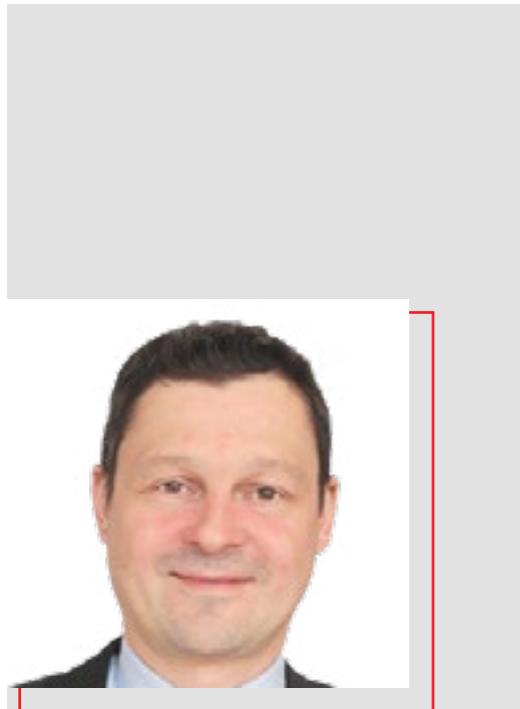
Experience

Industry	+
Risk management	-
Sustainable development	-
Other	+

Shareholding:

-

¹ On 14 March 2022, Britta Dalunde has tendered her resignation from the Company's Board of Directors, effective from 23 March 2022.
² Converted from EUR using the exchange rate at the end of the respective period.



Meeting participation 100%

First elected in 2020,
re-elected in 2021

Experience

Industry	+
Risk management	+
Sustainable development	-
Other	+

Shareholding:

-

KRISTIAN BAI HØLLUND

Non-Executive Director

Mr. Høllund was appointed as a Non-Executive member of the Board of Directors of Global Ports in May 2020.

Mr. Høllund is an experienced finance leader and CFO with 16 years' global experience in a highly international environment. He was appointed as Operations CFO of APM Terminals in December 2018. Prior to this, he was Commercial CFO at Maersk Line for four years and has held a number of senior financial roles at the company since he joined in 2007 including CFO China, CFO Netherlands and Finance Manager Central Europe, demonstrating an ability to lead large transformations in different geographies. He first joined A.P. Moller – Maersk Group in 2005 as a financial controller.

Mr. Høllund holds an Executive MBA from IMD in Lausanne, Switzerland as well as an MSc. in Finance and BSc. in International Business from the University of Aarhus, Denmark.

External Appointments

Operations CFO of APM Terminals.

SHAVKAT KARY-NIYAZOV

Non-Executive Director

Mr. Shavkat Kary-Niyazov was appointed as a Non-Executive member of the Board of Directors of Global Ports in June 2019.

A mathematician and academic, Mr. Kary-Niyazov began his corporate career in 1995 as CFO of Academservice Ltd, the Russian tour operator, before moving to Sovlink LLC, the boutique investment-banking firm, in 1997. After the merger of Sovlink with Aliba Alliance Bank in 2000, he became Managing Director of SL Capital Services Ltd (Cyprus), an international financial company and portfolio company of the merged group from 2002 to 2005.

Mr. Kary-Niyazov has 15 years' experience in the transport industry, becoming President of Marine Façade, St. Petersburg, and a member of First Quantum Group in 2005. This project is focused on land reclamation and development in Saint Petersburg, Russia and has so far reclaimed more than 250 ha. of land and completed the construction of the Passenger Port "Marine Façade of St. Petersburg". In addition to this role, he served as President of National Container Company in 2006 before taking on his current role as President of First Quantum Group, which he has held since 2011.

Mr. Kary-Niyazov graduated from Moscow State University with a Masters degree in Mathematics (with distinction), which he followed up with a Ph.D in topology and geometry at the same university.

External Appointments

President of First Quantum Group.



Meeting participation 100%

First elected in 2019,
re-elected in 2020 and 2021

Experience

Industry	+
Risk management	-
Sustainable development	-
Other	+

Shareholding:

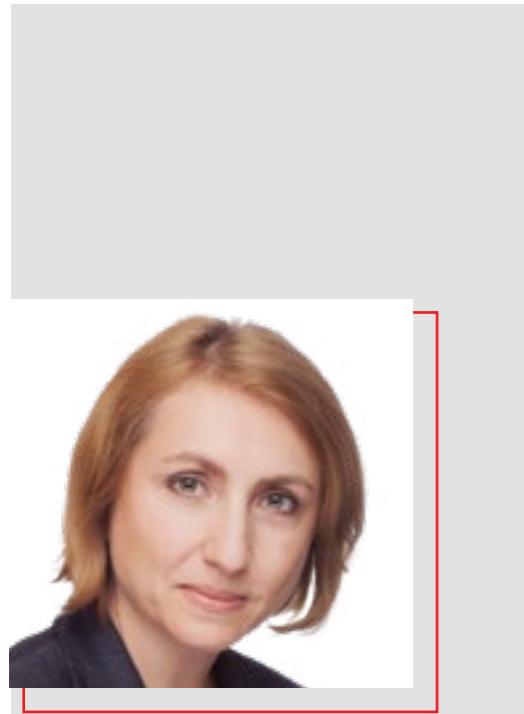
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Remuneration

USD	2019	2020	2021
Board membership	-	-	-

Remuneration

USD	2019	2020	2021
Board membership	-	-	-



Meeting participation 100%

First elected in 2017,
re-elected annually from 2018 to 2021

Experience

Industry	+
Risk management	+
Sustainable development	+
Other	+

Shareholding:

—

INNA KUZNETSOVA¹

Independent Non-Executive Director
Member of the Nomination and Remuneration Committee,
the Audit and Risk Committee

Ms. Kuznetsova was appointed an Independent Non-Executive member of the Board of Directors of Global Ports in December 2017 effective January 2018.

Ms. Kuznetsova is the CEO and Board member of 1010data, the leading provider of cross-enterprise data analytics tools. Until its recent acquisition by E2open, Ms. Kuznetsova was the President and Chief Operating Officer of INTTRA, the largest digital network for ocean shipping industry, processing over a quarter of containers in global trade. Before joining INTTRA she was the Chief Commercial Officer and member of the Executive Board at CEVA Logistics. Prior to this, Ms. Kuznetsova spent 19 years at IBM, starting in Russia and later in the US headquarters in a variety of global roles, primarily focused on fast growth opportunities and business transformation. In her last role she was global VP, Marketing & Sales, IBM Systems Software.

Ms. Kuznetsova's prior board engagements include Sage Plc (LSE: SGE), a FTSE 100 software company, where she served as Independent Non-Executive Director, and Avantida, a privately-owned SaaS company in Belgium in container repositioning space.

Ms. Kuznetsova completed her MS and PhD. study at Moscow State University and later earned an Executive MBA from Columbia Business School.

External Appointments

CEO and Board member of 1010data.

Remuneration

USD ²	2019	2020	2021
Board membership	67,208	68,532	75,428
NRC chairmanship	16,802	17,133	18,931
Committees' membership	—	—	3,550

¹ On 14 March 2022, Inna Kuznetsova informed the Company's Board of Directors that she will not stand for re-election at the next AGM to be held in 2022.

² Converted from EUR using the exchange rate at the end of the respective period.

ANDREY LENVALSKY

Non-Executive Director
Member of the Strategy Committee, the Audit and Risk Committee

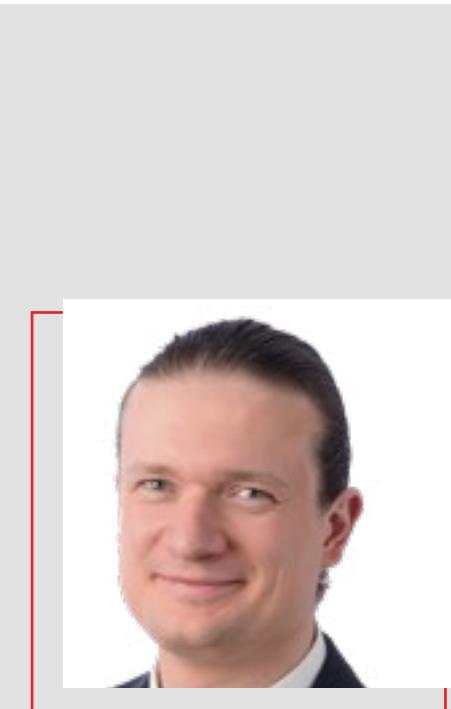
Mr. Lenvalsky was appointed as a Non-Executive member of the Board of Directors of Global Ports in May 2021.

Mr. Lenvalsky was appointed as Vice President, Investments and Capital Markets at Delo Group in 2020. In 2011-2020, he had several roles in the global corporate and investment banking division of Bank of America Securities from 2011 to 2020, advising major Russian and international companies in the transport, infrastructure and natural resources sectors on M&A, equity and debt placements. Andrey worked in the oil and gas team of the investment banking department of Renaissance Capital in 2010-2011 and at Troika Dialog (presently Sberbank CIB) in 2007-2009.

Mr. Lenvalsky graduated with honours from the National Research University Higher School of Economics with a degree in international business. He is the HSE Alumni Awards 2017 winner in the Corporate Business nomination.

External Appointments

Vice President, Investments and Capital Markets, Management Company Delo.



Meeting participation

86%

First elected in 2021

Experience

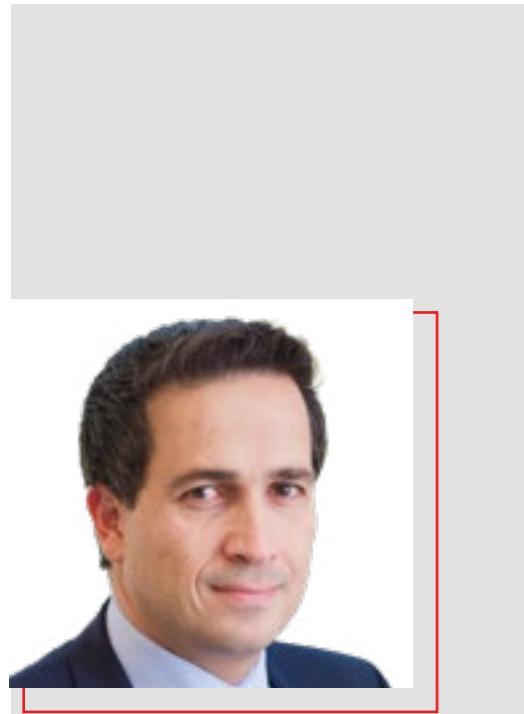
Industry	+
Risk management	—
Sustainable development	—
Other	+

Shareholding:

—

Remuneration

USD	2019	2020	2021
Board membership	—	—	—



Meeting participation **100%**

First elected in 2017,
re-elected annually from 2018 to 2021

Experience

Industry	-
Risk management	+
Sustainable development	+
Other	+

Shareholding:

-

LAMBROS PAPADOPOULOS

Independent Non-Executive Director
Member of the Strategy Committee, the Audit and Risk Committee

Mr. Papadopoulos was appointed as an Independent Non-Executive member of the Board of Directors of Global Ports in January 2018.

Mr. Papadopoulos has over 27 years of experience as an executive and a board member of various companies including current Chairmanship of the Board of Directors at KEDIPES, the Cyprus Asset Management Company and Trastor Real Estate Investment Company in Greece. In January 2022, he joined Agri Europe Cyprus Ltd as an Independent Non-Executive Director. In 2013, Mr. Papadopoulos founded PenteP Advisors Ltd. Prior to that he was with Citigroup (London), where as a Managing Director was Head of Greece/ Cyprus Equity Research and Head of Continental European Country and Small and Mid-Cap Companies. He started his career with Ernst & Young in London. Mr. Papadopoulos studied Accounting with Computing (B.A.(Hons)) at the University of Kent at Canterbury in the United Kingdom. He is a Member of the Institute of Chartered Accountants in England and Wales.

External Appointments

Mr. Papadopoulos also currently serves as the Chairman of the Board of Directors at KEDIPES, the Cyprus Asset Management Company, the Chairman of the Board of Directors at Trastor Real Estate Investment Company, which is listed on the Greek Stock Exchange, and the Chairman of the Risk Committee of Agri Europe Cyprus Ltd, a holding company with banking assets in Slovenia and Serbia. He is the Founder and General Manager of PenteP Advisors Ltd (Cyprus).

ANDREY PAVLYUTIN

Non-Executive Director

Mr. Pavlyutin was appointed as a Non-Executive member of the Board of Directors of Global Ports in May 2021.

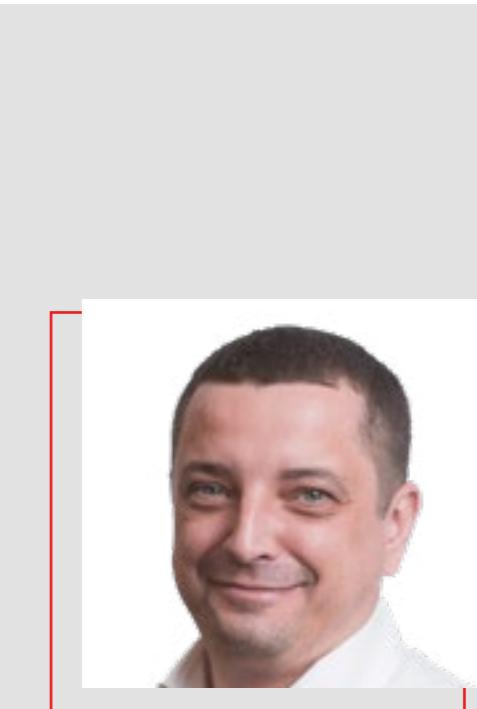
Mr. Pavlyutin held the position of Deputy Commercial Director of Global Ports Management from 2016 to May 2021. He has participated in the development and implementation of the Group's commercial strategy and management of sales departments in the North-West and Far East.

Prior to this, he was Vice President of Logistics at First Quantum Group between 2014 and 2016 and CEO of FLC Group between 2014 and 2015. He previously held director roles at Container Terminal Illichivsk (2013–2018), Sovfracht UUT SA (2008–2013), Sovfracht Ukraine (2007–2008) and LLC Ukrainian Universal Terminal (2006–2008). Mr. Pavlyutin started his career at Maersk in 1997, holding a number of roles across the business in Ukraine, USA and Russia.

Mr. Pavlyutin holds a Specialist Diploma in Automation and Control in Technical Systems from Odessa Polytechnic University.

External Appointments

-



Meeting participation

86%

First elected in 2021

Experience

Industry	+
Risk management	-
Sustainable development	-
Other	-

Shareholding:

-

Remuneration

USD ¹	2019	2020	2021
Board membership	50,406	68,532	75,428
Committees' membership	-	5,711	10,057

¹ Converted from EUR using the exchange rate at the end of the respective period.

Remuneration

USD	2019	2020	2021
Board membership	-	-	-

Executive Management



ALBERT LIKHOLET

Chief Executive Officer of Global Ports Management LLC, Managing Director of Petrolesport and First Container Terminal

Mr. Likholet was appointed CEO of Global Ports Management LLC in July 2020. He has also held the positions of Managing Director of Petrolesport since August 2018 and Managing Director of First Container Terminal since May 2019.

Prior to joining Global Ports, Mr. Likholet was CEO of Novoroslesexport (NLE), the NCSP Group container terminal located on the north-east coast of the Black Sea, for seven years, having been promoted from his role as the Container Terminal Manager.

Mr. Likholet began his career in the ports industry in 2002, working as a grain inspector for the Control Union at Novorossiysk, Temryuk and Port Kavkaz marine terminals. He joined NLE in 2003 as a berths and yards development coordinator before holding a number of management positions. Under his management, NLE was converted into a modern container terminal through several stages of investment, while retaining historic bulk and general cargoes.

He holds a degree in Management & Economics from Novorossiysk State Maritime Academy.

Mr. Ermolin was appointed as Chief Information Officer of Global Ports Management LLC in June 2020.

He has had a pivotal role in the technological transformation of the Group. He began as Director of IT at First Container Terminal in 1988, contributing to the transformation project across the business, successfully leading the project to implement the first terminal operation system (TOS) in Russia. From 2007, he then headed the IT department of National Container Company (NCC), managing the development of information technology across the group and led the digitalisation projects at NCC's terminals. Following the merger of Global Ports and National Container Company in 2014, Mr. Ermolin took on the position of Chief of IT Department for the enlarged Global Ports Group.

Mr. Ermolin is a graduate of the Physics Department of St. Petersburg State University and holds a PhD in Theoretical Physics.



ALEKSEY ERMOLIN

Chief Information Officer, Global Ports Management LLC



BRIAN BITSCH

Chief Commercial Officer of Global Ports Management LLC¹

Mr. Bitsch was appointed Chief Commercial Officer of Global Ports Management LLC in July 2017.

Before his appointment, he was Chief Commercial Officer at Sogester S.A. in Angola between 2011 and 2017. Prior to this, he was a management consultant in Denmark for several years, and between 2006 and 2008 served in various senior executive roles at MSC Scandinavia Holding A/S.

Mr. Bitsch started his career in 1990 as a trainee at Maersk and worked there for 16 years, holding various departments and regions, progressing to Senior General Manager. During his time at Maersk, Mr. Bitsch worked in Denmark, the US, Bulgaria, and Angola.

Mr. Bitsch has completed A.P. Møller Shipping School and holds a Graduate Diploma in Business Administration from Copenhagen Business School as well as a YMP from INSEAD.

Mr. Iodchin was appointed Chief Strategy and Business Development Officer of Global Ports in October 2020.

He first joined Global Ports in 2008, serving as an executive member of the Board of Directors of the Company from 2008 to 2019 as well as holding the position of Secretary of the Board of Directors of Global Ports Investments PLC since 2008. Mr. Iodchin currently also serves as the Chairman of the Board of Directors First Container Terminal Inc and JSC Ust-Luga Container Terminal, and as a Board member of Global Ports (Finance) Plc and other companies of the Group, as well as the General Manager of Global Ports Investments PLC.

Mr. Iodchin is responsible for development and implementation of the Group Strategy, business development projects as well as relations with the joint-venture partners. Mr. Iodchin is also responsible for corporate governance matters and supervises the activities of holding and finance companies within the Group. He has taken an active role in all major financing and M&A transactions of the Group during his tenure.

Mr. Iodchin obtained both a Master's degree and a PhD in Economics from Moscow State University. He also completed a postgraduate programme at the Moscow Institute for Economics and Linguistics and has a diploma in international finance, reporting standards and corporate finance.



ALEXANDER IODCHIN

Chief Strategy and Business Development Officer of Global Ports

¹ On 15 April Igor Pukhov has replaced Mr. Brian Bitsch who has left the Group due to personal reasons.



ALEXANDER ROSLAVTSEV

Chief Financial Officer of Global Ports Management LLC

Mr. Roslavtsev was appointed Chief Financial Officer of Global Ports Management LLC in September 2017.

Mr. Roslavtsev has over 17 years of experience as a CFO in various industries. Before joining Global Ports, Alexander Roslavtsev was CFO of Rusagro, one of Russia's largest agricultural companies. Prior to this, he was CFO of Hewlett-Packard Russia and CIS from 2010 to 2016 and CFO and Vice-President of Rosinter Restaurants Holding from 2006 to 2010. Mr. Roslavtsev also has a track record of international experience having worked for Intel Corporation, Ford Motor Company, KPMG UK and KPMG Russia.

In 1995, Mr. Roslavtsev graduated from Moscow State Aviation Institute with an M.S. Economics and Engineering and also attended a number of business courses at Wharton Business School. He is a member of the Association of Chartered Certified Accountants (ACCA).

Terminal Directors

Mr. van Assendelft has served as the managing director of Multi-Link Terminals Ltd Oy since December 2004 and was the General Manager of Moby Dik from June 2004 until July 2010.

Mr. van Assendelft has also held a position as a member of the board of directors of Niinisaaren Portti Osakeyhtio Oy (NiPO) since April 2007. Prior to his appointment as the managing director of Multi-Link Terminals Ltd Oy, he worked for Container-Depot Ltd Oy as a director until December 2005.

He studied at the Helsinki University of Technology and Kotka Svenska Samskola.



DIRK VAN ASSENDELFT

General Manager of Multi-Link Terminals

Mr. Bogdanov was appointed Managing Director of the Ust-Luga Container Terminal in 2018, where he had served as General Manager since 2012.

Prior to joining Ust-Luga, for five years Andrey Bogdanov was the Commercial Director of First Container Terminal. He served as Director for Operations in the Sea Port of St. Petersburg from 2003. From 2000 to 2003, Mr. Bogdanov held the position of Chief Executive Officer of MCT PORT. From 1993, he served as Head of Department of MCT PORT, before being promoted to Chief Operations Officer. In 1984–1993, Mr. Bogdanov worked for Leningrad Sea Commercial Port (from 1992 known as the Sea Port of St. Petersburg).

Mr. Bogdanov graduated from Admiral Makarov State Maritime Academy.

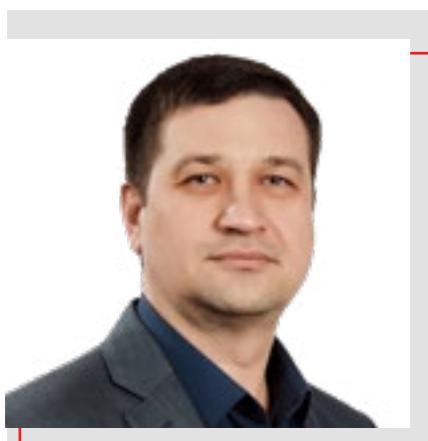


ANDREY BOGDANOV

Managing Director of Ust-Luga Container Terminal



ILIA DOLGIY
Managing Director
of Vostochnaya Stevedoring
Company



VADIM SHPITYAK
General Manager of Moby Dik
and Yanino Logistic Park

Mr. Dolgiy was appointed Managing Director in April 2021.

Mr. Dolgiy joined Global Ports in 2019 as Head of Department for operational efficiency and strategic projects and subsequently became Deputy Chief Operating Officer in May 2020. In both these roles, Mr. Dolgiy made a significant contribution to the improvement in operational efficiency across the Group's terminals. Mr. Dolgiy was appointed Executive Director of VSC in January 2021. Between 2007 and 2018, Mr. Dolgiy held various positions at Ruskon, one of Russia's leading container rail transportation companies, commencing his career there as Chief Engineer and last holding the position of Deputy CEO. Prior to this, Mr. Dolgiy held various positions at Novorossiysk Commercial Sea Port between 2000 and 2007.

Mr. Dolgiy graduated with Honours from South-Russian State Polytechnic University.

Vadim Shpityak was appointed General Manager of Moby Dik and Yanino Logistics Park in September 2021.

Mr. Shpityak has over 17 years' experience in the industry. Most recently, as Head of Technical Assets Maintenance Department – Group Chief Engineer of Global Ports Management LLC, he delivered increased technical and cost efficiencies and developed policy and strategy for TAM taking into account ESG improvements. Prior to this, he held the positions of Technical Director at Petrolesport and Chief Engineer at First Container Terminal.

Mr. Shpityak started his career in 2003 with Novorossiysk Commercial Sea Port Group, since holding Chief Engineer positions across the group's terminals Novoroslesexport and Terminal Mega. He holds degrees from Novorossiysk Industrial College and from the Rostov State University of Civil Engineering.

The following persons served as managers of the Group during the reporting year but stepped down from their roles as of the date of this report publication:

IVAN RADCHENKO
Former General Manager of Moby Dik
and Yanino Logistic Park

Ivan Radchenko served as General Manager of Yanino Logistics Park from September 2018 and General Manager of Moby Dik from November 2020 to September 2021.

Prior to his appointment, Mr. Radchenko worked as a Business Development Manager for Maersk Line in Vladivostok. He also served as the CEO of Pacific Logistic LLC between 2015 and 2018, overseeing a 15–20% yearly increase in throughput as well as the implementation of a range of infrastructure projects. Additionally, Mr. Radchenko was the manager of Global Ports' Moby Dik container terminal, and a Senior Sales Manager at Yanino Logistics Park between 2010 and 2011. Ivan Radchenko began his career as Head of Analysis and Forecast Division at Commercial Port of Vladivostok JSC in 2006. Mr. Radchenko holds a bachelor's degree with honors from Russia's Far Eastern State Technical Fisheries University.

MARC NIEDERER
Former Chief Operational Officer
of Global Ports Management LLC

Mr. Niederer was appointed Chief Operational Officer of Global Ports Management LLC in October 2020.

Mr. Niederer has over 26 years of experience in infrastructure management, most recently, as a Vice President at AP Møller Maersk. He has also held the position of Managing Director Americas for Svitzer (one of the largest towage companies in the world, part of AP Møller Maersk Group) where he focused on growing the business in Latin America.

Mr. Niederer began his career in 1993 with P&O Nedlloyd, part of Royal Nedlloyd Group, holding various sales and trade manager roles across Europe, Australia and Africa before becoming Managing Director of Russia, Ukraine, Georgia and the Baltics in 2002. Once the company was bought by Maersk in 2006, Mr. Niederer took up managing roles in the Mediterranean, Northern Europe and North America before being based in the UK, managing Svitzer Europe from 2012.

Educated in the Netherlands, he holds a BBA from Nyenrode and an MSc Economics from the University of Groningen. He also holds an MBA with High Honors from Chicago Booth Business School and continues his management training on an ongoing basis through the Harvard & IMD Lausanne Executive Training programme.

Risk Management

Global Ports is exposed to a variety of risks and opportunities that can have commercial, financial, operational and compliance impacts on its business performance, reputation and licence to operate. The Board recognises that creating shareholder value involves the acceptance of risk. Effective management of risk is therefore critical to achieving the corporate objective of delivering long-term growth and added value to our shareholders.

Global Ports bases its risk management activities on a series of well-defined risk management principles, derived from experience, best practice, and corporate governance regimes. The Group's enterprise risk management processes (ERM) are designed to identify, assess, respond, monitor and, where possible, mitigate or eliminate threats to the business caused by changes in the business, financial, regulatory and operating environment.

The Board has overall oversight responsibility for GPI's risk management and for the establishment of the framework of prudent and effective controls. As such, it systematically monitors and assesses the risks attributable to the Group's performance and delivery of the GPI strategy. Where a risk has been identified and assessed, the Group selects the most appropriate risk measure available in order to reduce the likelihood of its occurrence and mitigate any potential adverse impact.

The Board delegates to the Chief Executive Officer of LLC Global Ports Management LLC the responsibility for the effective implementation and maintenance of the risk management system. Day-to-day responsibility for risk management lies with the management team. The Audit and Risk Committee is authorised by the Board to monitor, review and report on the organisation, functionality and effectiveness of the Group's Enterprise Risk Management (ERM) system.

Risk factor

Strategic risks

Market conditions:

Global Ports' operations are dependent on the global macroeconomic environment and resulting trade flows, including in particular container volumes.

Container market throughput is closely correlated to the volume of imported goods, which is driven by domestic consumer demand, and influenced by RUB currency fluctuations against USD/Euro, and exported goods, which in turn correlate with the Russian rouble exchange rate fluctuations and global commodity markets' trends.

The Group remains exposed to the risk of contraction in the Russian and world economy which, if it were to occur, could further dampen consumer demand and lead to a disruption in the container market which could have an adverse impact on the Group.

At the same time being part of Russian and world logistics chains, the terminals of the Group are exposed and feel the impact of the disruptions and imbalances in these logistics chains caused by COVID-19 and such cases like Ever Given accident.

Competition:

Barriers to entry are typically high in the container terminal industry due to the capital-intensive nature of the business. However, challenging market trading conditions mean that competition from other container terminals continues to be a significant factor, which is also supported by the existing excess capacity in the market, i.e., in the North-West of Russia. Further consolidation between container terminal operators and container shipping companies, the creation of new strategic alliances, the introduction of new/upgraded capacity and carrier consolidation could result in greater price competition, lower utilisation, and potential deterioration in profitability.

Strategic international investors may develop or acquire stakes in existing competitor Russian container terminals, which could bring new expertise into the market and divert clients and cargoes away from the Group.

Also, Beneficial Cargo Owners may optimise their logistics chains and decide to control them, which may lead to changes in the competitive environment.

Given the historically high margins in the Russian container handling industry, this trend may continue, which is demonstrated by growing competition in the Russian Far-East where a number of new projects were announced at the Far-Eastern Economic Forum in September 2021. Though we do not expect new major capacity to come to the market in the next 3-4 years, the conversion of some of the existing terminals into the handling of containers already started.

Risk management approach

The Group has responded to throughput volatility in the container market by:

- Focusing on quality and value-driven services (getting closer to the customer)
- Greater focus on balancing export and import container flows as well as the cargo mix
- Offering operational flexibility to all clients via operational excellence
- Investments in infrastructure development and equipment
- Termination of handling coal at VSC to optimise the handling of containers
- Effective cost containment
- Development of IT solutions
- Adopting new revenue streams and attracting new cargoes

The Group actively monitors the competitive landscape and adjusts its strategy accordingly, i.e., the Group prioritises building close long-term strategic relationships with its leading customers (locally, regionally and with headquarters). The Group's focus on service quality is a key differentiator from its competition and the Group believes this is one of its key competitive advantages. The Group continues to invest in its terminals and infrastructure to ensure competitive levels of service. It takes a long-term approach to managing its network of terminals that represent core infrastructure assets in Russia with an expected operating lifespan of 10 to 20 years and beyond. The Group owns a significant land bank giving it flexibility should market conditions require it. The Group maintains level of capital expenditure in line with the requirements needed to maintain effective development of its existing capacity. The Group has developed long-term operating master plans for each of its terminals that enable it to react quickly in the case of additional market demands being placed on its facilities' infrastructure and equipment. The Group's healthy cash flow generation and decreasing leverage allow financial flexibility in terms of timing and size of the required capital expenditure programme.

Risk factor

Political, Geopolitical, military conflicts and economic and social instability:

Russian foreign affairs and geopolitics could lead to instability in the Russian economy. Therefore, uncertain operating environment and decreasing, as a result of social and political instability, could affect the Group's profitability and ability to sell its services due to significant economic and political risks.

Certain government policies or the selective and arbitrary enforcement of such policies could make it more difficult for the Group to compete effectively and/or impact its profitability.

The current geopolitical situation and conflict surrounding Russia and Ukraine will adversely affect operations of the Group, i.e. the management of the Group is aware of the fact that some shipping lines have announced that they temporarily suspend shipments to and from Russian Federation. It is possible that other shipping lines will follow with similar restrictions. The Group may also be adversely indirectly affected by US, EU, UK and other jurisdictions sanctions against Russian business/companies – measures that have had and may continue to have an adverse effect on the Russian economy and demand for goods, commodities and services as well as supply of equipment and spare parts, interest rates and RUB/USD exchange rate. Ongoing sanctions could also slow down or make it very challenging to process the settlements with clients and suppliers and to deal with certain persons and entities in Russia or in other countries.

Following already imposed sanctions on Russian Central Bank, its restrictions for capital movements outside Russian Federation and other developments of the confrontation, there is an uncertainty about the availability of the options for refinancing in 2023 when principal payments of Eurobonds 2023 fall due. The situation is largely dependent on actions of Russian Government and Central Bank that are difficult to foresee.

Coronavirus (COVID-19):

The global coronavirus (COVID-19) pandemic that emerged during 2020 impacted the container ports industry and Global Ports own operations, resulting in significant interruption to global trade, disruption to supply chains, reshuffling of vessel calls, and high FX volatility.

Despite the introduction of vaccination programmes, visibility remains low, new strains of virus are emerging, and the risk of future outbreaks and disruption to business operations remains. Risks include:

- personnel shortages due to COVID-19 related illness
- inability to deliver contracted services due to regulatory or safety requirements
- loss of revenue due to business interruption, loss of customer volumes or customer withdrawals
- additional process steps or safety measures
- liquidity issues associated with delays in customer payments, potential customer failures or availability of financing.

The authorities in Russia demanded that the transport industry enterprises ensure that at least 80% of employees are vaccinated, which the Group's terminals completed within the required time frame.

Group measures to mitigate risk are grouped under/focused on four main priorities:

- **Protecting all employees (operations and admin) and communities:** including on-site vaccination at the terminals, medical examinations, restrictions on travelling and external/internal meetings, social distancing, additional disinfection according to the schedule, personal protective equipment provided for personnel, improved cleaning, purchasing protective masks, gloves and COVID-19 tests for the local hospital in Nakhodka, Far East. Administrative staff had been either recommended or moved to work from home. The Group tried to establish the maximum comfort for its employees during remote work. The IT infrastructure was adapted to new challenges and was working without major failures. As of the date of signing the financial statements, the employees were not fully returned from working from home. The Group has not taken a final decision, on whether some of the employees shall continue working from home going forward. Any return to the office is and will be accompanied by following the strict safety protocols including social distancing, disinfection, use of masks, limitation of external contacts.
- **Supporting customers:** uninterrupted 24/7 operations (quay, yard and gates), to support and protect customers' supply chains in Russia, improved commercial and operational flexibility.
- **Strengthening online channels:** including maximum digitalisation of documentation and customer integration, further development of online solutions to decrease the necessity of client's presence at the terminal, improvement of resilience of IT systems to external shocks and cyber attacks;
- **Ensuring financial stability and cash preservation:** including proactive management of costs, receivables and capacity for effective adaptation to crisis and its consequences. Stress testing of financial performance and liquidity position, revisiting financial plans.

All these measures implemented ensured that the terminals of the Group (quay, yard and gates) remained 100% operational to service vessels/handle cargoes throughout the pandemic as well as the call and service centres of the Group were working without interruption.

Operational risks

Leases of terminal land:

The Group leases a significant amount of the land and quays required to operate its terminals from government agencies and to a lesser extent from private entities. Any revision or alteration to the terms of these leases or the termination of these leases, or changes to the underlying property rights under these leases, could adversely affect the Group's business.

Customer Profile and Concentration:

The Group is dependent on a relatively limited number of major customers (shipping lines, freight forwarders etc.) for a significant portion of its business.

These customers are affected by conditions in their market sector which can result in contract changes and renegotiations as well as spending constraints, and this is further exacerbated by carrier consolidation.

The Group believes it has a stable situation at present regarding its land leases and its terminals have been in operation for a number of years. The Group owns the freehold on 66% of the total land of its terminals and 70% of the land of its container and inland terminals in Russia. The remainder is held under short and long-term leases routinely renewable at immaterial costs.

The Group conducts extensive and regular dialogue with key customers and actively monitors changes that might affect our customers' demand for our services.

The Group has a clear strategy to reduce its dependence on its major customers, by targeting new customers, increasing the share of business from other existing global customers, and new cargo segments.

The Group is also relying on the contribution from non-container revenues through building its presence in marine bulk cargoes like coal and scrap metal (share of non-container revenue was 22% and 17% in 2020 and 2021 respectively).

Risk factor**Reliance on third parties:**

The Group is dependent on the performance of services by third parties outside its control, including all those other participants in the logistics chain, such as customs inspectors, supervisory authorities, Russian Railways, rolling stock operators and others, and the performance of security procedures carried out at other port facilities and by its shipping line customers.

Tariff regulation:

Tariffs for certain services at certain of the Group's terminals have in the past, been regulated by the Russian Federal Antimonopoly Service (FAS). As a result, the tariffs charged for such services were, and may potentially in the future be, subject to a maximum tariff rate and/or fixed in Russian roubles as PLP, VSC, and FCT, like many other Russian seaport operators, are classified as natural monopolies under Russian law.

Human resources management:

The Group's competitive position and prospects depend on the expertise and experience of its key management team and its ability to continue to attract, retain and motivate qualified personnel.

Lack of qualified workers in the market and active competitions can lead to a deficiency of human resources.

Industrial action or adverse labour relations could disrupt the Group's operating activities and have an adverse effect on performance results.

Changes in work conditions as well as growing competition on the labour market may lead to higher staff turnover.

Health, safety, security:

Accidents involving the handling of hazardous materials at the Group's terminals could disrupt its business and operations and/or subject the Group to environmental and other liabilities.

The risk of safety incidents is inherent in the Group's businesses.

The Group's operations could be adversely affected by terrorist attacks, natural disasters or other catastrophic events beyond its control.

Environment:

Degradation of the environment and the consequences from stringent environmental regulations and investor sustainability expectations may influence the profitability of the business.

Information technology and security:

The Group's container terminals rely on IT and technology systems to keep their operations running efficiently, prevent disruptions to logistic supply chains, and monitor and control all aspects of their operations.

Any IT glitches or incidents can create major disruptions for complex logistic supply chains.

Any prolonged failure or disruption of these IT systems, whether a result of a human error, a deliberate data breach or an external cyber threat could create major disruptions in terminal operations. This could dramatically affect the Group's ability to render its services to customers, leading to reputational damage, disruption to business operations and an inability to meet its contractual obligations.

Regulatory and compliance risks**Regulatory compliance:**

The Group is subject to a wide variety of regulations, standards and requirements and may face substantial liability if it fails to comply with existing regulations applicable to its businesses.

The Group's terminal operations are subject to extensive laws and regulations governing, among other things, the loading, unloading and storage of hazardous materials, environmental protection and health and safety.

Changes in regulations:

Changes to existing regulations or the introduction of new regulations, procedures or licensing requirements are beyond the Group's control and may be influenced by political or commercial considerations not aligned with the Group's interests.

Any expansion of the scope of the regulations governing the Group's environmental obligations, in particular, would likely involve substantial additional costs, including costs relating to maintenance and inspection, development and implementation of emergency procedures and insurance coverage or other financial assurance of its ability to address environmental incidents or external threats.

Risk management approach

The Group strives to maintain a continuous dialogue and cooperation with third parties across the supply chain. In addition, its geographic diversification provides it with some flexibility in its logistics, should bottlenecks develop in one area.

All tariffs are set in Russian roubles. To the best of the knowledge of the Group's management, the Group is in full compliance with the tariff legislation. The Group continues to monitor for any legislative proposals and regulatory actions that could lead to changes to the existing tariff regulations and its natural monopoly status. It seeks a proactive dialogue with the relevant Russian federal authorities. It believes it is as well placed as any market participant to adapt to any future changes in tariff regulation.

The Group annually reviews labour market trends and aligns employee salaries and benefits at all levels to foster and retain skilled labour.

The Group invests in the professional development of its staff at all levels, including international best practices implementation and internal development/ training programmes.

The Group engages in socially responsible business practices and the support of local communities.

The Group is regularly exploring employee's satisfaction and loyalty and provide measures to keep a sufficient level of these metrics.

The Group strives to maintain a positive working relationship with labour unions at its facilities. Moreover, it pursues overall labour policies designed to provide a salary and COVID support benefit package in line with the expectations of our employees.

The Group has implemented clear safety policies designed around international best practices and benchmarks using such measures as GPI Global Minimum Requirements.

Safety is one of the Group's top priorities. A safety strategy and annual action plans have been developed and are being implemented, to build a sustainable safety culture across the whole Group. The detailed roadmap is designed to ensure sustainable implementation of safety culture over the medium term.

GPI is constantly improving its safety practices by involving the employees in identifying and mitigating potential safety risks.

Similarly, GPI works with all its stakeholders to maintain high level of physical security around port facilities and vessel operations to minimise the risk of terrorist attacks.

The Group constantly monitors the environmental, legislation changes and expectations and in response is developing its ESG targets which will be aligned with its business strategy, governance and risk management processes.

In 2021, the coal handling operations were ceased in one of the Company's subsidiaries.

The Group has centralised its IT function in recent years which is an important step in ensuring both the efficiency and consistency of the Group's security protocols implementation. We are continuing to align our IT strategy with the business objectives.

We regularly review, update and evaluate all software, applications, systems, infrastructure and security, i.e., in November 2021 VSC and Solvo completed testing and commissioning of a new terminal operating system (TOS). The new TOS enables real-time tracking of all ship and container handling procedures at the terminal and critical functions like operational accounting, warehouse management, railhead container handling and planning, vehicle handling, and oversight of containers during customs clearance.

All software and systems are upgraded or patched regularly to ensure that we minimise vulnerabilities.

Each of our business units has an IT disaster recovery plan.

Our security policies and infrastructure tools are updated or replaced regularly to keep pace with changing and growing threats.

Our security infrastructure is updated regularly and employs multiple layers of defence. Connectivity to our partners' systems is controlled, monitored and logged.

Risk factor**Conflict of interests:**

The Group's controlling beneficial shareholders may have interests that conflict with those of the holders of the GDRs or notes. The major implications of this risk are that (i) co-controlling shareholders pursue other businesses not related to GPI and hence may not be deeply involved with developing GPI and (ii) one of the major shareholders is also a major customer of the Group. The employees of the Group may have interests in the companies, that may or potentially may have the business with the Group.

Legal and tax risks:

An adverse determination of pending and potential legal actions involving the Group's subsidiaries could have an adverse effect on the Group's business, revenues and cash flows and the price of the GDRs. Weaknesses relating to the Russian legal and tax system and appropriate Russian law create an uncertain environment for investment and business activity and legislation may not adequately protect against expropriation and nationalisation. The lack of independence of certain members of the judiciary, the difficulty of enforcing court decisions and governmental discretion claims could prevent the Group from obtaining effective redress in court proceedings.

Financial risks**Foreign exchange risks:**

The Group is subject to foreign-exchange risk arising from various currency exposures, primarily the Russian rouble and the US dollar. Foreign-exchange risk is the risk of fluctuations in profits and cash flows of the Group arising from the movement of foreign-exchange rates. Risk also arises from the revaluation of assets and liabilities denominated in foreign currency.

Risk management approach

The Group's corporate governance system is designed to maximise the company's value for all shareholders and ensure the interests of all stakeholders are taken into account. The Group's LSE listing ensures our compliance with the highest international standards. In addition, the Board consists of highly experienced individuals including strong independent directors. In 2020, the Group adopted the Policy on Conflicts of Interest regulating the potential conflicts of interest by the employees of the Group and updated it in 2021.

The Group maintains a strong and professional legal function designed to monitor legal risks, avoid legal actions where possible and carefully oversee any changes in applicable legislation that may occur. The Group performs ongoing monitoring of changes in relevant tax legislation and court practice in the countries where its companies are located and develops the Group's legal and tax position accordingly.

As of 2021, all Group tariffs are denominated in Russian roubles, and part of the Group's debt is denominated in US Dollars. Most of the Group's operating expenses, on the other hand, are and will continue to be denominated and settled in Russian roubles.

In order to mitigate the possibility of foreign exchange risks arising from a significant mismatch between the currency of revenue and the currency of debt ('open FX position'), the Group is converting part of its existing USD debt into RUB, the currency of revenue. During 2018–2022, the Group bought back and / or redeemed part of its USD denominated Eurobonds exposure and currently ~57% of the total issued Eurobonds have been bought back and / or fully redeemed.

New debt in 2020–2021 was attracted/raised only in Russian rouble, i.e., VSC bonds in the amount of 12.5 billion RUB – USD equivalent of USD 168.25 mln.

In addition, the Group has negotiated with some of its customers the right to change its Russian rouble tariffs in conjunction with RUB/USD exchange rate fluctuations within a range of +/- 15% each time when the average RUB/USD exchange rate for a given month falls beyond 5% from the base exchange rate used for translating original USD tariffs to RUB, however, the risk above the levels of these currency moves remains.

The Group closely tracks its accounts receivable overall and the creditworthiness of key customers and suppliers.

The Group has been able to reduce its total debt level. FCT Series 2–3 Bonds were repaid in 2021 using their own funds. Debt reduction beyond minimum repayment requirements remains a management priority in 2022.

Liquidity risk is carefully monitored, with regular forecasts prepared for the Group and its operating entities.

As of the end of 2021 Group Net debt/EBITDA ratio reached 2.0x.

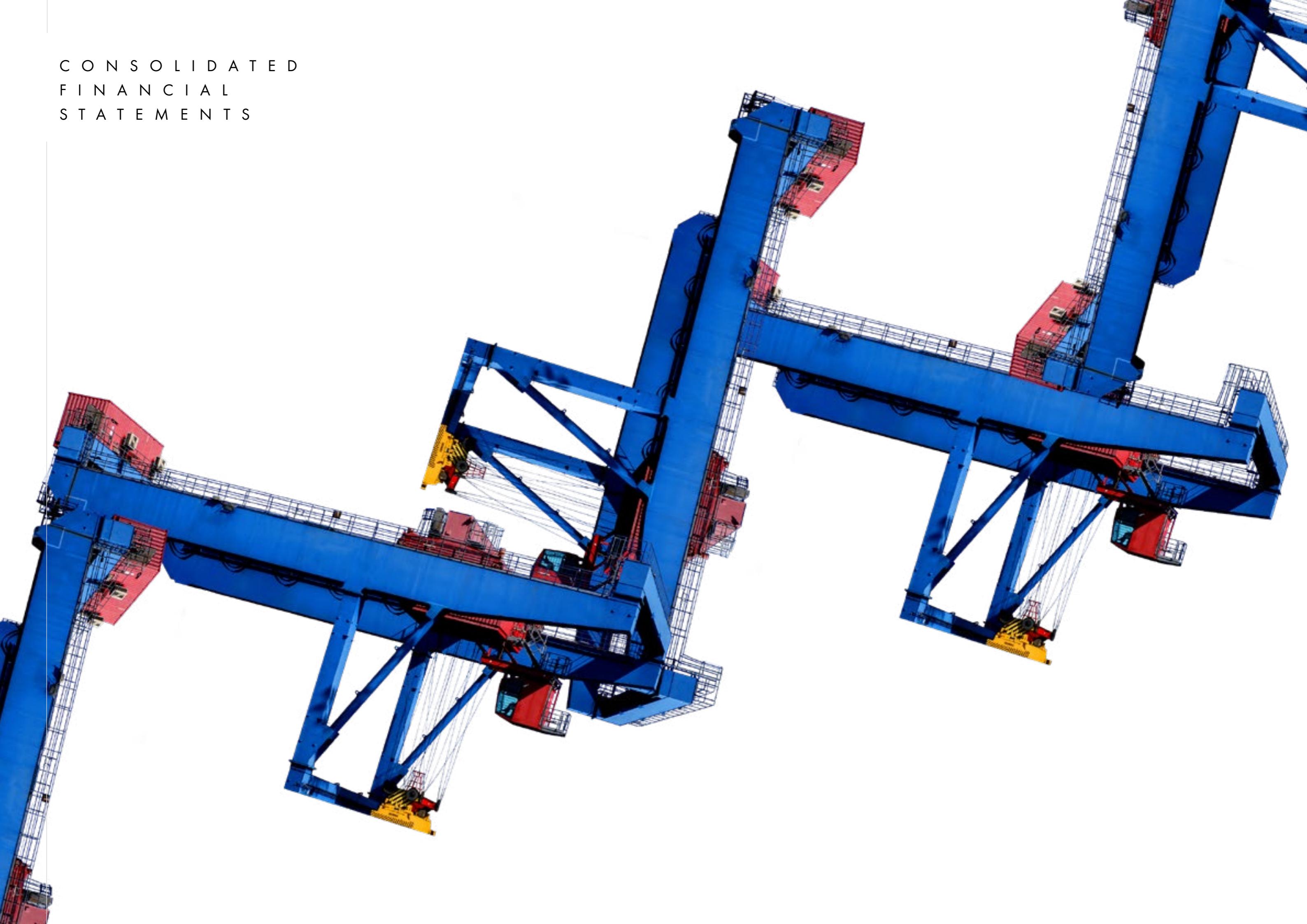
The Group deleveraging strategy together with the better business development outlook led to Moody's upgrade rating of the Company and the Group financial instruments by 1 notch to Ba1, RA Expert by 2 notches to ruAA, Fitch Ratings affirmation at BB+ in 2021.

The risk of liquidity has been significantly reduced via extensions of debt maturities through public debt issuance in 2021:

VSC issued Russian rouble bonds in the amount of 7.5 billion RUB – USD equivalent of USD 100.95 mln, which is a part of the rouble-denominated Bond Programme of VSC with Moscow Exchange which provides VSC with the potential to issue additional bonds

of RUB 17.5 billion – USD equivalent of USD 235.56 mln, over an unlimited period of time with a maturity of up to 10 years. FCT has a similar Bond Programme for RUB 50 billion – USD equivalent of USD 673.01 mln. In addition, the Group has over USD 300 million of open uncommitted limits for credit line facilities from the banks which in combination with VSC and FCT bonds can facilitate financial flexibility and diversification of the debt portfolio of the Group and the refinancing of the existing debt of the Group and ensure all obligations of the Group falling due in the next 12 months are met. The Group regularly stress tests scenarios when different negative trends that could affect cash flows are identified. The liquidity position is carefully monitored in case of further deterioration of financial performance.

CONSOLIDATED
FINANCIAL
STATEMENTS



Management report and consolidated financial statements 31 December 2021

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Board of Directors and other officers

Board of Directors

Mr. Soren Jakobsen (appointed 02 March 2018)

(Mr. Mogens Petersen is the alternate to Mr. Soren Jakobsen)

Chairman of the Board of Directors since 24 April 2020, Non-Executive Director,
Member of Nomination and Remuneration and Strategy Committees

Mr. Vladimir Bychkov (appointed 27 May 2021)

Non-executive Director, Chairman of Strategy Committee

Ms. Britta Dalunde (appointed 12 May 2017)

Senior Independent Non-Executive Director, Chairwoman of Audit and Risk Committee

Mr. Kristian Bai Hollund (appointed 29 May 2020)

(Mr. Soren Jakobsen is the alternate to Mr. Kristian Bai Hollund)

Non-executive Director

Ms. Alexandra Fomenko (appointed 18 June 2019)

Non-Executive Director, Member of Nomination and Remuneration Committee

Mr. Shavkat Kary-Niyazov (appointed 18 June 2019)

Non-Executive Director

Ms. Inna Kuznetsova (appointed 01 January 2018)

Independent Non-Executive Director, Chairwoman of Nomination and Remuneration Committee, Member of Audit and Risk Committee

Mr. Andrey Lenvalskiy (appointed 27 May 2021)

Non-Executive Director, Member of Audit and Risk and Strategy Committees

Mr. Lampros Papadopoulos (appointed 01 January 2018)

Independent Non-Executive Director, Member of Audit and Risk and Strategy Committees

Mr. Andriy Pavlyutin (appointed 27 May 2021)

Non-Executive Director

Mr. Mogens Petersen (appointed 18 June 2019)

(Mr. Soren Jakobsen is the alternate to Mr. Mogens Petersen)

Non-Executive Director, Member of Audit and Risk and Strategy Committees

Members of the Board of Directors, who resigned during the year

Mr. Demos Katsis resigned on 27 May 2021

Mr. Sergey Shishkarev resigned on 27 May 2021

Mr. Andrey Yashchenko resigned on 27 May 2021

Board of Directors and other officers (continued)

Registered office

20 Omirou Street

Ayios Nicolaos

CY-3095 Limassol

Cyprus

Secretary

Team Nominees Limited

20 Omirou Street

Ayios Nicolaos

CY-3095 Limassol

Cyprus

Management report

1. The Board of Directors presents its report together with the audited consolidated financial statements of Global Ports Investments Plc (hereafter also referred to as "GPI" or the "Company" or "Global Ports") and its subsidiaries and joint ventures (hereafter collectively referred to as the "Group") for the year ended 31 December 2021. The Group's financial statements have been prepared in accordance with International Financial Reporting Standards (hereafter also referred as "IFRS") as adopted by the European Union ("EU") and the requirements of Cyprus Companies Law, Cap. 113.

Principal activities and nature of operations of the Group

2. The principal activities of the Group are the operation of container and general cargo terminals in Russia and Finland. The Group offers its customers a wide range of services for their import and export logistics operations. There were no changes in principal activities of the Group in the current year.

Results

3. The Group's results for the year are set out on pages 31 and 32.

Changes in group structure

4. The management continues the optimization of the Group structure and elimination of the excess companies from the Group. As a part of simplification and streamlining of Group structure the following steps were implemented in 2021.
 - a. On 01.04.2021 Alocasia CO. Ltd and Belvo Establishment Ltd transferred their ownership in Ust-Luga Container Terminal JSC to First Container Terminal Inc (0.543% and 1.63% respectively). First Container Terminal Inc directly owns 80% of the share capital of Ust-Luga Container Terminal JSC.
 - b. On 24.06.2021 NCC Group Ltd was liquidated.
 - c. On 11.10.2021 a legal merger of National Container Holding Company Ltd into Global Ports Investments Plc was completed. As a result of the reorganisation, Global Ports Investments Plc directly holds 100% in Vostochnaya Stevedoring Company LLC, JSC Petrolesport, Farvater LLC and Shakhovo-18 LLC and indirectly owns 100% in First Container Terminal Inc and 80% in Ust-Luga Container Terminal JSC via JSC Petrolesport.
 - d. On 11.10.2021 Global Ports Investments Plc transferred one share of Global Ports (Finance) PLC to Farvater LLC.
 - e. A members' voluntary liquidation of Alocasia CO. Ltd and Belvo Establishment Ltd was initiated in October 2021.
 - f. On 22.12.2021 VIFS LLC, wholly-owned subsidiary of Vostochnaya Stevedoring Company LLC, was liquidated.

These reorganisations did not have an impact on the underlying assets/liabilities and overall activities of the Group.

5. There were no other material changes in the group structure. However, the Board of Directors is regularly reviewing the Group structure and the possibilities to optimize it and will continue its efforts in the following years.

Review of Developments, Position and Performance of the Group's Business

6. Strong market growth in 2021 saw the Russian marine container market achieving all-time-high volumes in 2021 of 5.4 million TEUs (+7.1% y-o-y), driving growth in both containerised import of 11.1% and containerised export of 4.2%.
7. As a result of the sharp rise in freight rates in most of the main global container shipping trades, very tight network capacity in the Asia-Europe trade and a deficit of empty containers globally, market players increasingly preferred faster container import and export supply chains via the shortest sea leg. As a result, market growth was concentrated in the Far Eastern basin (+14.0% y-o-y) and the Southern basin (+6.4% y-o-y) while the combined throughput of terminals located in Saint Petersburg and the surrounding area declined by 3.7% y-o-y in FY 2021.

Management report (continued)

8. The Group successfully improved in 2021 its market share position in both its basins of presence, with VSC throughput improving 14.8% y-o-y and throughput of its terminals in the Baltic Basin declining by 2.3% y-o-y (being less than market decline). In total, Consolidated Marine Container Throughput increased by 2.8% y-o-y in 2021 to 1,576 thousand TEUs.
9. As previously announced, VSC ceased the coal handling activities in September 2021, enabling the terminal to concentrate on the Group's core strategic operations of driving container volumes. As a result, the Group's Consolidated Marine Bulk Throughput decreased in 2021 by 14.6% y-o-y to 4.3 million tonnes.
10. High and Heavy Ro-Ro handling increased by 24.4% to 25.2 thousand units, while car handling increased by 27.8% to 104.9 thousand units.
11. Consolidated revenue increased by 30.8% to USD502.8 million; excluding the impact of VSC transportation services, like-for-like revenue increased by 17.1% as 25.0% increase in Consolidated Container Revenue offset 5.2% decrease in Consolidated Non-container Revenue on the back of ceased coal handling at VSC.
12. Like-for-like Total Operating Cash Costs increased by 16.4% to USD131.8 million due to inflationary pressures, volumes growth and also the fact that operating in a high demand environment and high capacity utilisation rates at VSC required controlled cost increases to drive Adjusted EBITDA growth.
13. Adjusted EBITDA increased by 17.4% to USD246.2 million as a result of volume growth and Revenue per TEU increase (like-for-like Revenue per TEU increased by 21.6% to USD188.7 as a result of positive cargo, customer and basin mix changes, as well as customers' appreciation of our quality services in high demand environment in the Far Eastern basin). Profitability improved with a like-for-like Adjusted EBITDA Margin to 65.4% posting an increase of 15 basis points.
14. The Group achieved significant Free Cash Flow growth of 46.9% generating USD129.1 million over the year.
15. The Group reduced Net Debt by USD120.7 million in 2021 allowing Net Debt to Adjusted EBITDA to decrease from 2.9x as of 31 December 2020 to 2.0x as at the end of the reporting period, achieving the Group's long-term deleveraging target.

The terms used above are defined as follows:

Adjusted EBITDA (a non-IFRS financial measure) for Global Ports Group is defined as profit for the period before income tax expense, finance income/(costs)–net, depreciation, write-off and impairment of property plant and equipment, depreciation and impairment of right-of-use assets, amortisation, write-off and impairment of intangible assets, share of profit/(loss) of joint ventures accounted for using the equity method, other gains/(losses)–net.

Net Debt (a non-IFRS financial measure) is defined as the sum of current borrowings, non-current borrowings, current and non-current lease liabilities (following adoption of IFRS 16) and swap derivatives less cash and cash equivalents and bank deposits with maturity over 90 days.

Revenue per TEU is defined as the Global Ports Group's Consolidated Container Revenue divided by total Consolidated Container Marine Throughput.

Adjusted EBITDA Margin (a non-IFRS financial measure) is calculated as Adjusted EBITDA divided by revenue, expressed as a percentage.

Consolidated Container Revenue is defined as revenue generated from containerised cargo services.

Consolidated Non-Container Revenue is defined as a difference between total revenue and Consolidated Container Revenue.

Consolidated Marine Bulk Throughput is defined as combined marine bulk throughput by consolidated terminals: PLP, VSC, FCT and ULCT.

Consolidated Marine Container Throughput is defined as combined marine container throughput by consolidated marine terminals: PLP, VSC, FCT and ULCT.

Free Cash Flow (a non-IFRS financial measure) is calculated as net cash from operating activities less net cash used in investing activities and interest paid on borrowings and lease liabilities.

Total Debt (a non-IFRS financial measure) is defined as the sum of current borrowings, non-current borrowings, current and non-current lease liabilities (following adoption of IFRS 16) and swap derivatives.

Management report (continued)

Future Developments of the Group

16. The Board of Directors does not expect any significant changes in the activities of the Group in the foreseeable future.

Risk Management Process, Principal Risks and Uncertainties

- 17. Global Ports is exposed to a variety of risks and opportunities that can have commercial, financial, operational and compliance impacts on its business performance, reputation and licence to operate. The Board recognises that creating shareholder value involves the acceptance of risk. Effective management of risk is therefore critical to achieving the corporate objective of delivering long-term growth and added value to our shareholders.
- 18. Global Ports bases its risk management activities on a series of well-defined risk management principles, derived from experience, best practice, and corporate governance regimes. The Group's enterprise risk management processes (ERM) are designed to identify, assess, respond, monitor and, where possible, mitigate or eliminate threats to the business caused by changes in the business, financial, regulatory and operating environment.
- 19. The Board has overall oversight responsibility for GPI's risk management and for the establishment of the framework of prudent and effective controls. As such, it systematically monitors and assesses the risks attributable to the Group's performance and delivery of the GPI strategy. Where a risk has been identified and assessed, the Group selects the most appropriate risk measure available in order to reduce the likelihood of its occurrence and mitigate any potential adverse impact.
- 20. The Board delegates to the Chief Executive Officer of LLC Global Ports Management the responsibility for the effective implementation and maintenance of the risk management system. Day-to-day responsibility for risk management lies with the management team. The Audit and Risk Committee is authorized by the Board to monitor, review and report on the organization, functionality and effectiveness of the Group's Enterprise Risk Management (ERM) system.
- 21. Global Ports is exposed to a variety of risks which are listed below. The order in which these risks are presented is not intended to be an indication of the probability of their occurrence or the magnitude of their potential effects.
- 22. Not all of these risks are within the Group's control, and the list cannot be considered to be exhaustive, as other risks and uncertainties may emerge in a changing external and internal environment that could have a material adverse effect on the Group's ability to achieve its business objectives and deliver its overall strategy.
- 23. Further information on our risk management system, including a detailed description of identified risk factors, is in the notes to the Consolidated Financial Statements attached to this report.
- 24. The Group's financial risk management and critical accounting estimates and judgments are disclosed in Notes 3 and 4 to the consolidated financial statements.
- 25. The Group's contingencies are disclosed in Note 28 to the consolidated financial statements.

Management report (continued)

Risk factor	Risk management approach
Strategic risks	
Market conditions:	<p>The Group has responded to throughput volatility in the container market by:</p> <ul style="list-style-type: none"> • Focusing on quality and value-driven services (getting closer to the customer) • Greater focus on balancing export and import container flows as well as the cargo mix • Offering operational flexibility to all clients via operational excellence • Investments in infrastructure development and equipment • Termination of handling coal at VSC to optimise the handling of containers • Effective cost containment • Development of IT solutions • Adopting new revenue streams and attracting new cargoes
Competition:	<p>The Group actively monitors the competitive landscape and adjusts its strategy accordingly, i.e., the Group prioritises building close long-term strategic relationships with its leading customers (locally, regionally and with headquarters).</p> <p>The Group's focus on service quality is a key differentiator from its competition and the Group believes this is one of its key competitive advantages.</p> <p>The Group continues to invest in its terminals and infrastructure to ensure competitive levels of service. It takes a long-term approach to managing its network of terminals that represent core infrastructure assets in Russia with an expected operating lifespan of 10 to 20 years and beyond. The Group owns a significant land bank giving it flexibility should market conditions require it. The Group maintains level of capital expenditure in line with the requirements needed to maintain effective development of its existing capacity. The Group has developed long-term operating master plans for each of its terminals that enable it to react quickly in the case of additional market demands being placed on its facilities' infrastructure and equipment. The Group's healthy cash flow generation and decreasing leverage allow financial flexibility in terms of timing and size of the required capital expenditure program.</p>

Management report (continued)

Risk factor

Given the historically high margins in the Russian container handling industry, this trend may continue, which is demonstrated by growing competition in the Russian Far-East where a number of new projects were announced at the Far-Eastern Economic Forum in September 2021. Though we do not expect new major capacity to come to the market in the next 3–4 years, the conversion of some of the existing terminals into the handling of containers already started.

Political, Geopolitical, military conflicts and economic and social instability:

Russian foreign affairs and geopolitics could lead to instability in the Russian economy. Therefore, uncertain operating environment and decreasing, as a result of social and political instability, could affect the Group's profitability and ability to sell its services due to significant economic and political risks.

Certain government policies or the selective and arbitrary enforcement of such policies could make it more difficult for the Group to compete effectively and/or impact its profitability.

The current geopolitical situation and conflict surrounding Russia and Ukraine will adversely affect operations of the Group, i.e. the management of the Group is aware of the fact that some shipping lines have announced that they temporarily suspend shipments to and from Russian Federation. It is possible that other shipping lines will follow with similar restrictions. The Group may also be adversely indirectly affected by US, EU, UK and other jurisdictions' sanctions against Russian business/companies – measures that have had and may continue to have an adverse effect on the Russian economy and demand for goods, commodities and services as well as supply of equipment and spare parts, interest rates and RUB/USD exchange rate. Ongoing sanctions could also slow down or make it very challenging to process the settlements with clients and suppliers and to deal with certain persons and entities in Russia or in other countries.

Following already imposed sanctions on Russian Central Bank, its restrictions for capital movements outside Russian Federation and other developments of the confrontation, there is an uncertainty about the availability of the options for refinancing in 2023 when principal payments of Eurobonds 2023 fall due. The situation is largely dependent on actions of Russian Government and Central Bank that are difficult to foresee.

Risk management approach

In light of the geopolitical and macroeconomic challenges faced by the ports industry in recent years, the Group has focused on improving its resilience, in particular its ability to withstand short-term economic fluctuations in Russia, as well as the wider regional and global environment. This has included a strong focus on cost containment measures, and on strengthening its financial position by refinancing its debt, switching to longer maturities at fixed rates, execute the investment programs ahead of time and increase the resilience of its treasury operations. In addition, the Group has developed its growth strategy to embrace exports and new revenue streams to counteract the impact of any fall in consumer sentiment or any macro-economic downturn.

The Group has strengthened its system to monitor compliance with restrictions posed by international sanctions and fend off the risk of secondary sanctions.

The Group continues to maintain an international base of shareholders, bondholders and business partners.

The Group's management is closely monitoring events in Russia and Ukraine, as well as the possibility of the imposition of further sanctions in connection with the escalating confrontation and any resulting increase of tensions between Russia, and the US, UK and/or the EU. The management understands what needs to be done under current circumstances and believes that it has required resources to lead the Group through these difficult times.

The Group has a strong track record in promptly meeting all its debt obligations, successful refinancing and deleveraging and enjoys high credibility in local and international banking and capital markets that we expect should support the Group in its efforts to refinance in September 2023 or earlier.

The Group is not aware of any specific sanctions related to its ownership or operations.

Management report (continued)

Risk factor

Coronavirus (COVID-19):

The global coronavirus (COVID-19) pandemic that emerged during 2020 impacted the container ports industry and Global Ports own operations, resulting in significant interruption to global trade, disruption to supply chains, reshuffling of vessel calls, and high FX volatility.

Despite the introduction of vaccination programs, visibility remains low, new strains of virus are emerging, and the risk of future outbreaks and disruption to business operations remains. Risks include:

- personnel shortages due to COVID-19 related illness
- inability to deliver contracted services due to regulatory or safety requirements
- loss of revenue due to business interruption, loss of customer volumes or customer withdrawals
- additional process steps or safety measures
- liquidity issues associated with delays in customer payments, potential customer failures or availability of financing.

Risk management approach

The authorities in Russia demanded that the transport industry enterprises ensure that at least 80% of employees are vaccinated, which the Group's terminals completed within the required time frame.

Group measures to mitigate risk are grouped under/focused on four main priorities:

- Protecting all employees (operations and admin) and communities: including on-site vaccination at the terminals, medical examinations, restrictions on travelling and external/internal meetings, social distancing, additional disinfection according to the schedule, personal protective equipment provided for personnel, improved cleaning, purchasing protective masks, gloves and COVID-19 tests for the local hospital in Nakhodka, Far East. Administrative staff had been either recommended or moved to work from home. The Group tried to establish the maximum comfort for its employees during remote work. The IT infrastructure was adapted to new challenges and was working without major failures. As of the date of signing the financial statements, the employees were not fully returned from working from home. The Group has not taken a final decision, on whether some of the employees shall continue working from home going forward. Any return to the office is and will be accompanied by following the strict safety protocols including social distancing, disinfection, use of masks, limitation of external contacts.
- Supporting customers: uninterrupted 24/7 operations (quay, yard and gates), to support and protect customers' supply chains in Russia, improved commercial and operational flexibility;
- Strengthening online channels, including maximum digitalisation of documentation and customer integration, further development of online solutions to decrease the necessity of client's presence at the terminal, improvement of resilience of IT systems to external shocks and cyber attacks;
- Ensuring financial stability and cash preservation, including proactive management of costs, receivables and capacity for effective adaptation to crisis and its consequences, Stress testing of financial performance and liquidity position, revisiting financial plans.

All these measures implemented ensured that the terminals of the Group (quay, yard and gates) remained 100% operational to service vessels/handle cargoes throughout the pandemic as well as the call and service centres of the Group were working without interruption.

Management report (continued)

Risk factor	Risk management approach
Operational risks	
Leases of terminal land:	<p>The Group leases a significant amount of the land and quays required to operate its terminals from government agencies and to a lesser extent from private entities. Any revision or alteration to the terms of these leases or the termination of these leases, or changes to the underlying property rights under these leases, could adversely affect the Group's business.</p>
Customer Profile and Concentration:	<p>The Group is dependent on a relatively limited number of major customers (shipping lines, freight forwarders etc.) for a significant portion of its business. These customers are affected by conditions in their market sector which can result in contract changes and renegotiations as well as spending constraints, and this is further exacerbated by carrier consolidation.</p>
Reliance on third parties:	<p>The Group is dependent on the performance of services by third parties outside its control, including all those other participants in the logistics chain, such as customs inspectors, supervisory authorities, Russian Railways, rolling stock operators and others, and the performance of security procedures carried out at other port facilities and by its shipping line customers.</p>
Tariff regulation:	<p>Tariffs for certain services at certain of the Group's terminals have in the past, been regulated by the Russian Federal Antimonopoly Service (FAS). As a result, the tariffs charged for such services were, and may potentially in the future be, subject to a maximum tariff rate and/or fixed in Russian roubles as PLP, VSC, and FCT, like many other Russian seaport operators, are classified as natural monopolies under Russian law.</p>

Management report (continued)

Risk factor	Risk management approach
Human resources management:	
	<p>The Group's competitive position and prospects depend on the expertise and experience of its key management team and its ability to continue to attract, retain and motivate qualified personnel. Lack of qualified workers in the market and active competitions can lead to a deficiency of human resources. Industrial action or adverse labour relations could disrupt the Group's operating activities and have an adverse effect on performance results. Changes in work conditions as well as growing competition on the labour market may lead to higher staff turnover.</p>
Health, safety, security:	<p>Accidents involving the handling of hazardous materials at the Group's terminals could disrupt its business and operations and/or subject the Group to environmental and other liabilities. The risk of safety incidents is inherent in the Group's businesses. The Group's operations could be adversely affected by terrorist attacks, natural disasters or other catastrophic events beyond its control.</p>
Environment:	<p>Degradation of the environment and the consequences from stringent environmental regulations and investor sustainability expectations may influence the profitability of the business.</p>
	<p>The Group has implemented clear safety policies designed around international best practices and benchmarks using such measures as GPI Global Minimum Requirements. Safety is one of the Group's top priorities. A safety strategy and annual action plans have been developed and are being implemented, to build a sustainable safety culture across the whole Group. The detailed roadmap is designed to ensure sustainable implementation of safety culture over the medium term. GPI is constantly improving its safety practices by involving the employees in identifying and mitigating potential safety risks. Similarly, GPI works with all its stakeholders to maintain high level of physical security around port facilities and vessel operations to minimise the risk of terrorist attacks.</p> <p>The Group constantly monitors the environmental, legislation changes and expectations and in response is developing its ESG targets which will be aligned with its business strategy, governance and risk management processes.</p> <p>In 2021 the coal handling operations were ceased in one of the Company's subsidiaries.</p>

Management report (continued)

Risk factor

Information technology and security:

The Group's container terminals rely on IT and technology systems to keep their operations running efficiently, prevent disruptions to logistic supply chains, and monitor and control all aspects of their operations.

Any IT glitches or incidents can create major disruptions for complex logistic supply chains.

Any prolonged failure or disruption of these IT systems, whether a result of a human error, a deliberate data breach or an external cyber threat could create major disruptions in terminal operations. This could dramatically affect the Group's ability to render its services to customers, leading to reputational damage, disruption to business operations and an inability to meet its contractual obligations.

Risk management approach

The Group has centralised its IT function in recent years which is an important step in ensuring both the efficiency and consistency of the Group's security protocols implementation. We are continuing to align our IT strategy with the business objectives.

We regularly review, update and evaluate all software, applications, systems, infrastructure and security, i.e., in November 2021 VSC and Solvo completed testing and commissioning of a new terminal operating system (TOS). The new TOS enables real-time tracking of all ship and container handling procedures at the terminal and critical functions like operational accounting, warehouse management, railhead container handling and planning, vehicle handling, and oversight of containers during customs clearance.

All software and systems are upgraded or patched regularly to ensure that we minimise vulnerabilities.

Each of our business units has an IT disaster recovery plan.

Our security policies and infrastructure tools are updated or replaced regularly to keep pace with changing and growing threats.

Our security infrastructure is updated regularly and employs multiple layers of defence. Connectivity to our partners' systems is controlled, monitored and logged.

Regulatory and compliance risks

Regulatory compliance:

The Group is subject to a wide variety of regulations, standards and requirements and may face substantial liability if it fails to comply with existing regulations applicable to its businesses.

The Group's terminal operations are subject to extensive laws and regulations governing, among other things, the loading, unloading and storage of hazardous materials, environmental protection and health and safety.

The Group strives to be in compliance at all times with all regulations governing its activities and devotes considerable management and financial resources to ensure compliance.

Management report (continued)

Risk factor

Changes in regulations:

Changes to existing regulations or the introduction of new regulations, procedures or licensing requirements are beyond the Group's control and may be influenced by political or commercial considerations not aligned with the Group's interests. Any expansion of the scope of the regulations governing the Group's environmental obligations, in particular, would likely involve substantial additional costs, including costs relating to maintenance and inspection, development and implementation of emergency procedures and insurance coverage or other financial assurance of its ability to address environmental incidents or external threats.

Conflict of interests:

The Group's controlling beneficial shareholders may have interests that conflict with those of the holders of the GDRs or notes.

The major implications of this risk are that (i) co-controlling shareholders pursue other businesses not related to GPI and hence may not be deeply involved with developing GPI and (ii) one of the major shareholders is also a major customer of the Group.

The employees of the Group may have interests in the companies, that may or potentially may have the business with the Group.

Legal and tax risks:

An adverse determination of pending and potential legal actions involving the Group's subsidiaries could have an adverse effect on the Group's business, revenues and cash flows and the price of the GDRs. Weaknesses relating to the Russian legal and tax system and appropriate Russian law create an uncertain environment for investment and business activity and legislation may not adequately protect against expropriation and nationalisation. The lack of independence of certain members of the judiciary, the difficulty of enforcing court decisions and governmental discretion claims could prevent the Group from obtaining effective redress in court proceedings.

Risk management approach

The Group maintains a constructive dialogue with relevant federal, regional and local authorities regarding existing and planned regulations. The Group does not have the power to block any or all regulations it may judge to be harmful, but this dialogue should ensure it has time to react to changes in the regulatory environment.

The Group's corporate governance system is designed to maximise the company's value for all shareholders and ensure the interests of all stakeholders are taken into account.

The Group's LSE listing ensures our compliance with the highest international standards. In addition, the Board consists of highly experienced individuals including strong independent directors.

In 2020 the Group adopted the Policy on Conflicts of Interest regulating the potential conflicts of interest by the employees of the Group and updated it in 2021.

The Group maintains a strong and professional legal function designed to monitor legal risks, avoid legal actions where possible and carefully oversee any changes in applicable legislation that may occur.

The Group performs ongoing monitoring of changes in relevant tax legislation and court practice in the countries where its companies are located and develops the Group's legal and tax position accordingly.

Management report (continued)

Risk factor	Risk management approach
Financial risks	
Foreign exchange risks: The Group is subject to foreign-exchange risk arising from various currency exposures, primarily the Russian rouble and the US dollar. Foreign-exchange risk is the risk of fluctuations in profits and cash flows of the Group arising from the movement of foreign-exchange rates. Risk also arises from the revaluation of assets and liabilities denominated in foreign currency.	As of 2021, all Group tariffs are denominated in Russian roubles, and part of the Group's debt is denominated in US Dollars. Most of the Group's operating expenses, on the other hand, are and will continue to be denominated and settled in Russian roubles. In order to mitigate the possibility of foreign exchange risks arising from a significant mismatch between the currency of revenue and the currency of debt ('open FX position'), the Group is converting part of its existing USD debt into RUB, the currency of revenue. During 2018-2022 the Group bought back and / or redeemed part of its USD denominated Eurobonds exposure and currently~57% of the total issued Eurobonds have been bought back and/ or fully redeemed. New debt in 2020-2021 was attracted/raised only in Russian rouble, i.e., VSC bonds in the amount of 12.5 billion RUB-USD equivalent of USD168.25 mln. In addition, the Group has negotiated with some of its customers the right to change its Russian rouble tariffs in conjunction with RUB/USD exchange rate fluctuations within a range of +/-15% each time when the average RUB/USD exchange rate for a given month falls beyond 5% from the base exchange rate used for translating original USD tariffs to RUB, however, the risk above the levels of these currency moves remains.
Credit risk: The Group may be subject to credit risk, arising primarily from trade and other receivables, loans receivable and cash and its equivalents and derivative financial instruments. The Group's business is also dependent on several large key customers.	The Group closely tracks its accounts receivable overall and the creditworthiness of key customers and suppliers.

Management report (continued)

Risk factor	Risk management approach
Debt, leverage and liquidity:	
The Group's indebtedness or the enforcement of certain provisions of its financing arrangements could affect its business or growth prospects. Failure to promptly monitor and forecast compliance with loan covenants both at the Group and individual terminal levels may result in covenant breaches and technical defaults. If the Group is unable to access funds (liquidity) it may be unable to meet financial obligations when they fall due, or on an ongoing basis, to borrow funds in the market at an acceptable price to fund its commitments.	The Group has been able to reduce its total debt level. FCT Series 2-3 Bonds were repaid in 2021 using their own funds. Debt reduction beyond minimum repayment requirements remains a management priority in 2022. Liquidity risk is carefully monitored, with regular forecasts prepared for the Group and its operating entities. As of the end of 2021 Group Net debt/EBITDA ratio reached 2.0x. The Group deleveraging strategy together with the better business development outlook led to Moody's upgrade rating of the Company and the Group financial instruments by 1 notch to Ba1, RA Expert by 2 notches to ruAA, Fitch Ratings affirmation at BB+ in 2021. The risk of liquidity has been significantly reduced via extensions of debt maturities through public debt issuance in 2021: VSC issued Russian rouble bonds in the amount of 7.5 billion RUB – USD equivalent of USD100.95 mln, which is a part of the rouble-denominated Bond Program of VSC with Moscow Exchange which provides VSC with the potential to issue additional bonds of RUB17.5 billion – USD equivalent of USD235.56 mln, over an unlimited period of time with a maturity of up to 10 years. FCT has a similar Bond Program for RUB50 billion – USD equivalent of USD673.01 mln. In addition, the Group has over US Dollars 300 million of open uncommitted limits for credit line facilities from the banks which in combination with VSC and FCT bonds can facilitate financial flexibility and diversification of the debt portfolio of the Group and the refinancing of the existing debt of the Group and ensure all obligations of the Group falling due in the next 12 months are met. The Group regularly stress tests scenarios when different negative trends that could affect cash flows are identified. The liquidity position is carefully monitored in case of further deterioration of financial performance.

Management report (continued)

Internal control and risk management systems in relation to the financial reporting process

26. The internal control and risk management systems relating to financial reporting are designed to provide reasonable assurance regarding the reliability of financial reporting and to ensure compliance with applicable laws and regulations. The description below applies to all companies of the Group and the Group as a whole.

27. Financial reporting and supervision are based on approved budgets and on monthly performance reporting.

28. The Audit and Risk Committee of the Board of directors of the Company reviews certain high-risk areas at least once a year, including the following:

- Significant accounting estimates;
- Material changes to the accounting policies.

29. Reporting from various Group entities to the centralised unit is supervised on an ongoing basis and procedures have been established for control and checking of such reporting. Procedures have also been set up to ensure that any errors are communicated to, and corrected by, the reporting entities. The internal controls are subject to ongoing reviews, including in connection with the regular control inspections at subsidiaries conducted by the central unit. The results from these reviews are submitted to the executive management, the Audit and Risk Committee and the Board of Directors. The internal financial reporting ensures an effective process to monitor the Group's financial results, making it possible to identify and correct any errors or omissions. The monthly financial reporting from the respective entities is analysed and monitored by the centralised department in order to assess the financial and operating performance as well as to identify any weaknesses in the internal reporting, failures to comply with procedures and the Group accounting policies. The Audit and Risk Committee follows up to ensure that any internal control weaknesses are mitigated and that any errors or omissions in the financial statements identified and reported by the auditors are corrected, including controls or procedures implemented to prevent such errors or omissions.

Use of financial instruments by the Group

30. The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, cash flow and fair value interest rate risk), credit risk and liquidity risk. For a description of the Group's financial risk management objectives and policies and a summary of the Group's exposure to financial risks please refer to Note 3 of the consolidated financial statements.

The Role of the Board of Directors

31. The Company is governed by its Board of Directors (also referred as "the Board") which is collectively responsible to the shareholders for the short- and long-term sustainable success of the Group, generating value to shareholders and contributing to the wider society as a whole. Its responsibility is to promote adherence to best-in-class corporate governance.

32. The Board of Directors' role is to provide entrepreneurial leadership to the Group through establishing the Group's purpose, values and strategy, setting out the corporate governance standards, satisfying itself that these and its culture are aligned, ensuring that the necessary financial and human resources are in place for the Group to meet its objectives and reviewing management performance. The Group seeks directors who bring strong track records and a deep understanding of the industry. The Board sets the Group's values and standards and ensures all obligations to shareholders are understood and met. The Board ensures the Group establishes a framework of prudent and effective controls, which enables risk to be assessed and managed and maintains a sound system of internal control, corporate compliance and enterprise risk management to safeguard the Group's assets and shareholders' investments in the Group.

33. The roles and responsibilities of the Chairman, Senior Independent Director, Board and committees' members are set out in writing in the Terms of Reference of the Board and committees. The latest version of the Terms of Reference of the Board of Directors was approved by the shareholders on 18 June 2019. It is available on the Company's website.

Management report (continued)

Members of the Board of Directors

34. The Board of Directors leads the process in making new Board member appointments and makes recommendations on appointments to shareholders. In accordance with the Terms of Reference of the Board, all Directors are subject to election by shareholders at the first Annual General Meeting after their appointment, and to re-election at intervals of no more than one year. Any term beyond six years for a Non-Executive Director is subject to particularly rigorous review, and takes into account the need to refresh the Board on a regular basis.

35. The Board currently has 11 members and they were appointed as shown on page 2.

36. On 27 May 2021 Messrs. Demos Katsis, Sergey Shishkarev and Andrey Yashchenko resigned from the Board and Messrs. Vladimir Bychkov, Andrey Lenvalskiy and Andriy Pavlyutin replaced them on the same date. All new Board members were reviewed and recommended for appointment by the Nomination and Remuneration Committee.

37. All other Directors were members of the Board throughout the year ended 31 December 2021, including the independent directors: Ms. Britta Dalunde, Ms. Inna Kuznetsova and Mr. Lampros Papadopoulos.

38. There were no significant changes in the responsibilities of the Directors during 2021 except for membership in the committees as described below.

39. There is no provision in the Company's Articles of Association for the retirement of Directors by rotation. However, in accordance with the Terms of Reference of the Board of Directors and the resolutions adopted by the Shareholders at the Annual General Meeting held on 27 May 2021 all present directors are subject to re-election at the next Annual General Meeting of the Shareholders of the Company, which will take place in 2022.

Directors' Interests

40. The interests in the share capital of Global Ports Investments Plc, both direct and indirect, of persons discharging managerial responsibilities, as well as persons closely associated with them as of 31 December 2021 and 31 December 2020 are shown below. Mr. Sergey Shishkarev resigned from the position of Director on 27 May 2021. Mr. Vladimir Bychkov was appointed to the position of Director on the same date.

Name	Type of holding	Shares held at 31 December 2021	Shares held at 31 December 2020
Britta Dalunde	Through holding of the GDRs	7,000 GDRs representing 21,000 ordinary shares	7,000 GDRs representing 21,000 ordinary shares
Sergey Shishkarev	Through shareholding in LLC Management Company "Delo" and other related entities	NA	88,769,817 ordinary shares NA 34,605,183 ordinary non-voting shares
Vladimir Bychkov	Through holding of the GDRs	235,301 GDRs representing 705,903 ordinary shares	NA

Management report (continued)

Chairman of the Board of Directors

41. Mr. Soren Jakobsen is the Chairman of the Board since 24 April 2020, when he replaced Mr. Morten Engelstoft.
42. The role of the Chairman of the Board of Directors is to ensure that Board meetings are held as and when necessary, lead the directors, ensure their effectiveness and review the agenda of Board meetings. The Chairman together with the Secretary of the Board review Board materials before they are presented to the Board and ensure that Board members are provided with accurate, timely and clear information. The members of the management team who have prepared the papers, or who can provide additional insights into the issues being discussed, are invited to present papers or attend the Board meeting at the relevant time. Board members regularly hold meetings with the Group's management to discuss their work and evaluate their performance.
43. The Chairman monitors communications and relations between the Group and its shareholders, the Board and management, and independent and non-independent directors, with a view to encouraging dialogue and constructive relations. The Chairman should demonstrate objective judgement and promote a culture of openness and debate. In addition, the Chairman facilitates constructive board relations and the effective contribution of all non-executive directors.
44. The Group separates the positions of the Chairman and CEO to ensure an appropriate segregation of roles and duties.

Non-executive and Independent Directors

45. All of the Board members are non-executive directors.
46. Mrs. Britta Dalunde, Mrs. Inna Kuznetsova and Mr. Lampros Papadopoulos are independent directors, and have no relationship with the Group, its related companies or their officers. This means they can exercise objective judgment on corporate affairs independently from management.
47. Although all directors have equal responsibility for the Group's operations, the role of the independent non-executive directors is particularly important in ensuring that the management's strategies are constructively challenged. As well as ensuring the Group's strategies are fully discussed and examined, they must take into account the long-term interests, not only of the major shareholders, but also of the GDR holders, bondholders, other lenders, employees, customers, suppliers and the communities in which the Group conducts its business.
48. Mrs. Britta Dalunde was appointed as the Senior Independent Director on 31 May 2018. The role of the Senior Independent Director is to provide a sounding board for the Chairman and serve as an intermediary for the other directors and shareholders. Led by the senior independent director, the non-executive directors should meet without the Chairman present at least annually to appraise the Chairman's performance, and on other occasions as necessary.

The Board Committees

49. Since December 2008 the Board of Directors established the operation of three committees: an Audit and Risk Committee, a Nomination Committee and a Remuneration Committee. The composition of the committees was changed by the Board of Directors in June 2019: Nomination Committee and Remuneration Committee were merged into one and a new Strategy Committee was established.

The Audit and Risk Committee

50. The Audit and Risk Committee comprises of five Non-Executive Directors, three of whom are independent, and meets at least four times a year. The Audit and Risk Committee is chaired by Mrs. Britta Dalunde (an Independent Non-Executive Director appointed as of 12 May 2017), and its other members are Mrs. Inna Kuznetsova (an Independent Non-Executive Director appointed as of 01 January 2018), Mr. Lampros Papadopoulos (an Independent Non-Executive Director appointed as of 01 January 2018), Mr. Mogens Petersen (appointed as of 18 June 2019) and Mr. Andrey Lenvalskiy (appointed as of 27 May 2021). Mr. Andrey Yashchenko resigned from the Audit and Risk Committee on 27 May 2021.

Management report (continued)

51. The Committee is responsible for:

- monitoring the integrity of the financial statements of the company and any formal announcements relating to the company's financial performance, and reviewing significant financial reporting judgments contained in them;
- providing advice (where requested by the board) on whether the annual report and accounts, taken as a whole, is fair, balanced and understandable, and provides the information necessary for shareholders to assess the company's position and performance, business model and strategy;
- reviewing the company's internal financial controls and internal control and risk management systems;
- monitoring and reviewing the effectiveness of the company's internal audit function;
- making recommendations to the board, about the appointment, reappointment and removal of the external auditor, and giving the recommendations in relation to remuneration and terms of engagement of the external auditor for audit and non-audit services;
- reviewing and monitoring the external auditor's independence and objectivity;
- reviewing the effectiveness of the external audit process;
- developing and implementing policy on the engagement of the external auditor to supply non-audit services; and
- reporting to the Board on how it has discharged its responsibilities.

52. In 2021 the Audit and Risk Committee met 12 times (2020: 10 times) to review and discuss inter alia the following significant issues and matters in addition and on top of those listed above, among others:

- Meetings with internal auditors to discuss the results of their audits and ad-hoc reviews, working plans and progress in monitoring the execution of internal audit recommendations;
- Meetings with external auditors to discuss the matters related to the audit work done by them and any issues arising from their audits' reviews;
- Discussion of the level of clarity and completeness of disclosures in financial statements with the management and external auditors and making the recommendations to the Board;
- Assessment of efficiency of external auditor by discussing the audit approach and audit plan, monitoring of compliance with the plan, receiving the feedback from the members of the management team, involved in the audit process, assessing the internal resources allocated by the external auditor, the key risks to the audit process and their mitigation measures, review of the auditor's management letter, consideration of the level and quality of communication between the external auditor and Committee during the audit process.
- Consideration and approval of audit schedules and review of the impairment models and the impact of the new IFRS standards on the Company's financial statements. The Committee's task is to align the impairment models with the short-, mid- and long-term forecasts and to understand what impact the new standards would have on the financial statements and Group's compliance with the covenants;
- Consideration and approval of the engagement of external auditors for rendering of non-audit services. In each particular case the Committee was assessing the impact of non-audit services on the independence and objectivity of the external auditor. The Committee reviewed the scope of services on compliance with the list of permitted non-audit services, the potential impact of the services on the audit work and financial statements and discussed with the external auditor how their internal compliance procedures were performed and whether all internal compliance requirements were met. The Committee monitors the share of non-audit service in relation to its compliance with the standards;
- Review of the public materials containing financial information in relation to compliance with the financial statements, the disclosure and transparency requirements and Board's view on the mid and long-term development of the Group;
- Consideration of various reports from the management;
- Review of the major risks. The Committee had meetings with Risk Management of GPM to discuss the Key Risks and Risk and Internal Controls Matrices' development status;

Management report (continued)

- Review of GDPR and sanctions compliance requirements;
- Review of accepted IT risks;
- Review the results of centralisation of the functions of the Group;
- Review of tax related matters;
- Review of Charity activity in 2021 and budget 2022;
- Review various other compliance related matters;
- Review of the report on the results of an external assessment of Global Ports Internal Audit Function vs conformance with the International Standards for the Professional Practice of Internal Auditing;
- Consideration and giving the recommendations to the Board to offer KPMG Limited for election as the Company's auditor for FY2021 and monitoring of the audit hand over from PwC to KPMG;
- Consideration and giving the recommendations to the Board of Directors for the approval of the Related Parties Transactions Policy and the updated and restated Accounting Policy.

The Nomination and Remuneration Committee

53. The Nomination and Remuneration Committee was established in June 2019 following the merger of the Nomination Committee and Remuneration Committee in order to simplify the work of the committees and Board members.

54. The Committee is a committee of the Board of Directors which assists the Board in discharging its corporate governance responsibilities in relation to nomination, appointment and remuneration of all Directors and the Chairman / Chairwoman of the Board of Directors and of the senior executive management of the Company and its subsidiaries and joint venture companies, and oversee the development of a diverse pipeline for succession as well as to evaluate the performance of the Board of Directors, its committees, the Chairman / Chairwoman of the Board of Directors and individual directors. The main objective of the Committee is to determine the framework and policy for the nomination and remuneration of Independent Non-Executive Directors, Executive Directors and senior company executives ensuring the consistency with the company talent strategy, remuneration policy, market trends and company's commitment for Diversity and Inclusion; ensure onboarding for new directors; set the framework for succession planning and talent management; run annual Board Performance evaluation process to ensure its growing effectiveness.

55. The Nomination and Remuneration Committee as of the date of this report comprises three Directors, one of whom is independent. The Committee meets at least once each year. Currently, the Nomination and Remuneration Committee is chaired by Mrs. Inna Kuznetsova (an Independent Non-Executive Director appointed as the Chairwoman of the merged Nomination and Remuneration Committee as of 18 June 2019). The other members are Ms. Alexandra Fomenko (appointed as a member of the committee as of 11 November 2019) and Mr. Soren Jakobsen (appointed as a member of the committee as of 24 April 2020).

56. The Committee meets at least once each year.

57. In 2021 the Nomination and Remuneration Committee met 13 times (16 times in 2020):

- to discuss and recommend the candidates to be elected to the Board and Board Committees;
- to discuss the management succession and talent development program, as well as Global Ports Management LLC Chief Executive Officer Succession Planning directions and next steps;
- to discuss and recommend to the Board:
 - a. the appointment of new Managing Director of Vostochnaya Stevedoring Company LLC, Chief Operations Officer of Global Ports Management LLC, new Chief Executive Officer of Moby Dik LLC and Yanino Logistics Park LLC;
 - b. fees payable to members of the Board of Directors;

Management report (continued)

- c. new remuneration payable to the Group Senior Management Team and Key Management team members of the Group companies. In determining the level of remuneration of the key senior management of the Group the Committee referred to the level of skills and expertise, the position and scope of work and responsibilities as well as to the market levels for similar positions.

58. In the year 2021 the key focus of the Nomination and Remuneration Committee was on the Chief Executive Officer of Global Ports Management LLC succession planning program, talent management, remuneration of the members of the Board of Directors and Board performance evaluation.

The Strategy Committee

59. The Strategy Committee was established in June 2019. As per its terms of reference, the Committee meets at least once each year. The Strategy Committee as of the date of this report comprises five Directors, one of whom is independent. Currently, the Strategy Committee is chaired by Mr. Vladimir Bychkov (appointed as of 27 May 2021). The other members are Mr. Mogens Petersen, Mr. Soren Jakobsen and Mr. Lambros Papadopoulos (an Independent Non-Executive Director), all appointed as of 18 June 2019, and Mr. Andrey Lenvalskiy (appointed as of 27 May 2021). Messrs. Sergey Shishkarev and Andrey Yashchenko resigned from the Strategy Committee on 27 May 2021. The Strategy Committee's Terms of references were updated at the end of 2021.

60. The Committee is a committee of the Board of Directors that assists the Board of Directors in discharging its corporate governance responsibilities in relation to the setting and oversight of the strategy and strategic initiatives of the Company and its subsidiaries and joint venture companies (the Group) to be approved by the Board of Directors from time to time, and providing oversight over the implementation and development of those by executive management. The Committee has been formed to foster a cooperative, interactive strategic planning process between the Board and executive management.

61. In 2021 the Strategy Committee met 13 times (8 times in 2020) to consider and give recommendations to the Board for approval of:

- various investment proposals, including Vostochnaya Stevedoring Company LLC Operating Master Plan;
- merger of National Container Holding Company Ltd with Global Ports Investments PLC, as a part of further optimization of Group structure;
- the amended and restated Strategy Committee Terms of Reference; and
- admission to trading of the Global Ports Investments PLC GDRs on Moscow Exchange.

62. In addition, the Strategy Committee reviewed and discussed the strategic priorities and strategic targets, development of competitive environment and Group reaction to it, strategic risks and their mitigation, functional strategies and action plans for their execution, as well as various strategic projects in the pipeline.

Board Performance

63. The Board meets at least five times a year. Fixed meetings are scheduled at the start of each year. Ad hoc meetings are called when there are pressing matters requiring the Board's consideration and decision in between the scheduled meetings.

64. In 2021 the Board met formally 12 times (2020: 13) to review current performance and to discuss and approve important business decisions.

65. In 2021 the Board met to discuss and approve important business decisions, which included among others:

- FY2020 financial statements, 1H2021 interim financial statements and Annual Report;
- Review of segments financial and operational performance;
- Consideration of 2022 financial budget, major risks and uncertainties, commercial strategy, corporate social responsibility matters, internal control framework;
- Changes in Group management and the Board of Directors;

Management report (continued)

- Revision and adoption of various group-wide policies and regulations, namely the Related Parties Transactions Policy, Internal Audit Service's Quality Assurance and Improvement Policy, the amended and restated Terms of Reference of the Strategy Committee; amended and restated Corporate Accounting Policies Guidelines of the Group;
- Consideration of various compliance matters;
- Consideration and approval of the revision of external and internal financing arrangements and organizational restructurings;
- Consideration and approval of new financing arrangements, e.g., issue of VSC bonds for refinancing of Eurobonds 2022; intra-group financing of Eurobonds 2022 redemption;
- Consideration and approval of major capital expenditures and investment projects; and
- Consideration and approval of various resolutions related to the operations of the Company's subsidiaries and joint ventures.

66. The number of Board and Board Committee meetings held in the year 2021 and the attendance of directors during these meetings was as follows:

	Board of Directors		Nomination and Remuneration Committee		Strategy Committee		Audit and Risk Committee	
	A	B	A	B	A	B	A	B
Vladimir Bychkov	6	7	-	-	8	8	-	-
Britta Dalunde	12	12	-	-	-	-	12	12
Kristian Bai Hollund	12	12	-	-	-	-	-	-
Alexandra Fomenko	12	12	13	13	-	-	-	-
Soren Jakobsen	12	12	13	13	12	13	-	-
Demos Katsis	5	5	-	-	-	-	-	-
Inna Kuznetsova	12	12	13	13	-	-	12	12
Andrey Lenvalskiy	6	7	-	-	8	8	5	5
Shavkat Kary Niyazov	12	12	-	-	-	-	-	-
Lampros Papadopoulos	12	12	-	-	13	13	12	12
Andriy Pavlyutin	6	7	-	-	-	-	-	-
Mogens Petersen	12	12	-	-	13	13	12	12
Sergey Shishkarev	5	5	-	-	5	5	-	-
Andrey Yashchenko	5	5	-	-	5	5	7	7

A = Number of meetings attended

B = Number of meetings eligible to attend during the year

67. The operation of the Board, its Committees and individual Directors is subject to regular evaluation. The evaluation of the Board and individual Directors' performance can be conducted through self-assessment, cross-assessment or by an external third party. The Non-Executive Directors, led by the Senior Independent Director, are responsible for the performance evaluation of the Chairman of the Board. The Board did not engage any external advisors for evaluation of its performance in the years 2020 and 2021.

68. In 2021 the Board conducted the self-evaluation, which results were discussed in December 2021.

Management report (continued)

Board Diversity

69. The Company does not have a formal Board diversity policy with regards to matters such as age, gender or educational and professional backgrounds, but the Board has the full commitment to diversity within the Group. Following the best practice, while making the new appointments and considering the current composition of the Board of Directors, these aspects are taken into account.

70. As of the date of publication of these financial statements the Board has 3 females representing 27% of the total number of directors. The average age of directors is 51 years ranging from 33 to 63 years. The Board has a necessary balance of skills and expertise to run the Company and the Group. The Board members have the following educational backgrounds: port and transportation industry, accounting and financial, banking sector and legal. There are 5 nationalities represented on the Board. The Board members reside in 7 countries.

Board and Management Remuneration

71. Non-Executive Directors serve on the Board pursuant to the letters of appointment. Such letters of appointment specify the terms of appointment and the remuneration of Non-Executive Directors. Only Independent Non-Executive Directors receive remuneration.

72. Levels of remuneration for the Independent Non-Executive Directors reflect the time commitment, responsibilities of the role and membership of the respective committees of the Board. Directors are also reimbursed for expenses associated with discharge of their duties. Directors are not eligible for bonuses, retirement benefits or to participate in any incentive plans operated by the Group. Additional remuneration is paid for membership and chairmanship of the committees by the Independent Non-Executive Directors.

73. The shareholders of the Company approved the remuneration of the members of the Board on 29 June 2018, 30 December 2019, 16 April 2020, 29 May 2020 and 22 October 2021.

74. Neither the Board members, nor the management has long-term incentive schemes. However, the performance-based part of the remuneration of the senior management is aligned to the strategic goals and initiatives approved by the Board.

75. The performance-based part of the remuneration of the Key Management is based on the Key Rules of Awarding and Payment of Performance Based Bonuses of GPI Group adopted by the Board on 15 June 2016 and regularly updated with the last update on 29 October 2020. The Nomination and Remuneration Committee monitors the efficiency of the Rules and makes recommendations to the Board on their amendment and revision.

76. Refer to Note 30(f) to the consolidated financial statements for details of the remuneration paid to the members of the Board and key management.

General Manager

77. Mr. Alexander Iodchin occupies the position of General Manager and the Board granted him the powers to carry out all business related to the Company's operation up to a total value as established by the Authority Matrix. It has also granted him powers to discharge other managerial duties related to the ordinary course of business of the Company, including representing the Company before any government or government-backed authority.

78. The decisions for all other matters are reserved for the Board. The Authority Matrix contains the list of such reserved matters.

79. Mr. Iodchin is also acting as the Board Secretary since December 2008 and as the Chief Strategy and Business Development Officer at Global Ports Group pursuant to Board's decision on 29 October 2020.

Company Secretary

80. The Group maintains a company secretary, who is responsible for safeguarding the rights and interests of shareholders, including the establishment of effective and transparent arrangements for securing the rights of shareholders.

81. Team Nominees Limited has been acting as the company secretary since the Group's incorporation in February 2008.

Management report (continued)

82. The company secretary's responsibilities include ensuring compliance by the Group, its management bodies and officers with the law and the Group's charter and internal documents. The company secretary organises the communication process between the parties to corporate relations, including the preparation and holding of general meetings; storage, maintenance and dissemination of information about the Group; and review of communications from shareholders.

Corporate Governance and Corporate Social Responsibility (CSR)

83. The Group has a diverse set of stakeholders, from international institutions holding our shares and bonds and bank financial institutions which provided bank borrowings to the Group, to our customers, employees, regulators and communities. Made up of seasoned industry professionals, the Board of Directors is committed to acting in the best interest of all stakeholders. The Company is not subject to the provisions of the UK Corporate Governance Code, but follows internationally recognised best practices customary to the public companies having GDRs with standard listing and admitted to trading at London Stock Exchange. In addition, the Company has not yet been subject to the Task Force on Climate-related Financial Disclosures (TCFD) Recommendations and Recommended Disclosures, however, it monitors applicable legislation updates and strives to be in compliance with them

84. CSR is an integral part of realising core strategic priorities of the Group. The objectives for the Group's business and CSR strategies are the same — to generate sustainable shareholder value over the long term. The Group prepares annual CSR report, last available at https://www.globalports.com/upload/iblock/fbf/GP_AR20_EN_CSR_Report.pdf.

85. Improving its corporate governance structure in accordance with the internationally recognised best practices the Group adopted important policies and procedures, which it regularly reviews and updates.

86. On 18 June 2019 a new Terms of Reference of the Board of Directors were adopted. As of the same date, the Board merged Nomination and Remuneration Committees and established Strategy Committee. Consequently, the terms of reference of the new committees were adopted in June 2019. The amended and restated Terms of Reference of the Strategy Committee were adopted on 10 December 2021.

87. The Company's corporate governance policies and practices are designed to ensure that the Company is focused on upholding its responsibilities to the shareholders. They include, inter alia:

- Appointment policy;
- Terms of reference of the Board of Directors;
- Terms of reference of the Audit and Risk, Nomination and Remuneration and Strategy Committees;
- Antifraud policy;
- Policy on Investigation of Improper Activities;
- Investigation policy;
- Anti-Corruption Policy;
- Data protection compliance policy;
- Policy on Reporting Allegations of Suspected Improper Activities;
- Risk management policy;
- Foreign Trade Controls Policy;
- Insurance Standard;
- Charity and Sponsorship Policy;
- Group Securities Dealing Code;
- Dividend Policy;
- Conflicts of Interest Policy adopted on 29 June 2020;

Management report (continued)

- Treasury Policy adopted on 23 April 2020;
- Procurement Standard of the Company adopted on 18 August 2020;
- Group Code of corporate ethics adopted on 18 August 2020; Related Party Transactions Policy adopted on 2 February 2021; and
- Internal Audit Service's Quality Assurance and Improvement Policy adopted on 10 December 2021.

88. In order to further strengthen the corporate governance and clearly set the management authority limits within the Group the Board of Directors approved the Authority Matrix framework at the end of the year 2016, which was revised in June 2019 providing extended authorities to the Group management in order to simplify the decision making process. The implementation of this revised framework in the operating units was finalised in 2020.

89. More information on the Group's Corporate Governance can be found at <https://www.globalports.com/en/company/governance/>.

Whistleblowing Hotline of Global Ports

90. Global Ports encourages its employees, clients and other stakeholders to report cases or raise concerns about potentially unethical, unlawful or suspicious conduct or practices.

The Group operates a 24/7 confidential whistleblower service that offers a variety of routes to report concerns:

- via a dedicated e-mail address
- By calling our free confidential telephone number
- Face-to-face with a senior member of Internal Audit Department responsible for managing the service

Details of the whistleblowing service are available on the Group's internet site as well as on information boards located throughout the offices and prominently displayed at the Group's various port terminals.

The service is administered by the Internal Audit Department which operates independently of management and reports directly to the Audit & Risk Committee of the Board of directors. The Chairman of the Audit & Risk Committee is informed of all reports received and recommended follow-up actions.

All reports are immediately logged by the Internal Audit Department which administer the service. Reports are then assessed to decide if further investigation is required either by the Internal Audit Department or by the appropriate management, in the case of operational issues.

Regardless of how concerns are raised, all are treated in confidence, and investigated thoroughly and without bias always ensuring the anonymity of the whistle blower and protection from retaliation.

All investigation results and follow-up actions are presented to the Board's Audit & Risk Committee by the Head of Internal Audit Department.

91. In 2021 we have received 20 reports to the Corporate Hotline, 5 reports were not classified as Hotline claim as represented ordinary customer requests. For the remaining 15 reports, necessary investigations were performed and results communicated to the Audit & Risk Committee as well as top management and appropriate follow up measures were taken.

70% of reports (14 out of 20) were received by e-mail and the rest 30% (6 out of 20) by phone.

Key reports topics:

- Poor service – 20% (3 out of 15)
- Improper behavior by Group employee – 33% (5 out of 15)
- Inefficient operations – 20% (3 out of 15)
- HR, H&S, finance – 27% (4 out of 15)

One report contained allegations of management fraud, however, internal investigation did not confirm these allegations.

Management report (continued)

Code of ethics and conduct

92. The Code of Ethics was approved by the Board of Directors on 08 December 2016 and was introduced in the companies of the Group in the course of the year 2017. The 3rd revision of the Code of Ethics was adopted by the Board of Directors on 18 August 2020, aimed at simplifying and updating the Group's mission, values and standards of corporate engagement.

93. Global Ports' code of ethics and conduct outlines the general business ethics and acceptable standards of professional behaviour that we expect of all our directors, employees and contractors. This code, given to all new staff as part of their induction, means that everyone at Global Ports is accountable for their own decisions and conduct. As well as general standards of behaviour, the code covers fraud and corruption, ethics and conflicts of interest principles with reference to detailed policies. Employees and external parties are encouraged to report any suspected breaches, via various channels including the dedicated hotline.

94. The code is available to all staff on Global Ports' website (in the Corporate Governance section) and in the HR department at every operating facility. There are also other more detailed rules concerning our anti-fraud and whistleblowing policies.

95. The Board is updated on a regular basis on any breaches of various policies with the specific focus on the fraud incidents and resulting actions, although significant breaches have to be reported to the Board immediately.

Dividends

96. Pursuant to the Articles of Association the Company may pay dividends out of its profits. To the extent that the Company declares and pays dividends, owners of Global Depository Receipts (hereafter also referred as "GDRs") on the relevant record date will be entitled to receive dividends payable in respect of Ordinary Shares underlying the GDRs, subject to the terms of the Deposit Agreement. The Company expects to pay dividends in US dollars. If dividends are not paid in US dollars, they will be converted into US dollars by the Depository and paid to holders of GDRs net of currency conversion expenses.

97. The Company is a holding company and thus its ability to pay dividends depends on the ability of its subsidiaries and joint ventures to pay dividends to the Company in accordance with the relevant legislation and contractual restrictions (shareholder agreements, bank borrowings covenants, and terms of the issuance of the public debt instruments). The payment of such dividends by its subsidiaries and joint ventures is contingent upon the sufficiency of their earnings, cash flows and distributable reserves. The maximum dividend payable by the Company's subsidiaries and joint ventures is restricted to the total accumulated retained earnings of the relevant subsidiary or joint venture, determined according to the law applicable to each entity.

98. The Company has a Dividend Policy in place which provides for the payment of not less than 30% of any imputed consolidated net profit for the relevant financial year of the Group. Imputed profit is calculated as the consolidated net profit for the period of the Group attributable to the owners of the Company as shown in the Company's consolidated financial statements for the relevant financial year prepared under EU IFRS and in accordance with the requirements of the Cyprus Companies Law, Cap. 113, less certain non-monetary consolidation adjustments. The Company's dividend policy is subject to modification from time to time as the Board of Directors may deem appropriate.

99. In 2015 following the revision of current market situation, market prospects and prioritising the deleveraging strategy over dividend distribution, which should ensure the long-term robustness of the Group's finances, the Board suspended the payment of the dividends in the mid-term. The Board continues to monitor the market for recovery as well as for levels of volatility in order to identify the appropriate timing for a resumption of the payment of a dividend, subject to maintaining conservative leverage ratios.

Management report (continued)

100. During the years 2020 and 2021, the Company did not declare or pay any dividends.

101. The Board of Directors of the Company recommends to the members to approve the reduction of the share premium account of the Company by crediting the amount of US\$550 million to the retained earnings reserve. Any surplus remaining in the retained earnings reserve shall be available to be used as the Company deems appropriate from time to time. The share premium reduction is subject to ratification by the Cyprus Courts and shall become effective upon registration with the Cyprus registrar of companies.

102. The Board of Directors of the Company does not recommend the payment of a final dividend for the year 2021.

Share Capital

Significant direct or indirect holdings (including indirect shareholding through structures or cross shareholdings)

103. The information on significant direct and indirect shareholders is available at <http://www.globalports.com/globalports/investors/shareholder-information/major-shareholders>.

104. There are no special titles that provide special control rights to any of the shareholders. There are restrictions in exercising of voting rights of shares (please refer to paragraph 103 below).

Authorised share capital

105. The authorised share capital of the Company amounts to US\$175,000,000.00 divided into 750,000,000 ordinary shares and 1,000,000,000 ordinary non-voting shares with a par value of US\$0.10 each.

Issued share capital

106. The issued share capital of the Company amounts to US\$57,317,073.10 divided into 422,713,415 ordinary shares and 150,457,316 ordinary non-voting shares with a par value of US\$0.10 each.

107. The ordinary shares and the ordinary non-voting shares rank pari passu in all respects save that, the ordinary non-voting shares do not have the right to receive notice, attend or vote at any general meeting, nor to be taken into account for the purpose of determining the quorum of any general meeting.

Rules for Amending Articles

108. The Articles of association of the Company may be amended from time to time by the special resolution of the General Meeting of the shareholders.

Corporate Social Responsibility Report

109. The Corporate Social Responsibility Report is drawn up as a separate report and will be made public on the Company's website (the address of which, at the date of publication of this report, is www.globalports.com) within six months from the balance sheet date.

Events after the balance sheet date

110. The events after the balance sheet date are disclosed in Note 31 to the consolidated financial statements.

Research and development activities

111. The Group is not engaged in research and development activities.

Management report (continued)

Branches

112. The Group did not have or operate through any branches during the year.

Treasury shares

113. The Company did not acquire either directly or through a person in his own name but on behalf of the Company any of its own shares.

Going Concern

114. Directors have access to all information necessary to exercise their duties. The Directors continue to adopt the going concern basis in preparing the consolidated financial statements. We base our statement on the following facts:

- inquiries and following a review of the Group's principal risks and uncertainties;
- budget for 2022 financial perspectives in the mid-term;
- the latest forecasts over a period of 5–10 years reflecting its business and investment cycles, including cash flows and borrowing facilities.

The Directors also considered

- the potential implications of the Russian-Ukrainian crisis;
- impact of the sanctions introduced against Russia;
- as well as the ban on delivery/dispatch of various containerised cargoes to/from Russia

on the operational and financial performance of the Group, forecasts and going concern.

The Directors consider that the Group has adequate resources to meet its liabilities as they fall due and to continue in operation for the foreseeable future.

Internal audit

115. The internal audit function is carried out by Group's Internal Audit Service (IAS). It is responsible for analysing the systems of risk management, internal control procedures and the corporate governance process for the Group with a view to obtaining a reasonable assurance that:

- risks are appropriately identified, assessed, responded to and managed;
- there is interaction with the various governance groups occurs as needed;
- significant financial, managerial, and operating information is accurate, reliable, and timely;
- employee's actions are in compliance with policies, standards, procedures, and applicable laws and regulations;
- resources are acquired economically, used efficiently and adequately protected;
- programs, plans and objectives are achieved;
- quality and continuous improvement are fostered in the Group's control process; and
- significant legislative or regulatory issues impacting the Group are recognised and addressed properly.

116. The Head of the IAS, Mr. Ilya Kotlov, functionally reports directly to the Audit and Risk Committee.

117. An external quality assessment review was done for Global Port's internal audit function in 2021 by one of the Big 4 companies. The assessment concluded that "Internal audit generally conforms¹ with the International Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors. Rating "Generally conforms" means that an internal audit activity has a charter, policies, and processes, which are judged to be in conformance with the Standards. Recommendations for the function enhancement have been provided and are being implemented

Management report (continued)

External auditors

118. An external auditor is appointed at the Global Ports AGM on an annual basis to review the Group's financial and operating performance.

119. This follows proposals drafted by the Audit and Risk Committee for the Board of Directors regarding the reappointment of the external auditor of the Group.

120. KPMG Limited were appointed as the auditor of the Company at the Annual General Meeting of the Shareholders held in 2021. KPMG Limited have expressed their willingness to continue in office and a resolution giving authority to the Board of Directors to fix their remuneration will be proposed at the next Annual General Meeting of the Shareholders.

By Order of the Board

Soren Jakobsen
Chairman of the Board

Alexander Iodchin
Secretary of the Board

02 March 2022

¹ "Generally conforms" is the best possible rating that can be awarded as the result of an external quality assessment suggested by the Standard 1320 – Reporting on the Quality Assurance and Improvement Program of the International Standards for the Professional Practice of Internal Auditing developed by the Institute of Internal Auditors.

Directors' Responsibility Statement

The Company's Board of Directors is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap.113, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

This responsibility includes selecting appropriate accounting policies and applying them consistently; and making accounting estimates and judgements that are reasonable in the circumstances.

In preparing the consolidated financial statements, the Board of Directors is also responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

The Board of Directors' confirmations

The Board of Directors confirms that, to the best of its knowledge:

- a. the consolidated financial statements, which are presented on pages 31 to 98, which have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap.113, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and
- b. the management report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that it faces/they face.

Further, the Board of Directors confirms that, to the best of its knowledge:

- i. adequate accounting records have been maintained which disclose with reasonable accuracy the financial position of the Group and explain its transactions;
- ii. all information of which it is aware that is relevant to the preparation of the consolidated financial statements, such as accounting records and all other relevant records and documentation, has been made available to the Company's auditors;
- iii. the consolidated financial statements disclose the information required by the Cyprus Companies Law, Cap.113 in the manner so required;
- iv. the Consolidated Management Report has been prepared in accordance with the requirements of the Cyprus Companies Law, Cap.113, and the information given therein is consistent with the consolidated financial statements;
- v. the information included in the corporate governance statement in accordance with the requirements of subparagraphs (iv) and (v) of paragraph 2(a) of Article 151 of the Cyprus Companies Law, Cap. 113, and which is included as a specific section of the Consolidated Management Report, have been prepared in accordance with the requirements of the Cyprus Companies Law, Cap. 113, and is consistent with the consolidated financial statements; and
- vi. the corporate governance statement includes all information referred to in subparagraphs (i), (ii), (iii), (vi) and (vii) of paragraph 2(a) of Article 151 of the Cyprus Companies Law, Cap. 113.

By Order of the Board

Soren Jakobsen
Chairman of the Board

Limassol
02 March 2022

Alexander Iodchin
Secretary of the Board

Consolidated income statement for the year ended 31 December 2021

(in thousands of US dollars)	Note	For the year ended 31 December	
		2021	2020
Revenue	5	502,790	384,436
Cost of sales	6	(276,774)	(200,329)
Gross profit		226,016	184,107
Administrative, selling and marketing expenses	6	(27,043)	(24,701)
Other income		1,300	1,300
Share of profit/(loss) of joint ventures accounted for using the equity method	27 (a)	(2,798)	(2,973)
Other gains/(losses) – net	7	(374)	(339)
Operating profit/(loss)		197,101	157,394
Finance income	9	4,070	2,357
Finance costs	9	(53,828)	(71,751)
Change in fair value of derivatives	9	(5,904)	18,380
Net foreign exchange gains/(losses) on financial activities	9, 3 (a) (i)	581	(41,763)
Finance income/(costs) – net	9	(55,081)	(92,777)
Profit/(loss) before income tax		142,020	64,617
Income tax credit/(expense)	11	1,838	(14,631)
Profit/(loss) for the year		143,858	49,986
Attributable to:			
Owners of the Company		140,401	48,399
Non-controlling interest	27 (b)	3,457	1,587
Basic and diluted earnings per share for profit/(loss) attributable to the owners of the parent of the Company during the year (expressed in US\$ per share)	12	0.24	0.08

The notes on pages 36 to 98 are an integral part of these consolidated financial statements.

Consolidated statement of comprehensive income for the year ended 31 December 2021

(in thousands of US dollars)	Note	For the year ended 31 December	
		2021	2020
Profit/(loss) for the year		143,858	49,986
Other comprehensive income/(loss)			
Items that may be subsequently reclassified to the income statement			
Currency translation differences		(5,112)	(79,811)
Share of currency translation differences of joint ventures accounted for using the equity method	27 (a)	(670)	(2,061)
Total items that can be reclassified subsequently to the income statement		(5,782)	(81,872)
Items that may not be subsequently reclassified to the income statement			
Share of currency translation differences attributable to non-controlling interest		(63)	(2,820)
Total items that cannot be reclassified subsequently to the income statement		(63)	(2,820)
Other comprehensive income/(loss) for the year, net of tax		(5,845)	(84,692)
Total comprehensive income/(loss) for the year		138,013	(34,706)
Total comprehensive income/(loss) attributable to:			
Owners of the Company		134,619	(33,473)
Non-controlling interest	27 (b)	3,394	(1,233)
Total comprehensive income/(loss) for the year		138,013	(34,706)

Items in the statement above are disclosed net of tax. There is no income tax relating to the components of other comprehensive income above.

The notes on pages 36 to 98 are an integral part of these consolidated financial statements.

Consolidated balance sheet as at 31 December 2021

(in thousands of US dollars)	Note	As at 31 December	
		2021	2020
Assets			
Non-current assets		1,058,899	1,059,995
Property, plant and equipment	14	426,427	417,481
Right-of-use assets	23	525,161	530,362
Intangible assets	15	11,697	12,060
Investments in joint ventures	27 (a)	19,873	23,383
Prepayments for property, plant and equipment	14	3,915	2,842
Deferred tax assets	25	58,190	50,788
Derivative financial instruments	24	-	9,572
Trade and other receivables	19	13,636	13,507
Current assets		384,569	267,174
Inventories	18	8,237	7,127
Derivative financial instruments	24	5,465	627
Trade and other receivables	19	69,375	48,882
Income tax receivable		4,835	3,570
Cash and cash equivalents	20	296,657	206,968
Total assets		1,443,468	1,327,169
Equity and liabilities			
Total equity		499,391	361,378
Equity attributable to the owners of the Company		480,116	345,497
Share capital	21	57,317	57,317
Share premium	21	923,511	923,511
Capital contribution		101,300	101,300
Currency translation reserve		(836,468)	(830,686)
Transactions with non-controlling interest		(209,122)	(209,122)
Retained earnings		443,578	303,177
Non-controlling interest	27 (b)	19,275	15,881
Total liabilities		944,077	965,791
Non-current liabilities		691,627	786,791
Borrowings	22	536,110	632,925
Lease liabilities	23	36,725	31,088
Trade and other payables	26	1,732	-
Deferred tax liabilities	25	117,060	122,778
Current liabilities		252,450	179,000
Borrowings	22	211,816	153,276
Lease liabilities	23	3,439	1,810
Trade and other payables	26	36,705	23,540
Current income tax liabilities		490	374
Total equity and liabilities		1,443,468	1,327,169

The Board of Directors of Global Ports Investments Plc approved and authorised these consolidated financial statements for issue on 02 March 2022.

Soren Jakobsen, Director

Britta Dalunde, Director

The notes on pages 36 to 98 are an integral part of these consolidated financial statements.

Consolidated statement of changes in equity for the year ended 31 December 2021

(in thousands of US dollars)	Note	Attributable to the owners of the Company							
		Share capital	Share premium	Capital contribution	Translation reserve	Transactions with non-controlling interest	Retained earnings ¹	Total	Non-controlling interest
Balance at 31 December 2019	57,317	923,511	101,300	(748,814)	(209,122)	254,778	378,970	17,114	396,084
Total other comprehensive income/(loss)	-	-	-	(81,872)	-	-	(81,872)	(2,820)	(84,692)
Profit/(loss) for the year	-	-	-	-	-	48,399	48,399	1,587	49,986
Total comprehensive income/(loss) for the year ended 31 December 2020	-	-	-	(81,872)	-	48,399	(33,473)	(1,233)	(34,706)
Balance at 31 December 2020	57,317	923,511	101,300	(830,686)	(209,122)	303,177	345,497	15,881	361,378
Total other comprehensive income/(loss)	-	-	-	(5,782)	-	-	(5,782)	(63)	(5,845)
Profit/(loss) for the year	-	-	-	-	-	140,401	140,401	3,457	143,858
Total comprehensive income/(loss) for the year ended 31 December 2021	-	-	-	(5,782)	-	140,401	134,619	3,394	138,013
Balance at 31 December 2021	57,317	923,511	101,300	(836,468)	(209,122)	443,578	480,116	19,275	499,391

¹ Retained earnings in the separate financial statements of the Company is the only reserve that is available for distribution in the form of dividends to the Company's shareholders.

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

The notes on pages 36 to 98 are an integral part of these consolidated financial statements.

Consolidated statement of cash flows for the year ended 31 December 2021

(in thousands of US dollars)	Note	For the year ended 31 December	
		2021	2020
Cash flows from operating activities			
Profit/(loss) before income tax		142,020	64,617
Adjustments for:			
Depreciation of property, plant and equipment	14	35,849	35,559
Depreciation of right-of-use assets	23	13,411	11,817
Reversal of impairment of property, plant and equipment	14, 4 (i)	(8,517)	-
Loss on disposal of subsidiaries and assets held for sale	7	(165)	-
(Profit)/loss on sale of property, plant and equipment	14	(446)	(7)
Write off of property, plant and equipment	14	4,378	891
Amortisation of intangible assets	15	843	770
Interest income	9	(4,070)	(2,357)
Interest expense and other finance costs	9	53,828	71,224
Change in employee benefits provision	26	1,944	-
Loss on extinguishment of financial liabilities	9, 22	-	527
Share of (profit)/loss in jointly controlled entities including impairment	27 (a)	2,798	2,973
Change in fair value of derivative financial instruments	9	5,904	(18,380)
Foreign exchange differences on non-operating activities	11	43,691	
Other non-cash items		(47)	(81)
Operating cash flows before working capital changes		247,741	211,244
Changes in working capital			
Inventories		(1,160)	(171)
Trade and other receivables		(18,715)	(7,459)
Trade and other payables		10,396	(7,011)
Cash generated from operations		238,262	196,603
Income tax paid		(12,216)	(5,664)
Net cash from operating activities		226,046	190,939
Cash flows from investing activities			
Purchases of intangible assets		(546)	(890)
Purchases of property, plant and equipment		(43,360)	(33,888)
Proceeds from sale of property, plant and equipment	14	539	436
Proceeds from disposal of assets classified as held for sale		-	(2)
Loan and interest repayments received from related parties	30 (g)	409	572
Interest received from third parties, bank balances and deposits		3,442	1,279
Net cash used in investing activities		(39,516)	(32,493)
Cash flows from financing activities			
Proceeds from borrowings	22	101,760	72,079
Repayments of borrowings	22	(133,408)	(72,981)
Principal elements of lease payments	23	(3,635)	(1,961)
Interest paid on borrowings	22	(52,723)	(66,385)
Interest paid on lease liabilities	23	(4,703)	(4,192)
Proceeds from/(settlements of) derivative financial instruments not used for hedging	22, 24	(1,158)	(849)
Net cash used in financing activities		(93,867)	(74,289)
Net increase/(decrease) in cash and cash equivalents		92,663	84,157
Cash and cash equivalents at beginning of the year		206,968	124,353
Exchange gains/(losses) on cash and cash equivalents		(2,974)	(1,542)
Cash and cash equivalents at end of the year	20	296,657	206,968

The notes on pages 36 to 98 are an integral part of these consolidated financial statements.

Notes to the consolidated financial statements

1. General information

Country of incorporation

Global Ports Investments Plc (hereafter the "Company" or "GPI") was incorporated on 29 February 2008 as a private limited liability company in accordance with the provisions of the Companies Law, Cap. 113 and is domiciled in Cyprus. The address of the Company's registered office is 20 Omirou Street, Ayios Nicolaos, CY-3095, Limassol, Cyprus.

On 18 August 2008, following a special resolution passed by the shareholder, the name of the Company was changed from "Global Ports Investments Ltd" to "Global Ports Investments Plc" and the Company was converted into a public limited liability company in accordance with the provisions of the Companies Law, Cap. 113.

During the first half of 2011, the Company successfully completed an initial public offering ("IPO") of its shares in the form of global depositary receipts ("GDRs"). The Company's GDRs (one GDR representing 3 ordinary shares) are listed on the Main Market of the London Stock Exchange under the symbol "GLPR".

The Company is jointly controlled by LLC Management Company "Delo" ("Delo Group"), one of Russia's largest privately owned transportation companies, and APM Terminals B.V. ("APM Terminals"), a global port, terminal and inland services operator.

Approval of the consolidated financial statements

These consolidated financial statements were approved and authorised for issue by the Board of Directors on 02 March 2022.

Principal activities

The principal activities of the Company, its subsidiaries and joint ventures (hereinafter collectively referred to as the "Group") are the operation of container and general cargo terminals in Russia and Finland. The Group offers its customers a wide range of services for their import and export logistics operations.

Composition of the Group and its joint ventures

The Group's terminals are located in the Baltic and Far East Basins, key regions for foreign trade cargo flows. The Group operates:

- five container terminals in Russia – Petrolesport (PLP), First Container Terminal (FCT), Ust-Luga Container Terminal (ULCT) and Moby Dik (MD) in the St. Petersburg and Ust-Luga port cluster, and Vostochnaya Stevedoring Company (VSC) in the Port of Vostochny;
- two container terminals in Finland – Multi-Link Terminals Helsinki and Multi-Link Terminals Kotka (Multi-Link Terminals or MLT Oy); and
- inland Yanino Logistics Park (YLP), located in the vicinity of St. Petersburg.

See also Note 5 for the description of segmental information of the Group. All entities above are fully consolidated, except for Moby Dik, Multi-Link Terminals and Yanino Logistics Park, which are joint ventures accounted for using the equity method of accounting.

The Company fully owns all of the above terminals except for as described below:

- MLT and CD Holding groups are joint ventures with CMA Terminals where the Company has 75% effective ownership interest (Note 27 (a)). Moby Dik (a container terminal in the vicinity of St. Petersburg), Multi-Link Terminals and Multi-Link Terminals Ltd constitute the MLT group. Yanino Logistics Park (an inland container terminal in the vicinity of St. Petersburg) and CD Holding constitute the CD Holding group.
- Ust-Luga Container Terminal (located in Ust-Luga, North-West Russia) is an 80% subsidiary where Eurogate, one of the leading container terminal operators in Europe has a 20% non-controlling interest (Note 27 (b)).

Notes to the consolidated financial statements (continued)

2. Basis of preparation and summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all years presented in these consolidated financial statements, unless otherwise stated.

Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union ("EU") and the requirements of the Cyprus Companies Law, Cap. 113.

As of the date of the authorisation of these consolidated financial statements all International Financial Reporting Standards issued by International Accounting Standards Board (IASB) that are effective as at 1 January 2021 have been adopted by the EU through the endorsement procedure established by the European Commission.

The consolidated financial statements have been prepared under the historical cost convention as modified by the revaluation of derivatives.

The preparation of consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates and requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

Though the Directors acknowledge the material uncertainty surrounding the operating environment of the Group following the recent developments as explained in notes 28 and 31 to the consolidated financial statements, they continue to adopt the going concern basis in preparing the consolidated financial statements. The Directors base their statement on the following facts: inquiries and following a review of the Group's principal risks and uncertainties, budget for 2022 financial perspectives in the mid-term, the latest forecasts over a period of 5-10 years reflecting its business and investment cycles, including cash flows and borrowing facilities. The Directors also considered: the potential implications of the Russian-Ukrainian crisis, impact of the sanctions introduced against Russia, as well as the ban on delivery/dispatch of various containerised cargoes to/from Russia on the operational and financial performance of the Group, forecasts and going concern. The Directors consider that the Group has adequate resources to meet its liabilities as they fall due and to continue in operation for the foreseeable future.

Nevertheless, the developments explained in notes 28 and 31 indicate that a material uncertainty still exists that may cast significant doubt on the Group's ability to continue as a going concern should the nature and/or the duration of the sanctions imposed on Russia differ significantly to the Group's expectations.

New and amended standards adopted by the Group

The Group adopted all new and revised IFRSs, amendments and interpretations, as adopted by the EU that are relevant to its operations and are effective for accounting periods beginning on 1 January 2021. This adoption did not have any impact on the amounts recognised in prior periods and is not expected to significantly affect the current or future periods.

New standards and interpretations not yet adopted by the Group

At the date of approval of these financial statements a number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2021 and have not been applied in preparing these consolidated financial statements. None of these is expected to have a significant effect on these consolidated financial statements.

Basis of consolidation

(a) Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Group has control. The Group controls an entity over which it has power, has exposure, or rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully included in the consolidated financial statements from the date on which control was transferred to the Group or to the extent that the subsidiaries were obtained through a transaction between entities under common control from the date which control was transferred to its shareholders. They are derecognised from the financial statements from the date that control ceases.

Notes to the consolidated financial statements (continued)

2. Basis of preparation and summary of significant accounting policies (continued)

Basis of consolidation (continued)

(a) Subsidiaries (continued)

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of accounts and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

Business combinations involving entities under common control (ultimately controlled by the same party, before and after the business combination, and that control is not transitory) are accounted using the predecessor basis of accounting. Under this method, the financial statements of the acquiree are included in the consolidated financial statements using pre-acquisition IFRS carrying amounts using uniform accounting policies, on the assumption that the Group was in existence from the date where common control was established. For these transactions, the excess of the cost of acquisition over the carrying amount of the Group's share of identifiable net assets acquired, including goodwill, arising at the date of acquisition by the shareholders, is recorded in equity in retained earnings at the date of the legal restructuring.

The purchase method of accounting is used for acquisitions of subsidiaries that do not involve entities or businesses under common control with the Group. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. Acquisition-related costs are expensed as incurred, except if related to the issue of debt or equity securities. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets. Goodwill is initially measured as the excess of the aggregate of the consideration transferred over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in the consolidated income statement.

All intra-company transactions, balances, income, expenses and unrealised gains and losses are eliminated on consolidation. Unrealised losses are also eliminated but considered as an impairment indicator of the asset transferred. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into compliance with those used by the Group.

(b) Transactions with non-controlling interests

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(c) Joint arrangements

Under IFRS 11 investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations each investor has rather than the legal structure of the joint arrangement. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures. Joint ventures are accounted for using the equity method of accounting.

Under the equity method of accounting, interests in joint ventures are initially recognised in the consolidated balance sheet at cost, which includes transaction costs, and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint ventures), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures. The Group applies the requirements of IFRS 9 to determine whether any additional impairment loss needs to be recognised in respect of loans given to joint ventures, before taking into account the effect (if any) of the Group's share of joint ventures' losses applied against long-term interests in the joint ventures as detailed below.

The Group's share of losses in a joint venture is first allocated against the Group's investment in the joint venture and then to any other long-term interests that in substance form part of the Group's net investment.

Notes to the consolidated financial statements (continued)

2. Basis of preparation and summary of significant accounting policies (continued)

Basis of consolidation (continued)

(c) Joint arrangements (continued)

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Investments in joint ventures are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised through profit or loss for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Value in use is calculated by estimating the Group's share of the present value of the estimated future cash flows expected to be generated from the asset, including the cash flows from the operations of the asset and the proceeds from the ultimate disposal of the asset. An impairment loss recognised in prior years is reversed where appropriate if there has been a change in the estimates used to determine the recoverable amount.

Revenue recognition

Revenue represents the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised goods or services to the customer, excluding amounts collected on behalf of third parties (for example, value-added taxes).

The Group recognises revenue when the parties have approved the contract and are committed to perform their respective obligations, the Group can identify each party's rights and the payment terms for the goods or services to be transferred, the contract has commercial substance, it is probable that the Group will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to customer and when specific criteria have been met for each of the Group's contracts with customers as described below.

When another party is involved in providing goods or services to a customer, the Group determines whether the nature of its promise is a performance obligation to provide the specified goods or services itself (the Group is a principal and it controls the specified good or service before that good or service is transferred to a customer) or to arrange for those goods or services to be provided by the other party (the Group is an agent). The Group determines whether it is a principal or an agent for each specified good or service promised to the customer.

When the Group that is a principal satisfies a performance obligation, the Group recognises revenue in the gross amount of consideration to which it expects to be entitled in exchange for the specified good or service transferred. When the Group that is an agent satisfies a performance obligation, the Group recognises revenue in the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the other party to provide its specified goods or services to the customer.

The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement. In evaluating whether collectability of an amount of consideration is probable, the Group considers only the customer's ability and intention to pay the amount of consideration when it is due. Revenues earned by the Group are recognised on the following bases:

(a) Sales of services

The Group offers its customers a wide range of cargo handling services for its import and export logistics operations. These services are provided over time and usually do not exceed one month. Revenue from rendering of these services is recognised when the Group satisfies a performance obligation by transferring control over promised service to a customer over time in the accounting period in which the services are rendered. Revenue from the rendering of these services is recognised net of discounts and estimates for rebates that are in accordance with the contracts entered into with the customers. Revenue is recognised to the extent that is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty in relation to the rebates and discounts is resolved. Estimations for rebates and discounts are based on the Group's experience with similar contracts and forecasted sales to the customer.

(b) Sales of goods

The Group sells unused materials and goods. Sales of goods are recognised when the Group satisfies a performance obligation by transferring a control over promised goods to a customer at a point in time at which the customer obtains control of the goods, which is usually when the customer takes the goods out of the territory of the terminal.

Notes to the consolidated financial statements (continued)

2. Basis of preparation and summary of significant accounting policies (continued)

Revenue recognition (continued)

(c) Financing component

The Group does not have any material contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

(d) Contract assets and contract liabilities

In case the services rendered by the Group as of the reporting date exceed the payments made by the customer as of that date and the Group does not have the unconditional right to charge the client for the services rendered, a contract asset is recognised. The Group assesses a contract asset for impairment in accordance with IFRS 9 using the simplified approach permitted by IFRS 9 which requires expected lifetime losses to be recognised from initial recognition of the contract asset. An impairment of a contract asset is measured, presented and disclosed on the same basis as a financial asset that is within the scope of IFRS 9. If the payments made by a customer exceed the services rendered under the relevant contract, a contract liability is recognised. The Group recognises any unconditional rights to consideration separately from contract assets as a trade receivable because only the passage of time is required before the payment is due.

Other income

(a) Rental income

See accounting policy for leases below.

(b) Interest income

Interest income on financial assets at amortised cost and financial assets at FVOCI calculated using the effective interest method. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit impaired. For credit-impaired financial assets – Stage 3 the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance), for Stage 1 and Stage 2 – gross amount of financial assets.

(c) Dividend income

Dividend income is recognised when the right to receive payment is established.

Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in United States dollars (US\$), which is the Company's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Foreign exchange gains and losses that relate to loans receivable, cash and cash equivalents and borrowings are presented net in the income statement within 'net foreign exchange losses on financing activities'. All other foreign exchange gains and losses are presented in the income statement within 'other gains/(losses) – net'.

(c) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities are translated at the closing rate existing at the date of the balance sheet presented;
- Income and expense items at the exchange rates prevailing at the date of transaction or using average rates as a reasonable approximation;
- Share capital, share premium and all other reserves are translated using the historic rate; and
- All exchange differences resulting from the above translation are recognised in other comprehensive income.

Notes to the consolidated financial statements (continued)

2. Basis of preparation and summary of significant accounting policies (continued)

Foreign currency translation (continued)

(c) Group companies

On consolidation, exchange differences arising from the translation of the net investment in foreign operations are taken to shareholders' equity. On disposal of a foreign operation (including partial disposals which result in loss of control, significant influence or joint control of a subsidiary, associate or joint venture respectively, that include a foreign operation), the cumulative amount of the exchange differences relating to that foreign operation, recognised in other comprehensive income and accumulated in the separate component of equity is reclassified from equity to profit or loss (as a reclassification adjustment) when the gain or loss is recognised. In these cases, the cumulative amount of exchange differences relating to the foreign operation sold that have been attributed to the non-controlling interests are derecognised but are not reclassified to profit or loss.

On partial disposal of a subsidiary that includes a foreign operation, the Group re-attributes the proportionate share of the cumulative amount of the exchange differences recognised in other comprehensive income to the non-controlling interests in that foreign operation. In any other partial disposal of a foreign operation, the Group reclassifies to profit or loss only the proportionate share of the cumulative amount of the exchange differences recognised in other comprehensive income.

Impairment of non-financial assets

Non-financial assets that are subject to depreciation or amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable (refer to accounting policy for intangible assets in relation to the impairment of goodwill). An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of impairment at each reporting date.

Property, plant and equipment ("PPE")

Property, plant and equipment are recorded at purchase or construction cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition or construction of the items.

Land is not depreciated.

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their cost, less residual value, over their estimated useful lives, as follows:

	Number of years
Buildings and facilities	5 to 50
Loading equipment and machinery	3 to 25
Other production equipment	3 to 25
Office equipment	1 to 10

Assets under construction are not depreciated until they are completed and brought into use, at which time they are reclassified in the relevant class of property, plant and equipment and depreciated accordingly.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Expenditure for repairs and maintenance of property, plant and equipment is charged to the income statement of the year in which they are incurred. The cost of major renovations and other subsequent expenditure are included in the carrying amount of the asset or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for intended use or sale are capitalised and amortised over the useful life of the asset. Other borrowing costs are recognised as an expense in the reporting period incurred. Interest is capitalised at a rate based on the Group's weighted average cost of borrowing or at the rate on project specific debt, where applicable.

Gains and losses on disposal of property, plant and equipment are determined by comparing the proceeds with carrying amount and these are included within operating income.

Notes to the consolidated financial statements (continued)

2. Basis of preparation and summary of significant accounting policies (continued)

Intangible assets

(a) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary/joint venture at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in 'intangible assets'. Goodwill on acquisition of joint ventures is included in the carrying amount of the Group's investment in the joint venture (refer to Note 2, Basis of consolidation, (c)). Separately recognised goodwill is tested for impairment annually and whenever there is indication that goodwill may be impaired. Goodwill is carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. Goodwill related to the partial disposal of an entity is not derecognised unless there is loss of control.

If the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised exceeds the cost of the business combination, the Group reassesses the identification and measurement of the acquiree's identifiable assets, liabilities and contingent liabilities and the measurement of the cost of the combination and recognises immediately in profit or loss any excess remaining after that reassessment.

Goodwill is allocated to cash-generating units (CGUs) for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The Group allocates goodwill to each CGU. When the Group reorganises its reporting structure in a way that changes the composition of one or more cash-generating units to which goodwill has been allocated, the goodwill is reallocated to the units affected.

(b) Computer software

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Subsequently computer software is carried at cost less any accumulated amortisation and any accumulated impairment losses. These costs are amortised using straight line method over their estimated useful lives (3 to 10 years). Costs associated with maintaining computer software programmes are recognised as an expense as incurred.

Leases

At the inception of a contract, the Group assesses whether a contract is, or it contains, a lease. A contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group is the lessor

Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Rental income (net of any incentives given to lessees) is recognised on a straight-line basis over the lease term. Assets leased out under operating leases include insignificant portions of some properties which are not used by the Group which cannot be sold or leased out separately under a finance lease. These properties are included in property, plant and equipment in the balance sheet based on the nature of the asset.

The Group is the lessee

The Group leases land, buildings and facilities, offices and loading and other production equipment. Land, buildings and facilities rental contracts are made for fixed periods of 5 to 53 years and have extension options. Other lease contracts are typically made for fixed periods of 3 to 5 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

The right of use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site in which it is located, less any lease incentives received.

Notes to the consolidated financial statements (continued)

2. Basis of preparation and summary of significant accounting policies (continued)

Leases (continued)

Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

According to some lease contracts lease payment can be adjusted depending on changes in consumer price indexes of Russian Federation. When such change occurs the respective lease liability is remeasured with a corresponding adjustment to the right-of-use asset.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT-equipment and small items of office furniture with value less than US\$5 thousands.

Extension and termination options are included in a number of property and equipment leases across the Group. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

For business combinations where the entity acquired by the Group has a lease, the Group measures the lease liability at the present value of remaining lease payments as if the acquired lease were a new lease at the acquisition date. The Group measures the right-of-use asset at the same amount as the lease liability, adjusted to reflect favourable or unfavourable terms of the lease when compared with market terms.

Sale and leaseback transactions

The accounting treatment followed by the Group for sale and leaseback transactions in which the Group, as the owner of an asset, sells the asset and leases it back from the buyer, depends on whether the transaction qualifies as a sale for which revenue is recognised, or whether the transaction is a collateralised borrowing. If the transfer of an asset owned by the Group does not qualify as a sale, for example, because the Group has an obligation or a right to repurchase the asset from the buyer, the Group as the seller-lessee does not de-recognise the transferred asset, and it accounts for the cash received as a financial liability.

Notes to the consolidated financial statements (continued)

2. Basis of preparation and summary of significant accounting policies (continued)

Financial instruments

(a) Classification

(i) Financial assets

On initial recognition, the Group classifies its financial assets in the following measurement categories:

- Those to be measured subsequently at fair value (either through OCI, or through profit or loss), and
- Those to be measured at amortised cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

All financial assets of the Group are held within the business model whose objective is to hold financial assets in order to collect contractual cash flows, except equity instruments. Equity instruments of the Group are held within the business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

The Group classifies a financial asset as measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL: it is held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets of the Group that are not classified as measured at amortised cost or FVOCI are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL: it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

(ii) Financial liabilities

The Group classifies financial liabilities as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition.

(b) Recognition, derecognition and initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus or minus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price. Cash and cash equivalents are carried at amortised cost using the effective interest method. Cash and cash equivalents include cash in hand and deposits held at call with original maturity up to 90 days with banks. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. Borrowings are recognised initially at fair value, net of transaction costs incurred.

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the rights to receive the contractual cash flows in a transaction in which either substantially all of the risks and rewards of ownership of the financial asset are transferred or the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Notes to the consolidated financial statements (continued)

2. Basis of preparation and summary of significant accounting policies (continued)

Financial instruments (continued)

(b) Recognition, derecognition and initial measurement (continued)

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss within 'finance income/(costs) – net'.

(c) Subsequent measurement

Financial assets at FVTPL are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss and presented net within 'other gains/(losses)-net' in the period in which it arises.

Financial assets at amortised cost are subsequently measured at amortised cost using the effective interest method. These are assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. The amortised cost is reduced by impairment losses which are presented as separate line item in the statement of profit or loss. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss and presented in 'other gains/(losses)-net', together with foreign exchange gains and losses. Financial assets measured at amortised cost comprise cash and cash equivalents, loans receivable, trade receivables and other financial assets at amortised cost.

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Debt investments at FVOCI are subsequently measured at fair value. The Group does not hold any such instruments.

Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Borrowings are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings, using the effective interest method, unless they are directly attributable to the acquisition, construction or production of a qualifying asset, in which case they are capitalised as part of the cost of that asset.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the drawdown occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment and amortised over the period of the facility to which it relates.

Borrowing costs are interest and other costs that the Group incurs in connection with the borrowing of funds, including interest on borrowings, amortisation of discounts or premium relating to borrowings, amortisation of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised and amortised over the useful life of the asset. Other borrowing costs are recognised as an expense in the reporting period incurred. Interest is capitalised at a rate based on the Group's weighted average cost of borrowing or at the rate on project specific debt, where applicable.

Borrowings are classified as current liabilities, unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the balance sheet date.

Notes to the consolidated financial statements (continued)

2. Basis of preparation and summary of significant accounting policies (continued)

Financial instruments (continued)

(c) Subsequent measurement (continued)

An exchange between the Group and its original lenders of debt instruments with substantially different terms, as well as substantial modifications of the terms and conditions of existing financial liabilities, are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability.

Modifications of liabilities that do not result in extinguishment are accounted for as a change in estimate using a cumulative catch-up method, with any gain or loss recognised in profit or loss.

(d) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(e) Impairment

At each reporting date, the Group assesses whether financial assets carried at amortized cost are credit-impaired. A financial asset is "credit-impaired" when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficult of the debtor;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Company on terms that the Group would not consider otherwise; or
- it is probable that the debtor will enter bankruptcy or other financial reorganisation.

The Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI and cash and cash equivalents. The Group measures expected credit losses ('ECL') and recognises credit loss allowance at each reporting date. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The carrying amount of the financial assets is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement within 'net impairment losses on financial and contract assets'. For trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. For all other financial assets that are subject to impairment under IFRS 9 the Group applies a general approach – three-stage model for recognizing and measuring expected losses based on changes in credit quality since initial recognition. A financial instrument that is not credit-impaired on initial recognition is classified in Stage 1. Financial assets in Stage 1 have their ECL measured at an amount equal to the portion of lifetime ECL that results from default events possible within the next 12 months or until contractual maturity, if shorter ('12 Months ECL'). If the Group identifies a significant increase in credit risk ('SICR') since initial recognition, the asset is transferred to Stage 2 and its ECL is measured based on ECL on a lifetime basis, that is, up until contractual maturity but considering expected prepayments, if any ('Lifetime ECL'). Refer to Note 3 (b), Credit risk section for a description of how the Group determines when a SICR has occurred. If the Group determines that a financial asset is credit-impaired, the asset is transferred to Stage 3 and its ECL is measured as a Lifetime ECL.

Additionally, for debt instruments that qualify as low credit risk, the loss allowance is limited to 12 months expected credit losses. For a description of how the Group determines low credit risk financial assets refer to Note 3, Credit risk section below.

Notes to the consolidated financial statements (continued)

2. Basis of preparation and summary of significant accounting policies (continued)

Financial instruments (continued)

(f) Derivative financial instruments and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as hedges of a particular risk associated with a recognised asset or a liability or highly probable forecast transaction (cash flow hedge).

Derivative financial instruments not designated as a hedging instrument

Derivative financial instruments not designated as a hedging instrument are included within financial assets at fair value through profit or loss when fair value is positive and within financial liabilities at fair value through profit or loss when fair value is negative. They are presented as current assets or liabilities if they are expected to be settled within 12 months after the end of the reporting period. Changes in the fair value of foreign currency derivatives (currency forward contracts and currency options) are presented in the income statement within 'change in fair value of derivatives' as part of 'finance income/(costs) – net'.

Derivative financial instruments designated as a hedging instrument

At inception of the hedge relationship, the Group documents the economic relationship between hedging instruments and hedged items including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedged items. The Group documents its risk management objective and strategy for undertaking its hedge transactions.

Movements on the hedging reserve are shown in the statement of other comprehensive income. The full fair value of hedging derivatives is classified as a non-current asset or liability when the maturity of the hedging relationship is more than 12 months and as a current asset or liability when the remaining maturity of the hedging relationship is less than 12 months.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion of cross-currency interest rate swap hedging variable rate borrowings is recognised immediately in the income statement within 'finance costs' and gain or loss relating to the hedging of currency risk in forecast sale is recognised in 'other gains/(losses)-net'.

Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss (for example, when the forecast sale that is hedged takes place). The gain or loss relating to the effective portion of cross-currency interest rate swap hedging variable rate borrowings is recognised in the income statement within 'finance costs' and gain or loss relating to the hedging of currency risk in forecast sale is recognised in 'other gains/(losses)-net'.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. Gain or loss existing in equity is recognised immediately in the income statement if the forecast transaction is no longer expected to occur.

Prepayments

Prepayments are carried at cost less provision for impairment. A prepayment is classified as non-current when the goods or services relating to the prepayment are expected to be obtained after one year, or when the prepayment relates to an asset which will itself be classified as non-current upon initial recognition. Prepayments to acquire assets are transferred to the carrying amount of the asset once the Group has obtained control of the asset and it is probable that future economic benefits associated with the asset will flow to the Group. Other prepayments are written off to profit or loss when the goods or services relating to the prepayments are received. If there is an indication that the assets, goods or services relating to a prepayment will not be received, the carrying value of the prepayment is written down accordingly and a corresponding impairment loss is recognised in profit or loss for the year.

Inventories

Group entities usually maintain a store of spare parts and servicing equipment for critical components. These are often carried as inventory and recognised in profit or loss as consumed. Major spare parts, stand-by equipment and servicing equipment can also qualify as property, plant and equipment when they meet the definition of property, plant and equipment, including the requirement to be used over more than one period. Spare parts in inventory or property, plant and equipment are carried at the lower of cost and net realisable value.

Notes to the consolidated financial statements (continued)

2. Basis of preparation and summary of significant accounting policies (continued)

Non-current assets held for sale

Non-current assets are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell.

Cash flow statement

The cash flow statement is prepared under the indirect method. Purchases of property, plant and equipment (including prepayments for PPE) are presented within cash flows from investing activities and finance lease repayments within cash flows from financing activities are shown net of VAT. Related input VAT is included in movement in changes of working capital, within trade and other receivables.

Share capital, share premium and capital contribution

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Any excess of the fair value of consideration received over the par value of shares issued is recognised as share premium. Share premium is subject to the provision of the Cyprus Companies Law on reduction of share capital.

Capital contribution represents contributions by the shareholders directly in the reserves of the Company. The Company does not have any contractual obligation to repay these amounts. However, these are distributable to the Company's shareholders at the discretion of the Board of Directors subject to the shareholders' approval.

Provisions and contingent liabilities

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

Provisions are only used to cover those expenses which they had been set up for. Other possible or present obligations that arise from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability, are disclosed in the notes to the financial statements as contingent liabilities.

Transactions with equity holders

The Group may enter into financing transactions with its shareholders and other entities which are under the control of the ultimate shareholders. When such transactions are not conducted at arm's length, the Group's accounting policy is to recognise any excess gains or losses on such transactions directly through equity and consider these transactions as the receipt of additional capital contribution or distributions. Similar transactions with non-equity holders, or parties which are not under the control of the ultimate shareholders, are recognised in profit or loss in accordance with IFRS 9.

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

Notes to the consolidated financial statements (continued)

2. Basis of preparation and summary of significant accounting policies (continued)

Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which they are declared when the shareholders' right to receive them is established, i.e. when they are approved, appropriately authorised and are no longer at the discretion of the Company.

More specifically, interim dividends are recognised as liability in the period in which these are authorised by the Board of Directors and in the case of final dividends, they are recognised in the period in which these are approved by the Company's shareholders.

Income taxes

The tax expense for the period comprises current and deferred tax. Tax is recognised on profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity respectively.

Current tax liabilities and assets for the current and prior periods are measured at the amount expected to be paid to or recovered from the taxation authorities using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the country where the entity operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. In accordance with the initial recognition exemption, deferred taxes are not recorded for temporary differences on initial recognition of an asset or a liability in a transaction other than a business combination if the transaction, when initially recorded, affects neither accounting, nor taxable profit or loss. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, associates and joint ventures, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill.

The Group considers leases as a single transaction in which the assets and liabilities are integrally linked and recognises deferred tax on net temporary differences.

Value Added Tax ("VAT")

In the Russian Federation, output value added tax related to sales is payable to tax authorities on the earlier of (a) collection of the receivables from customers or (b) delivery of the goods or services to customers. Input VAT is generally recoverable against output VAT upon receipt of the VAT invoice except for export sales related input VAT that is reclaimable upon confirmation of export. The tax authorities permit the settlement of VAT on a net basis. Where provision has been made for impairment of receivables, impairment loss is recognised for the gross amount of the debtor, including VAT. The lease liabilities are disclosed net of VAT. While the leasing payment includes VAT, the amount of VAT from the lease payment made is reclaimable against sales VAT. VAT related to sales and purchases is recognised in the balance sheet on a gross basis and disclosed separately as an asset and liability.

Employee benefits

Wages, salaries, contributions to state pension and social insurance funds, paid annual leave and sick leave, bonuses and other benefits (such as health services) are accrued in the year in which the associated services are rendered by the employees of the Group. These are included in staff costs and the Group has no further obligations once the contributions have been paid. Staff costs of the Group mainly consists of salaries.

The Group recognises a liability and an expense for bonuses where contractually obliged or where there is a past practice that has created a constructive obligation and an obligation can be estimated reliably.

Notes to the consolidated financial statements (continued)

3. Financial risk management

Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, cash flow and fair value interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial results.

(a) Market risk

(i) Foreign exchange risk

Foreign exchange risk arises on monetary items like cash in banks, short-term investments, trade and other receivables, borrowings and trade and other payables denominated in currency other than functional currency of each of the entities of the Group.

The analysis below demonstrates the effect of a change in a key assumption while other assumptions remain unchanged. In reality, there is a correlation between the assumptions and other factors. It should also be noted that these sensitivities are usually non-linear, and larger or smaller impacts should not be interpolated or extrapolated from these results. The sensitivity analysis does not take into consideration that the Group's assets and liabilities are actively managed. Additionally, the financial position of the Group may vary at the time that any actual market movement occurs. Other limitations in the above sensitivity analysis include the use of hypothetical market movements to demonstrate potential risk that only represent the Group's view of possible near-term market changes that cannot be predicted with any certainty; and the assumption that all interest rates move in an identical fashion.

Currently the long-term debt of the Group is denominated in US dollars and Russian roubles. The US dollar interest rates are relatively more attractive compared to the Russian rouble interest rate. The revenues of Russian operations are mainly priced in Russian roubles and most of expenses are denominated and settled in Russian roubles. The Group uses from time-to-time derivatives (foreign currency forwards and options) to manage its exposures to foreign exchange risk, for more details see Note 24. The analysis below does not cover borrowings of joint ventures as they are not included in the financial position of the Group.

The carrying amount of financial assets and liabilities of the Group's components that have Russian rouble as their functional currency, denominated in US dollars are as follows:

(in thousands of US dollars)	As at 31 December	
	2021	2020
Assets	32,490	135,209
Liabilities	208	711
Intra-group financial assets	151,224	142,686
Intra-group financial liabilities	270,729	371,638

The carrying amount of financial assets and liabilities of the Group's components that have US Dollar as their functional currency, denominated in Russian roubles are as follows:

(in thousands of US dollars)	As at 31 December	
	2021	2020
Intra-group financial assets	109,758	107,329

Had US dollar exchange rate strengthened/weakened by 15% against the Russian rouble and all other variables remained unchanged, the post-tax profit of the Group for the year ended 31 December 2021, would have (decreased)/increased by US\$24,783 thousand (2020: US\$25,334 thousand) and the equity would have (decreased)/increased by US\$24,783 thousand (2020: US\$25,334 thousand). This is mainly due to foreign exchange gains and losses arising upon retranslation of cash and cash equivalents, accounts receivable, borrowings, leases and intra-group financial assets and liabilities denominated in US dollars and Russian roubles. The above sensitivity does not take into account the effect of foreign currency derivatives.

Notes to the consolidated financial statements (continued)

3. Financial risk management (continued)

Financial risk factors (continued)

(a) Market risk (continued)

The carrying amount of financial assets and liabilities in Russian operations denominated in Euros as at 31 December 2021 and 31 December 2020 are as follows:

(in thousands of US dollars)	As at 31 December	
	2021	2020
Liabilities	979	673
Capital commitments	10,461	874

Had Euro exchange rate strengthened/weakened by 20% against the Russian rouble and all other variables remained unchanged, the post-tax profit and the equity of the Group for the year ended 31 December 2021, would have (decreased)/increased by US\$157 thousand (2020: US\$108 thousand). This is mainly due to foreign exchange gains and losses arising upon retranslation of accounts payable denominated in Euros.

(ii) Cash flow and fair value interest rate risk

The Group is not exposed to changes in market interest rates as its entire borrowings portfolio consists of fixed rate debt as of 31 December 2021 and 2020. However, the Group is exposed to fair value interest rate risk through market value fluctuations of loans receivable, borrowings and lease liabilities with fixed rates.

Management monitors changes in interest rates and takes steps to mitigate these risks as far as practicable and economically feasible.

(b) Credit risk

(i) Risk management

Financial assets, which potentially subject the Group to credit risk, consist principally of trade and other receivables, loans receivable (Note 19) and cash and cash equivalents (Note 20) and derivative financial instruments (Note 24). The Group has policies in place to ensure that sales of goods and services are made to customers with an appropriate credit history. These policies enable the Group to reduce its credit risk significantly. However, the Group's business is heavily dependent on several large key customers accounting for 45% of the Group's revenue for the year ended 31 December 2021 (year ended 31 December 2020: 51%).

(ii) Impairment of financial assets

The Group has three types of financial assets that are subject to the expected credit loss model:

- Trade receivables for sales of goods and from the provision of services;
- Debt instruments and other financial assets carried at amortised cost (loans to related parties and other receivables); and
- Cash and cash equivalents.

Cash and cash equivalents:

The Group's cash and cash equivalents which have investment grade credit ratings with at least one major rating agency are considered to have low credit risk, and the loss allowance to be recognised during the period was therefore limited to 12 months expected losses. The identified impairment loss for cash and cash equivalents was immaterial to be accounted for. For the split of cash and cash equivalents by credit rating refer to Note 17.

Trade receivables:

To measure the expected lifetime credit losses, the Group performed the assessment on an individual basis for its major customers based on days past due and the corresponding historical credit losses experienced by the Group with those customers.

For those customers who are independently rated, the Group monitors their credit quality based on the external credit ratings. Otherwise, if there is no independent rating, the Group monitors the credit quality of trade receivables on the basis of past experience, identifying customers with working history with the Group of over 12 months and no losses arising and others, and also by reference to the days past due.

Notes to the consolidated financial statements (continued)

3. Financial risk management (continued)

Financial risk factors (continued)

(b) Credit risk (continued)

Loans and other receivables:

With respect to other financial assets at amortised cost, the Group considers the probability of default upon initial recognition of the asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forward-looking information. Especially the following indicators are incorporated:

- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's/counterparty's ability to meet its obligations;
- actual or expected significant changes in the operating results of the borrower/counterparty; and
- significant changes in the expected performance and behaviour of the borrower/counterparty, including changes in the payment status of counterparty and changes in the operating results of the borrower.

Regardless of the analysis above, a significant increase in credit risk for loans and other receivables with a third party is presumed if a debtor is more than 30 days past due in making a contractual payment.

A default on loans and other receivables with a third party is when the counterparty fails to make contractual payments within 90 days of when they fall due and/or the counterparty is assessed as unlikely to pay its obligations in full without realisation of collateral, regardless of the existence of any past-due amount or the number of days past due.

Financial assets including trade and other receivables are written off when there is no reasonable expectation of recovery, such as a debtor/counterparty failing to engage in a repayment plan with the Group. Where loans or receivables have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in consolidated income statement.

The Group's loans receivable from related parties are within Stage 3 of the IFRS 9 impairment model. No material lifetime expected credit losses were identified in relation to the Group's loans receivable from related parties.

For more information on the credit risk quality of trade and other receivables of the Group on 31 December 2021 refer to Notes 17 and 19.

(c) Liquidity risk

Management controls current liquidity based on expected cash flows and expected revenue receipts.

Cash flow forecasting is performed at the level of operating entities of the Group and at consolidated level by Group finance department. Group finance department monitors forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs as well as scheduled debt service while maintaining sufficient headroom to ensure that the Group does not breach covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration potential variations in operating cash flows due to market conditions, the Group's debt repayments and covenant compliance.

Taking into account expected levels of operating cash flows, availability of cash and cash equivalents amounting to US\$296,657 thousand (31 December 2020: US\$206,968 thousand) (Note 20) the Group has the ability to meet its liabilities as they fall due and mitigate risks of adverse changes in the financial markets environment.

Notes to the consolidated financial statements (continued)

3. Financial risk management (continued)

Financial risk factors (continued)

(c) Liquidity risk (continued)

The management of the Group believes that it is successfully managing the exposure of the Group to liquidity risk.

The table below summarises the analysis of financial liabilities by maturity as of 31 December 2021 and 2020. The amounts in the table are contractual undiscounted cash flows. Trade and other payables balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

(in thousands of US dollars)	Less than 1 month	1-3 months	3-6 months	6 months – 1 year	1-2 years	2-5 years	Over 5 years	Total
As at 31 December 2021								
Borrowings ¹	205,459	9,867	10,330	20,263	330,698	275,660	–	852,277
Lease liabilities	792	1,326	2,082	3,992	7,173	19,356	136,583	171,304
Trade and other payables	8,101	18,460	–	33	–	–	–	26,594
Derivative financial instruments:								
• payments	110,359	–	–	–	–	–	–	110,359
• receipts	(114,800)	–	–	–	–	–	–	(114,800)
Total	209,911	29,653	12,412	24,288	337,871	295,016	136,583	1,045,734
As at 31 December 2020								
Borrowings ¹	6,911	153,830	5,568	22,328	236,330	478,468	–	903,435
Lease liabilities	592	930	1,521	2,945	5,490	14,853	137,600	163,931
Trade and other payables	5,027	9,364	7	553	–	–	–	14,951
Derivative financial instruments:								
• payments	4,346	–	–	4,428	110,982	–	–	119,756
• receipts	(3,800)	–	–	(3,800)	(114,800)	–	–	(122,400)
Total	13,076	164,124	7,096	26,454	238,002	493,321	137,600	1,079,673

¹ The Group repurchased its own Eurobonds in 2020 (Note 22). There are 29% repurchased as of both 31 December 2021 and 31 December 2020. The borrowings payments presented above exclude cash flows related to the repurchased part of Eurobonds (before cancellation in 2020).

Derivative financial instruments (currency forward and option contracts) are gross settled.

(d) Capital risk management

The Group's main objective when managing capital is to maintain the ability to continue as a going concern in order to ensure the profitability of the Group, maintain optimum equity structure and reduce its cost of capital.

Defining capital, the Group uses the amount of equity and the Group's borrowings.

The Group manages the capital based on borrowings to total capitalisation ratio. Borrowings include lease liabilities and loan liabilities.

Total capitalisation is calculated as the sum of the total Group borrowings and equity at the date of calculation. The management does not currently have any specific target for the rate of borrowings to total capitalisation.

The rate of borrowings to total capitalisation is as follows:

(in thousands of US dollars)	As at 31 December
	2021
	2020
Total borrowings	788,090
Total capitalisation	1,287,481
Total borrowings to total capitalisation ratio (percentage)	61%
	69%

Notes to the consolidated financial statements (continued)

3. Financial risk management (continued)

Financial risk factors (continued)

(e) Fair value estimation

Fair value is the amount at which a financial asset could be exchanged or a liability settled in a transaction between knowledgeable willing parties in an arm's length transaction, other than in a forced sale or liquidation, and is best evidenced by an active quoted market price.

The estimated fair values of financial instruments have been determined by the Group, using available market information, where it exists, and appropriate valuation methodologies and assistance of experts. However, judgment is necessarily required to interpret market data to determine the estimated fair value. The Russian Federation continues to display some characteristics of an emerging market and economic conditions continue to limit the volume of activity in the financial markets. Market quotations may be outdated or reflect distress sale transactions and therefore do not always represent the fair values of financial instruments. The Group has used all available market information in estimating the fair value of financial instruments.

The fair value of floating rate instruments is normally their carrying amount. The estimated fair value of fixed interest rate instruments is based on estimated future cash flows expected to be received, discounted at current interest rates for instruments with similar credit risk and remaining maturity. Discount rates used depend on credit risk of the counterparty. Carrying amounts of trade and other receivables approximate their fair values.

The estimated fair value of fixed interest rate instruments with stated maturity, for which a quoted market price is not available, was estimated based on expected cash flows, discounted at current interest rates for new instruments with similar credit risk and remaining maturity. Carrying amounts of trade and other payables which are due within twelve months approximate their fair values.

The disclosure of the fair value of financial instruments carried at amortised cost and the fair value of financial instruments carried at fair value is determined using the following valuation methods:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 – The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on Group's specific estimates.
- Level 3 – Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The Group's financial instruments carried at fair value relate to derivative financial instruments in the form of currency option and forward contracts and are disclosed in Note 24. They are valued using Level 2 valuation techniques from the table above. There were no changes in the valuation techniques during the year.

Specific valuation techniques used to value derivative financial instruments include:

- for currency forwards – the present value of future cash flows based on the forward exchange rates at the balance sheet date,
- for currency options – option pricing models (e.g. Black-Scholes model), and
- for other financial instruments – discounted cash flow analysis.

Level 2 inputs include use of quoted market prices or dealer quotes for identical or similar instruments. Where significant adjustments to market based data are made, or where other significant inputs are unobservable, the valuation would be categorised as Level 3.

Changes in Level 2 and Level 3 fair values are analysed at the end of each reporting period.

4. Critical accounting estimates and judgements

Estimates and judgments are continually evaluated and they are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Notes to the consolidated financial statements (continued)

4. Critical accounting estimates and judgements (continued)

Critical accounting estimates and assumptions (continued)

(i) Estimated impairment of goodwill, property, plant and equipment, right-of-use assets and investments in joint ventures

The Group follows its accounting policies to test goodwill, other non-financial assets and investments in joint ventures for possible impairment or reversal of impairment. Because of COVID-19 outbreak the Group performed updated tests of the estimated recoverable amount for all CGUs in the course of the preparation of the consolidated financial statements for the year ended 31 December 2021.

The Group performed a test of the estimated recoverable amount of the CGUs using the value-in-use method, compared to their carrying value, for all CGUs except for YLP and MD for which fair value less costs to sell method was used.

For YLP and MD valuation is based on combination of the market approach based on recent sales of similar assets and the cost approach (Level 2).

The value-in-use assessment requires making judgments about long-term forecasts related to the CGUs subject to review for which the recoverable amount was calculated based on estimated discounted future cash flows. These forecasts are uncertain as they require assumptions about volumes, prices for the products and services, discount rates, future market conditions and future technological developments. Significant and unanticipated changes in these assumptions could require a provision for impairment in a future period.

For all CGUs tested based on discounted future cash flows, cash flow projections cover a period of five years based on the assumptions of the next 12 months. Cash flows beyond that five-year period have been extrapolated using a steady terminal growth rate. The terminal growth rate used does not exceed the long-term average growth rate for the market in which entities operate. For projections prepared for CGUs in Russian ports segments as at 31 December 2021 a terminal growth rate of 3% (31 December 2020: 3%) and the discount rate 8.8% (31 December 2020: 9.4%) have been applied. For projections prepared for Finnish ports CGUs as at 31 December 2021 a terminal growth rate of 2% (31 December 2020: 2%) and the discount rate 8.8% (31 December 2020: 9.7%) have been applied.

Key assumptions for Russian ports and Finnish ports CGUs tested based on discounted future cash flows are throughput volume, price per unit, growth rates, and discount rates. The projected volumes reflect past experience adjusted by the management view on the prospective market developments. Volume growth is estimated to be in line with the long-term market development, position of each terminal on the market and its pricing power. For CGUs in the Russian ports segment, as supported by historical market performance and in view of relatively low containerisation level in Russia, the long-term average throughput growth rate for the Russian container market is higher than in developed markets.

In 2021, following positive changes in the business of ULCT coming from strong market demand for coal handling, the Group reassessed its estimates and reversed an impairment loss recognised in 2015. The impairment loss in the amount of US\$46,686 was fully allocated to property, plant and equipment. The full reversal of previously recognised impairment loss resulted in increase in the depreciated net book amount of property, plant and equipment by US\$8,517 thousand (Note 14) as of 31 December 2021.

Based on the results of the impairment tests for other CGUs carried out on 31 December 2021, the Board of Directors did not identify any impairment losses and also believes that there are no indications for reversal of impairments recognised in previous periods for non-financial assets other than goodwill.

In MLT Oy, the recoverable amount calculated based on the value in use exceeded the carrying value by US\$1.0 million. A decrease in the average container tariffs by approximately 0.3% each year or container handling volumes by approximately 0.7% each year or the discount rate of 9.4% or the terminal growth of 1.2%, as opposed to those used in projections would remove the headroom.

For other CGUs management believes that any reasonably possible change in the key assumptions on which the recoverable amount is based would not cause carrying amount to exceed the recoverable amount.

(ii) Russian legislation

Russian tax, currency and customs legislation is subject to varying interpretations (Note 28).

Notes to the consolidated financial statements (continued)

5. Segmental information

The chief operating decision-maker (CODM) has been identified as the Board of Directors. They review the Group's internal reporting in order to assess performance and allocate resources. The operating segments were determined based on these reports.

Group operations consist of several major business units that are mainly organised as separate legal entities. Segment profit is obtained directly from the accounting records of each business unit and adjustments are made to bring their accounting records in line with IFRS as adopted by the EU; therefore, there are no arbitrary allocations between segments. Certain business units are operating with one major operating company and some supporting companies.

The Board of Directors considers the business from both a geographic (which is represented by different port locations managed by separate legal entities) and services perspective regularly monitoring the performance of each major business unit.

The Board of Directors assesses the performance of the operating segments based on revenue (both in monetary and quantity terms) major costs items and net profit after the accounting records of business units are converted to be in line with IFRS as adopted by the EU with the exclusion of joint ventures. For the purposes of the internal reporting, joint ventures are assessed on a 100% ownership basis.

Assets are allocated based on the operations of the segment and the physical location of the asset.

For segmental reporting purposes, the Group's consolidated financial position and consolidated results are presented by proportionately combining the interests in joint ventures (MLT and CD groups). Additional disclosures are provided to reconcile the segmental information with the consolidated income statement and the consolidated balance sheet. For this purpose and on this basis, the Group combines its share of the joint ventures' individual income and expenses, assets and liabilities and cash flows on a line-by-line basis with similar items in the Group's financial statements. The Group recognises the portion of gains or losses on the sale of assets by the Group to the joint venture that is attributable to the other venturers. Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint venture. Unrealised losses are also eliminated unless the transaction provided evidence of an impairment of the asset transferred.

The brief description of segments is as follows:

Russian ports

The segment consists of the following operating units:

- First Container Terminal (FCT), Petrolesport and Farvater (PLP) and various other entities (including some intermediate holdings) that own and manage two container terminals in St. Petersburg port, North-West Russia. FCT and PLP are engaged in handling of containers, PLP is also engaged in handling of ro-ro, general cargo and scrap metal.
- Ust-Luga Container Terminal (ULCT), a container terminal in Ust-Luga, near St. Petersburg, North-West Russia.
- Vostochnaya Stevedoring Company (VSC) and various other entities (including some intermediate holdings) that own and manage a container terminal in Port of Vostochny near Nahodka, Far-East Russia.
- Moby Dik (MD) and various other entities (including some intermediate holdings) that own and manage a container terminal in Kronstadt near St. Petersburg, North-West Russia.
- Yanino Logistics Park (YLP) being an in-land container terminal in Yanino near St. Petersburg, North-West Russia.

All of the above terminals represent separate CGUs, with the exception of PLP and FCT which work as one unit from commercial and operational points of view and are considered as one CGU. The two terminals have a common managing director and common senior management team and the Group management and the Board of Directors of the Company look at PLP and FCT as one combined terminal and monitor its performance as a single unit, without being legally merged together and remaining two separate legal entities.

Finnish ports

The segment consists of container terminals in the ports of Vuosaari (Helsinki) and Kotka, Finland owned and operated by Multi-Link Terminals Ltd Oy (MLT Oy CGU).

Notes to the consolidated financial statements (continued)

5. Segmental information (continued)

The following items do not represent operating segments, however, are provided to the CODM together with segment information:

Holding companies (all other)

The segment consists of Global Ports Investments Plc (GPI) and some intermediate managing, holding and service companies.

Reconciliation adjustments

Reconciliation adjustments consist of two major components:

- Effect of proportionate consolidation – demonstrates the effect of proportionate consolidation of MD, YLP and Finnish ports. In the segmental reporting the financial position and financial results of these segments are incorporated using the proportionate consolidation method with the 75% proportion. MD, YLP and Finnish ports information is presented on the 100% basis in the Russian ports and Finnish ports segments and then the 25% portion which is not consolidated is deducted as a 'Reconciliation Adjustment'.
- Other adjustments – all other consolidation adjustments including but not limited to:
 - elimination of intragroup transactions (mainly intragroup sales and dividends) and balances (mainly intragroup loans and investments in subsidiaries and joint ventures);
 - consolidation adjustments of results of sale or purchase of shares of subsidiaries;
 - other consolidation adjustments.

The Group does not have any material regular transactions between segments except for those which mainly relate to management and financing activities.

Notes to the consolidated financial statements (continued)

5. Segmental information (continued)

The segment results for the year ended 31 December 2021 are as follows:

(in thousands of US dollars)	Russian ports	Finnish ports	Total of proportionally combined operating segments	Holdings	Consolidation adjustments	Group as per Proportionate combination
					Effect of proportionate combination	Other adjustments
Revenue from container operations	424,795	6,849	431,644	–	(2,077)	–
Non-containerized cargo	90,537	2,587	93,124	–	(3,780)	(32)
Inter-segment revenue	–	–	–	156	–	(156)
Total revenue	515,332	9,436	524,768	156	(5,857)	(188)
Cost of sales	(287,452)	(11,830)	(299,282)	(391)	6,150	13
Administrative, selling and marketing expenses	(6,322)	(831)	(7,153)	(22,525)	539	197
Other income	–	–	–	1,300	–	–
Other gains/(losses) – net	(390)	2	(388)	(46)	13	71
Operating profit/(loss)	221,168	(3,223)	217,945	(21,506)	845	93
Finance income/(costs) – net	(53,911)	(284)	(54,195)	(2,385)	274	299
incl. interest income	5,790	–	5,790	98	(7)	(2,264)
incl. interest expenses	(54,297)	(360)	(54,657)	(2,575)	327	2,264
incl. change in the fair value of derivative instruments	(5,903)	80	(5,823)	–	(20)	–
incl. net foreign exchange gains/(losses) on financing activities	499	(4)	495	92	(26)	299
Profit/(loss) before income tax	167,257	(3,507)	163,750	(23,891)	1,119	392
Income tax expense	1,855	675	2,530	174	(216)	–
Profit/(loss) after tax	169,112	(2,832)	166,280	(23,717)	903	392
CAPEX ¹ on cash basis	43,711	195	43,906	70	(154)	–
						43,822

¹ CAPEX represents purchases of property, plant and equipment

The reconciliation of results for the year ended 31 December 2021 calculated with proportional consolidation to the results presented in consolidated

Notes to the consolidated financial statements (continued)

5. Segmental information (continued)

income statement above is as follows:

(in thousands of US dollars)	Group as per proportionate combination	Adjustments to recognise for the components under the equity method	Total consolidated results
Revenue from container operations	429,567	(6,232)	423,335
Non-containerized cargo	89,312	(9,857)	79,455
Inter-segment revenue	–	–	–
Total revenue	518,879	(16,089)	502,790
Cost of sales	(293,510)	16,736	(276,774)
Administrative, selling and marketing expenses	(28,942)	1,899	(27,043)
Other income	1,300	–	1,300
Share of profit/(loss) of joint ventures accounted for using the equity method	–	(2,798)	(2,798)
Other gains/(losses) – net	(350)	(24)	(374)
Operating profit/(loss)	197,377	(276)	197,101
Finance income/(costs) – net	(56,007)	926	(55,081)
incl. interest income	3,617	453	4,070
incl. interest expenses	(54,641)	813	(53,828)
incl. change in the fair value of derivative instruments	(5,843)	(61)	(5,904)
incl. net foreign exchange gains/(losses) on financing activities	860	(279)	581
Profit/(loss) before income tax	141,370	650	142,020
Income tax expense	2,488	(650)	1,838
Profit/(loss) after tax	143,858	–	143,858
CAPEX on cash basis	43,822	(462)	43,360

Notes to the consolidated financial statements (continued)

5. Segmental information (continued)

The segment items operating expenses for the year ended 31 December 2021 are as follows:

(in thousands of US dollars)	Russian ports	Finnish ports	Total of proportionally combined operating segments	Holdings	Consolidation adjustments	Group as per proportionate combination
					Effect of proportionate combination	Other adjustments
Depreciation of property, plant and equipment	37,010	1,949	38,959	503	(903)	–
Depreciation of right-of-use assets	13,552	854	14,406	199	(299)	–
Amortisation of intangible assets	547	5	552	494	(51)	–
Reversal of impairment of property, plant and equipment	(8,517)	–	(8,517)	–	–	(8,517)
Staff costs	60,464	5,057	65,521	17,215	(2,572)	4
Transportation expenses	134,044	–	134,044	–	(361)	–
Fuel, electricity and gas	10,738	564	11,302	4	(371)	–
Repair and maintenance of property, plant and equipment	6,099	1,113	7,212	15	(416)	(4)
Total	253,937	9,542	263,479	18,430	(4,973)	–
Other operating expenses	39,837	3,119	42,956	4,486	(1,716)	(210)
Total cost of sales, administrative, selling and marketing expenses	293,774	12,661	306,435	22,916	(6,689)	(210)
						322,452

Notes to the consolidated financial statements (continued)

5. Segmental information (continued)

The reconciliation of operating expenses for the year ended 31 December 2021 calculated with proportional consolidation to the results presented in consolidated income statement above is as follows:

(in thousands of US dollars)	Group as per proportionate combination	Adjustments to recognise for the components under the equity method	Total consolidated results
Depreciation of property, plant and equipment	38,558	(2,709)	35,849
Depreciation of right-of-use assets	14,307	(896)	13,411
Amortisation of intangible assets	995	(152)	843
Reversal of impairment of property, plant and equipment	(8,517)	–	(8,517)
Staff costs	80,168	(7,703)	72,465
Transportation expenses	133,683	(1,086)	132,597
Fuel, electricity and gas	10,935	(1,112)	9,823
Repair and maintenance of property, plant and equipment	6,807	(1,247)	5,560
Total	276,936	(14,905)	262,031
Other operating expenses	45,516	(3,730)	41,786
Total cost of sales, administrative, selling and marketing expenses	322,452	(18,635)	303,817

Notes to the consolidated financial statements (continued)

5. Segmental information (continued)

The segment assets and liabilities as at 31 December 2021 are as follows:

(in thousands of US dollars)	Russian ports	Finnish ports	Total of proportionally combined operating segments	Holdings	Consolidation adjustments	Group as per proportionate combination
					Effect of proportionate combination	Other adjustments
Property, plant and equipment (including prepayments for PPE)	446,252	12,232	458,484	362	(7,126)	–
Right-of-use assets	529,002	3,568	532,570	19	(1,857)	–
Investments in joint ventures	–	–	–	165,818	–	(165,818)
Intangible assets	16,934	19	16,953	2,887	(1,429)	–
Other non-current assets	217,171	127,720	344,891	1,072,708	(33,013)	(1,321,376)
Inventories	8,757	–	8,757	–	(130)	–
Trade and other receivables and other current assets	79,131	1,105	80,236	3,783	(661)	(2,023)
Cash and cash equivalents	292,743	308	293,051	8,162	(1,139)	–
Total assets	1,589,990	144,952	1,734,942	1,253,739	(45,355)	(1,489,217)
Long-term borrowings	539,905	2,979	542,884	151,224	(4,540)	(151,224)
Long-term lease liabilities	38,798	2,930	41,728	–	(1,251)	–
Other long-term liabilities	118,791	761	119,552	–	94	–
Trade and other payables	31,002	2,077	33,079	8,777	(870)	(1,984)
Short-term borrowings	211,870	680	212,550	–	(225)	–
Short-term lease liabilities	3,700	770	4,470	8	(247)	–
Other short-term liabilities	224	–	224	483	(1)	–
Total liabilities	944,290	10,197	954,487	160,492	(7,040)	(153,208)
Non-controlling interest	19,275	–	19,275	–	–	19,275

Included within 'Russian ports', 'Finnish ports' and 'Holdings' segments 'Other non-current assets' are investments in subsidiaries in the total amount of US\$5,353 thousand, US\$126,614 thousand and US\$1,071,177 thousand respectively (fully eliminated on consolidation).

Notes to the consolidated financial statements (continued)

5. Segmental information (continued)

The reconciliation of total segment assets and liabilities as at 31 December 2021 calculated with proportional consolidation to the results presented in consolidated balance sheet above is as follows:

(in thousands of US dollars)	Group as per proportionate combination	Adjustments to recognise for the components under the equity method	Total consolidated results
Property, plant and equipment (including prepayments for PPE)	451,720	(21,378)	430,342
Right-of-use assets	530,732	(5,571)	525,161
Investments in joint ventures	–	19,873	19,873
Intangible assets	18,411	(6,714)	11,697
Other non-current assets	63,210	8,616	71,826
Inventories	8,627	(390)	8,237
Trade and other receivables and other current assets	81,335	(1,660)	79,675
Cash and cash equivalents	300,074	(3,417)	296,657
Total assets	1,454,109	(10,641)	1,443,468
Long-term borrowings	538,344	(2,234)	536,110
Long-term lease liabilities	40,477	(3,752)	36,725
Other long-term liabilities	119,646	(854)	118,792
Trade and other payables	39,002	(2,297)	36,705
Short-term borrowings	212,325	(509)	211,816
Short-term lease liabilities	4,231	(792)	3,439
Other short-term liabilities	706	(216)	490
Total liabilities	954,731	(10,654)	944,077
Non-controlling interest	19,275	–	19,275

Notes to the consolidated financial statements (continued)

5. Segmental information (continued)

The segment results for the year ended 31 December 2020 are as follows:

(in thousands of US dollars)	Russian ports	Finnish ports	Total of proportionally combined operating segments	Holdings	Consolidation adjustments	Group as per Proportionate combination
					Effect of proportionate combination	Other adjustments
Revenue from container operations	302,371	7,753	310,124	–	(2,380)	–
Non-containerized cargo	92,979	973	93,952	–	(2,744)	–
Inter-segment revenue	–	–	–	397	–	(397)
Total revenue	395,350	8,726	404,076	397	(5,124)	(397)
Cost of sales	(211,585)	(8,963)	(220,548)	(408)	5,367	6
Administrative, selling and marketing expenses	(7,974)	(802)	(8,776)	(18,744)	637	271
Other income	–	–	–	1,300	–	–
Other gains/(losses) – net	(435)	8	(427)	3,252	(30)	(3,037)
Operating profit/(loss)	175,356	(1,031)	174,325	(14,203)	850	(3,157)
Finance income/(costs) – net	(93,114)	(333)	(93,447)	(493)	291	–
incl. interest income	2,683	–	2,683	117	(4)	(1,199)
incl. interest expenses	(72,298)	(306)	(72,604)	(1,269)	424	1,199
incl. change in the fair value of derivative instruments	18,380	34	18,414	–	(9)	–
incl. net foreign exchange gains/(losses) on financing activities	(41,879)	(61)	(41,940)	659	(120)	–
Profit/(loss) before income tax	82,242	(1,364)	80,878	(14,696)	1,141	(3,157)
Income tax expense	(13,790)	268	(13,522)	(507)	(151)	–
Profit/(loss) after tax	68,452	(1,096)	67,356	(15,203)	990	(3,157)
CAPEX ¹ on cash basis	34,919	8,340	43,259	127	(2,375)	–
						41,011

¹ CAPEX represents purchases of property, plant and equipment

Notes to the consolidated financial statements (continued)

5. Segmental information (continued)

The reconciliation of results for the year ended 31 December 2020 calculated with proportional consolidation to the results presented in consolidated income statement above is as follows:

(in thousands of US dollars)	Group as per proportionate combination	Adjustments to recognise for the components under the equity method	Total consolidated results
Revenue from container operations	307,744	(7,139)	300,605
Non-containerized cargo	91,208	(7,377)	83,831
Inter-segment revenue	–	–	–
Total revenue	398,952	(14,516)	384,436
Cost of sales	(215,583)	15,254	(200,329)
Administrative, selling and marketing expenses	(26,612)	1,911	(24,701)
Other income	1,300	–	1,300
Share of profit/(loss) of joint ventures accounted for using the equity method	–	(2,973)	(2,973)
Other gains/(losses) – net	(242)	(97)	(339)
Operating profit/(loss)	157,815	(421)	157,394
Finance income/(costs) – net	(93,649)	872	(92,777)
incl. interest income	1,597	760	2,357
incl. interest expenses	(72,250)	499	(71,751)
incl. change in the fair value of derivative instruments	18,405	(25)	18,380
incl. net foreign exchange gains/(losses) on financing activities	(41,401)	(362)	(41,763)
Profit/(loss) before income tax	64,166	451	64,617
Income tax expense	(14,180)	(451)	(14,631)
Profit/(loss) after tax	49,986	–	49,986
CAPEX on cash basis	41,011	(7,123)	33,888

Notes to the consolidated financial statements (continued)

5. Segmental information (continued)

The segment items operating expenses for the year ended 31 December 2020 are as follows:

(in thousands of US dollars)	Russian ports	Finnish ports	Total of proportionally combined operating segments	Holdings	Consolidation adjustments	Group as per Proportionate combination
					Effect of proportionate combination	Other adjustments
Depreciation of property, plant and equipment	36,698	1,530	38,228	822	(873)	–
Depreciation of right-of-use assets	11,819	568	12,387	404	(244)	–
Amortisation of intangible assets	331	3	334	530	(24)	–
Staff costs	53,266	4,620	57,886	14,153	(2,534)	–
Transportation expenses	68,936	554	69,490	–	(457)	–
Fuel, electricity and gas	9,449	493	9,942	6	(311)	–
Repair and maintenance of property, plant and equipment	6,043	997	7,040	15	(404)	–
Total	186,542	8,765	195,307	15,930	(4,847)	–
Other operating expenses	33,017	1,000	34,017	3,222	(1,157)	(277)
Total cost of sales, administrative, selling and marketing expenses	219,559	9,765	229,324	19,152	(6,004)	(277)
						242,195

Notes to the consolidated financial statements (continued)

5. Segmental information (continued)

The reconciliation of operating expenses for the year ended 31 December 2020 calculated with proportional consolidation to the results presented in consolidated income statement above is as follows:

(in thousands of US dollars)	Group as per proportionate combination	Adjustments to recognise for the components under the equity method	Total consolidated results
Depreciation of property, plant and equipment	38,177	(2,618)	35,559
Depreciation of right-of-use assets	12,547	(730)	11,817
Amortisation of intangible assets	840	(70)	770
Staff costs	69,505	(7,602)	61,903
Transportation expenses	69,033	(1,370)	67,663
Fuel, electricity and gas	9,637	(932)	8,705
Repair and maintenance of property, plant and equipment	6,651	(1,240)	5,411
Total	206,390	(14,562)	191,828
Other operating expenses	35,805	(2,603)	33,202
Total cost of sales, administrative, selling and marketing expenses	242,195	(17,165)	225,030

Notes to the consolidated financial statements (continued)

5. Segmental information (continued)

The segment assets and liabilities as at 31 December 2020 are as follows:

(in thousands of US dollars)	Russian ports	Finnish ports	Total of proportionally combined operating segments	Holdings	Consolidation adjustments		Group as per Proportionate combination
					Effect of proportionate combination	Other adjustments	
Property, plant and equipment (including prepayments for PPE)	442,864	15,082	457,946	868	(9,623)	–	449,191
Right-of-use assets	532,990	4,784	537,774	223	(1,909)	–	536,088
Investments in joint ventures	784	–	784	165,870	–	(166,654)	–
Intangible assets	13,257	11	13,268	3,119	(471)	–	15,916
Other non-current assets	88,589	126,711	215,300	1,071,622	(33,016)	(1,189,654)	64,252
Inventories	7,658	–	7,658	20	(138)	–	7,540
Trade and other receivables (including income tax prepayment)	50,972	3,241	54,213	3,988	(1,126)	(866)	56,209
Cash and cash equivalents	207,822	1,241	209,063	2,979	(1,268)	–	210,774
Total assets	1,344,936	151,070	1,496,006	1,248,689	(47,551)	(1,357,174)	1,339,970
Long-term borrowings	636,897	3,964	640,861	19,099	(4,814)	(19,099)	636,047
Long-term lease liabilities	33,320	4,038	37,358	10	(1,570)	–	35,798
Other long-term liabilities	123,283	1,027	124,310	–	(275)	(573)	123,462
Trade and other payables	20,920	1,929	22,849	4,727	(817)	(664)	26,095
Short-term borrowings	153,479	855	154,334	–	(296)	–	154,038
Short-term lease liabilities	1,997	885	2,882	202	(318)	–	2,766
Other short-term liabilities	374	–	374	–	(2)	–	372
Total liabilities	970,270	12,698	982,968	24,038	(8,092)	(20,336)	978,578
Non-controlling interest	15,881	–	15,881	–	–	–	15,881

Included within 'Russian ports', 'Finnish ports' and 'Holdings' segments 'Other non-current assets' are investments in subsidiaries in the total amount of US\$5,353 thousand, US\$126,614 thousand and US\$1,071,189 thousand respectively (fully eliminated on consolidation).

Notes to the consolidated financial statements (continued)

5. Segmental information (continued)

The reconciliation of total segment assets and liabilities as at 31 December 2020 calculated with proportional consolidation to the results presented in consolidated balance sheet above is as follows:

(in thousands of US dollars)	Group as per proportionate combination	Adjustments to recognise for the components under the equity method	Total consolidated results
Property, plant and equipment (including prepayments for PPE)	449,191	(28,868)	420,323
Right-of-use assets	536,088	(5,726)	530,362
Investments in joint ventures	–	23,383	23,383
Intangible assets	15,916	(3,856)	12,060
Other non-current assets	64,252	9,615	73,867
Inventories	7,540	(413)	7,127
Trade and other receivables (including income tax prepayment)	56,209	(3,130)	53,079
Cash and cash equivalents	210,774	(3,806)	206,968
Total assets	1,339,970	(12,801)	1,327,169
Long-term borrowings	636,047	(3,122)	632,925
Long-term lease liabilities	35,798	(4,710)	31,088
Other long-term liabilities	123,462	(684)	122,778
Trade and other payables	26,095	(2,555)	23,540
Short-term borrowings	154,038	(762)	153,276
Short-term lease liabilities	2,766	(956)	1,810
Other short-term liabilities	372	2	374
Total liabilities	978,578	(12,787)	965,791
Non-controlling interest	15,881	–	15,881

The revenue of the Group mainly comprises of stevedoring services, storage and ancillary port services for container and bulk cargoes. The subsidiaries and joint ventures of the Group also provide services that are of support nature in relation to the core services mentioned above.

Notes to the consolidated financial statements (continued)

5. Segmental information (continued)

Revenue attributable to domestic and foreign customers for the year ended 31 December 2021 is disclosed below in accordance with their registered address. Major clients of the Group are internationally operating companies and their Russian branches. Their registered addresses are usually not relevant to the location of their operations.

(in thousands of US dollars)	For the year ended 31 December	
	2021	2020
Revenue from domestic customers – Cyprus	6,240	8,505
Revenue from foreign customers by countries:		
Russia	430,121	307,585
South Korea	25,800	22,675
Denmark	12,290	5,899
UK	8,976	9,433
Finland	7,273	5,309
Other	12,090	25,030
Revenue from foreign customers total	496,550	375,931
Total revenue	502,790	384,436

In both 2021 and 2020 there was one customer representing more than 10% of consolidated revenue. This customer originated from Russian ports segment and its registered address is in Russia.

The management also assesses the performance of the Group based on adjusted EBITDA (a non IFRS financial measure) that is defined as profit/(loss) for the year before income tax expense, finance income/(costs)-net, depreciation, write-off and impairment of property, plant and equipment, depreciation and impairment of right-of-use assets, amortisation, write-off and impairment of intangible assets, share of profit/(loss) of joint ventures accounted for using the equity method and other gains/(losses)-net.

The adjusted EBITDA of the Group is calculated as follows:

(in thousands of US dollars)	Note	For the year ended 31 December	
		2021	2020
Profit/(loss) for the year		143,858	49,986
Adjusted for:			
Income tax expense	11	(1,838)	14,631
Finance (income)/costs-net	9	55,081	92,777
Amortisation of intangible assets	6	843	770
Depreciation of property, plant and equipment	6	35,849	35,559
Depreciation of right-of-use assets	6	13,411	11,817
Reversal of impairment of property, plant and equipment	6	(8,517)	-
Write-off of property, plant and equipment	6	4,378	891
Share of (profit)/loss of joint ventures accounted for using the equity method	27 (a)	2,798	2,973
Other (gains)/losses – net	7	373	339
Adjusted EBITDA		246,236	209,743

Notes to the consolidated financial statements (continued)

6. Expenses by nature

(in thousands of US dollars)

	2021	2020
Staff costs (Note 8)	72,465	61,903
Depreciation of property, plant and equipment (Note 14)	35,849	35,559
Depreciation of right-of-use assets (Note 23)	13,411	11,817
Amortisation of intangible assets (Note 15)	843	770
Reversal of impairment of property, plant and equipment (Note 14)	(8,517)	-
Write-off of property, plant and equipment (Note 14)	4,378	891
Transportation expenses	132,597	67,663
Fuel, electricity and gas	9,823	8,705
Repair and maintenance of property, plant and equipment	5,560	5,411
Taxes other than on income	2,463	2,496
Legal, consulting and other professional services	2,432	2,191
Auditors' remuneration	887	993
Expense relating to short-term leases and/or leases of low-value assets	617	374
Purchased services	18,743	16,162
Insurance	1,070	936
Other expenses	11,196	9,159
Total cost of sales, administrative, selling and marketing expenses	303,817	225,030

The total fees of the statutory auditor for the statutory audit of the annual financial statements of the Company for the year ended 31 December 2021 amounted to US\$237 thousand (2020: US\$266 thousand). The total fees charged by the Company's statutory auditor in the year ended 31 December 2021 for other assurance services amounted to US\$- thousand (2020: US\$57 thousand), for tax and VAT advisory services amounted to US\$- thousand (2020: US\$47 thousand) and other non-audit services amounted to US\$- thousand (2020: US\$6 thousand).

The above expenses are analysed by function as follows:

Cost of sales (in thousands of US dollars)	For the year ended 31 December	
	2021	2020
Staff costs	53,405	45,083
Depreciation of property, plant and equipment	34,896	34,073
Depreciation of right-of-use assets	13,411	11,817
Amortisation of intangible assets	677	595
Reversal of impairment of property, plant and equipment (Note 14)	(8,517)	-
Write-off of property, plant and equipment (Note 14)	4,377	891
Transportation expenses	132,597	67,663
Fuel, electricity and gas	9,631	8,528
Repair and maintenance of property, plant and equipment	5,509	5,287
Taxes other than on income	2,331	2,376
Expense relating to short-term leases and/or leases of low-value assets	266	113
Purchased services	18,743	16,162
Insurance	802	712
Other expenses	8,646	7,029
Total cost of sales	276,774	200,329

Notes to the consolidated financial statements (continued)

6. Expenses by nature (continued)

Administrative, selling and marketing expenses
(in thousands of US dollars)

	2021	2020	For the year ended 31 December
Staff costs	19,060	16,820	
Depreciation of property, plant and equipment	953	1,486	
Amortisation of intangible assets	166	175	
Fuel, electricity and gas	192	177	
Repair and maintenance of property, plant and equipment	51	124	
Taxes other than on income	132	120	
Legal, consulting and other professional services	2,432	2,191	
Auditors' remuneration	887	993	
Expense relating to short-term leases and/or leases of low-value assets	351	261	
Insurance	268	224	
Other expenses	2,551	2,130	
Total administrative, selling and marketing expenses	27,043	24,701	

7. Other gains/(losses) – net

(in thousands of US dollars)

	2021	2020	For the year ended 31 December
Foreign exchange gains/(losses) on non-financing activities – net (Note 10)	225	209	
Charity	(309)	(412)	
Other gains/(losses) – net	(290)	(136)	
Total other gains/(losses) – net	(374)	(339)	

8. Employee benefit expense

(in thousands of US dollars)

	2021	2020	For the year ended 31 December
Salaries	54,609	47,610	
Social insurance costs	13,177	12,121	
Other employee benefits	1,944	-	
Other staff costs	2,735	2,172	
Total	72,465	61,903	
Average number of staff employed during the year	2,786	2,556	

Included within 'Social insurance costs' for 2021 are contributions made to the state pension funds in the total amount of US\$7,622 thousand (2020: US\$7,127 thousand).

Notes to the consolidated financial statements (continued)

9. Finance income/(costs) – net

(in thousands of US dollars)

	2021	2020	For the year ended 31 December
Included in finance income:			
Interest income on bank balances	3,442	1,327	
Interest income on loans to related parties (Note 30 (g))	628	1,030	
Total finance income calculated using effective interest rate method	4,070	2,357	
Included in finance costs:			
Interest expenses on bank borrowings	(6,104)	(6,066)	
Interest expenses on bonds	(42,961)	(61,059)	
Interest expenses on lease liabilities	(4,763)	(4,099)	
Loss on extinguishment of financial liabilities (Note 22)	–	(527)	
Total finance costs	(53,828)	(71,751)	
Change in fair value of currency forwards and currency options (Notes 22 and 24)	(5,904)	18,380	
Net foreign exchange gains/(losses) on financing activities	581	(41,763)	
Finance income/(costs) – net	(55,081)	(92,777)	

10. Net foreign exchange gains/(losses)

The exchange differences (charged)/credited to the income statement are as follows:

	2021	2020	For the year ended 31 December
Included in 'finance income/(costs) – net' (Note 9)			
Included in 'other gains/(losses) – net' (Note 7)	581	(41,763)	
Total	225	209	
Total	806	(41,554)	

Notes to the consolidated financial statements (continued)

11. Income tax expense

(in thousands of US dollars)	For the year ended 31 December	
	2021	2020
Current tax	11,069	12,261
Deferred tax		
• Effect of change in withholding tax rate (Note 25)	—	3,230
• Effect of temporary differences (Note 25)	(12,907)	(860)
Total	(1,838)	14,631

The tax on the Group's profit/(loss) before tax differs from the theoretical amount that would arise using the applicable tax rate as follows:

(in thousands of US dollars)	For the year ended 31 December	
	2021	2020
Profit/(loss) before tax	142,020	64,617
Tax calculated at the applicable tax rates – 20% ¹	28,404	12,924
Tax effect of expenses not deductible for tax purposes	860	2,645
Recognition of previously unrecognized tax losses	(5,900)	—
Tax effect of reduced tax rates of entities in Russian ports segment	(6,646)	(2,907)
Tax effect of share of profit/(loss) in jointly controlled entities	560	595
Tax credit claimed by entities in Russian ports segment	(18,093)	(3,922)
Effect of change in withholding tax rate	—	3,230
Withholding tax on undistributed profits	(1,023)	2,066
Tax charge	(1,838)	14,631

¹ The applicable tax rate used for 2021 and 2020 is 20% as this is the income statutory tax rate applicable to the Russian ports segment, where a substantial part of the taxable income arises.

Following the reversal of impairment loss in ULCT (Note 4 (i)) in 2021 previously unrecognized tax losses to be set off in the amount US\$5,900 thousand have been recognized.

Deferred tax is provided on the undistributed profits of subsidiaries and joint ventures, except when it is probable that the Group will not distribute dividends from the specific investment in the foreseeable future and the Group can control the payment of dividends.

The Company is subject to corporation tax on taxable profits at the rate of 12.5%.

12. Basic and diluted earnings per share

Basic and diluted earnings per share are calculated by dividing the profit attributable to equity holders of the Company by the weighted average number in issue during the respective period.

	For the year ended 31 December	
	2021	2020
Profit/(loss) attributable to the owners of the parent of the Company – in thousands of US dollars	140,401	48,399
Weighted average of ordinary shares in issue (thousands)	573,171	573,171
Basic and diluted earnings per share for profit/(loss) attributable to the owners of the parent (expressed in US\$ per share)	0.24	0.08

13. Dividend distribution

During 2021 and 2020 the Company did not declare or pay dividends to the equity holders of the Company.

Notes to the consolidated financial statements (continued)

14. Property, plant and equipment

(in thousands of US dollars)	Land	Buildings and facilities	Assets under construction	Loading equipment and machinery	Other production equipment	Office equipment	Total
At 1 January 2020							
Cost	151,149	371,764	14,098	229,133	10,308	2,166	778,618
Accumulated depreciation and impairment	—	(155,201)	—	(115,657)	(6,979)	(1,446)	(279,283)
Net book amount	151,149	216,563	14,098	113,476	3,329	720	499,335
Additions	—	13,159	8,543	12,869	1,230	331	36,132
Transfers	—	701	(732)	143	(111)	(1)	—
Disposals	—	(186)	—	(231)	(9)	(3)	(429)
Write-offs	—	—	(891)	—	—	—	(891)
Depreciation charge (Note 6)	—	(19,118)	—	(15,401)	(759)	(281)	(35,559)
Translation reserve	(24,488)	(34,858)	(2,938)	(18,179)	(529)	(115)	(81,107)
Closing net book amount	126,661	176,261	18,080	92,677	3,151	651	417,481
At 31 December 2020							
Cost	126,664	323,066	18,080	197,989	9,527	2,155	677,481
Accumulated depreciation and impairment	(3)	(146,805)	—	(105,312)	(6,376)	(1,504)	(260,000)
Net book amount	126,661	176,261	18,080	92,677	3,151	651	417,481

Notes to the consolidated financial statements (continued)

14. Property, plant and equipment (continued)

	Land	Buildings and facilities	Assets under construction	Loading equipment and machinery	Other production equipment	Office equipment	Total
At 1 January 2021							
Cost	126,664	323,066	18,080	197,989	9,527	2,155	677,481
Accumulated depreciation and impairment	(3)	(146,805)	–	(105,312)	(6,376)	(1,504)	(260,000)
Net book amount	126,661	176,261	18,080	92,677	3,151	651	417,481
Additions	104	8,519	11,222	20,654	2,334	133	42,966
Transfers	–	3,587	(6,164)	2,632	(60)	5	–
Disposals	–	–	–	(8)	–	(85)	(93)
Write-offs	–	(1,318)	–	(3,052)	(8)	–	(4,378)
Depreciation charge (Note 6)	–	(19,180)	–	(15,430)	(985)	(254)	(35,849)
Reversal of impairment loss	–	5,008	–	3,509	–	–	8,517
Translation reserve	(714)	(890)	(131)	(462)	(25)	5	(2,217)
Closing net book amount	126,051	171,987	23,007	100,520	4,407	455	426,427
At 31 December 2021							
Cost	126,051	327,157	23,007	208,591	10,716	1,905	697,427
Accumulated depreciation and impairment	–	(155,170)	–	(108,071)	(6,309)	(1,450)	(271,000)
Net book amount	126,051	171,987	23,007	100,520	4,407	455	426,427

As of 31 December 2021, an impairment loss was fully reversed following positive changes in the business of ULCT coming from strong market demand for coal handling (Note 4 (i)). The US\$8,517 thousand reversed is the depreciated net book amount of the impairment loss US\$46,686 thousand recognised in 2015.

Notes to the consolidated financial statements (continued)

14. Property, plant and equipment (continued)

In the cash flow statement proceeds from sale of property, plant and equipment comprise of:

(in thousands of US dollars)		
	For the year ended 31 December	
	2021	2020
Net book amount	4,471	1,320
Less: Non-cash items – write-offs of property, plant and equipment	(4,378)	(891)
	93	429
Profit on sale of property, plant and equipment ¹	446	7
Proceeds from sale of property, plant and equipment	539	436

¹ Profit on sale of property, plant and equipment is included in 'Cost of sales' in the consolidated income statement.

Depreciation expense amounting to US\$34,896 thousand in 2021 (2020: US\$34,073 thousand) has been charged to 'cost of sales' and US\$953 thousand in 2021 (2020: US\$1,486 thousand) has been charged to 'administrative, selling and marketing' expenses (Note 6).

There were no capitalised borrowing costs in 2021 and 2020.

Lease rentals relating to the lease of machinery and property amounting to US\$266 thousand in 2021 (2020: US\$113 thousand) have been charged to 'cost of sales' and US\$351 thousand in 2021 (2020: US\$261 thousand) has been charged to 'administrative, selling and marketing expenses'.

As at 31 December 2021 the amounts prepaid for equipment not delivered and prepayments for construction works not yet carried out were US\$3,915 thousand (2020: US\$2,842 thousand).

Notes to the consolidated financial statements (continued)

15. Intangible assets

(in thousands of US dollars)	Goodwill	Computer software	Total
At 1 January 2020			
Cost	9,443	5,965	15,408
Accumulated amortisation and impairment	–	(1,444)	(1,444)
Net book amount	9,443	4,521	13,964
Additions	–	890	890
Amortisation charge (Note 6)	–	(770)	(770)
Translation reserve	(1,530)	(494)	(2,024)
Closing net book amount	7,913	4,147	12,060
At 31 December 2020			
Cost	7,913	6,087	14,000
Accumulated amortisation and impairment	–	(1,940)	(1,940)
Net book amount	7,913	4,147	12,060
Additions	–	546	546
Amortisation charge (Note 6)	–	(843)	(843)
Translation reserve	(45)	(21)	(66)
Closing net book amount	7,868	3,829	11,697
At 31 December 2021			
Cost	7,868	6,527	14,395
Accumulated amortisation and impairment	–	(2,698)	(2,698)
Net book amount	7,868	3,829	11,697

Goodwill is allocated to the Group's cash generating units (CGUs) identified according to their operating segment. An operating segment-level summary of the goodwill allocation is presented below:

(in thousands of US dollars)	As at 31 December	
	2021	2020
PLP/ FCT (Russian ports segment)	3,403	3,422
VSC (Russian ports segment)	4,465	4,491
Total	7,868	7,913

The recoverable amount of the above CGUs is determined based on value in use calculations. These calculations are based on post-tax cash flow projections and all the assumptions in relation to growth rates are determined by reference to management's past experience and industry forecasts. The discount rates used reflect the specific risks of each segment. See Note 4 (i) for details of assumptions used.

Notes to the consolidated financial statements (continued)

16. Financial instruments by category

The accounting policies for financial instruments have been applied in the line items below:

(in thousands of US dollars)	2021	As at 31 December
Financial assets at amortised cost		
Trade and other receivables ¹	54,211	40,901
Cash and cash equivalents	296,657	206,968
Total	350,868	247,869
Financial liabilities measured at amortised cost		
Borrowings	747,926	786,201
Trade and other payables ²	26,594	15,503
Total	774,520	801,704
Lease liabilities		
Derivative financial instruments	40,164	29,319
Derivative financial instruments not used for hedging at fair value through profit or loss – assets	5,465	10,199

¹ Trade and other receivables do not include taxes and prepayments.

² Trade and other payables do not include taxes and contract liabilities.

17. Credit quality of financial assets

The credit quality of financial assets that are fully performing (i.e. neither past due nor impaired) can be assessed by reference to external and internal sources of information like business reputation, financial position and performance, prior working history records. Customers with longer history of working with the Group are regarded by management as having lower risk of default.

The credit quality of financial assets that are neither past due nor impaired classified by reference to the working history of the counterparty with the Group is as follows:

(in thousands of US dollars)	2021	As at 31 December
Trade and other receivables		
Core customers – existing (more than one year of working history with the Group)	24,294	15,498
Trade and other receivables from other customers (third parties)	–	1,085
Other receivables from third parties with Aa1 credit rating by Moody's Investors Service	1,300	1,300
Trade and other receivables from related parties with Baa2 credit rating by Moody's Investors Service (Baa3 in 2020)	11,047	7,077
Trade and other receivables from other related parties	257	911
Total	36,898	25,871

Trade and other receivables from other customers (third parties) are related to highly reputable counterparties with no external credit rating.

Notes to the consolidated financial statements (continued)

17. Credit quality of financial assets (continued)

Cash at bank and short-term bank deposits (Note 20):

		As at 31 December	
Agency	Rating	2021	2020
International rating agency Moody's Investors Service	Aa3	370	593
International rating agency Moody's Investors Service	A3	101,769	4,565
International rating agency Moody's Investors Service / Standard & Poor's	Baa3-Baa3u / BBB-	143,522	160,714
International rating agency Moody's Investors Service	Ba1	50,963	40,905
International rating agency Moody's Investors Service	B3	-	137
No rating ¹	No rating	33	54
Total		296,657	206,968

¹ Cash in hand and cash and cash equivalents with banks for which there is no rating. These banks are highly reputable local banks in the country of operation of the respective Group entities.

18. Inventories

		As at 31 December	
		2021	2020
Spare parts and consumables		8,237	7,127
Total		8,237	7,127

All inventories are stated at cost.

19. Trade and other receivables

		As at 31 December	
		2021	2020
Trade receivables – third parties		25,130	16,501
Trade receivables – related parties (Note 30 (d))		12,441	7,988
Total trade receivables		37,571	24,489
Other receivables		2,783	2,739
Loans to related parties (Note 30 (g))		13,857	13,673
VAT and other taxes recoverable		10,885	8,219
Total financial assets at amortised cost		27,525	24,631
Prepayments for goods and services		4,819	5,073
Prepayments for goods and services – related parties (Note 30 (d))		13,096	8,196
Total trade and other receivables		83,011	62,389
Less non-current portion:			
Loans to related parties		(13,636)	(13,507)
Total non-current portion		(13,636)	(13,507)
Current portion		69,375	48,882

Notes to the consolidated financial statements (continued)

19. Trade and other receivables (continued)

According to management estimates the fair values of trade and other receivables do not materially differ from their carrying amounts.

At 31 December 2021, trade and other receivables amounting to US\$36,898 thousand were zero days past due (31 December 2020: US\$25,871 thousand).

Trade and other receivables amounting to US\$3,456 thousand (31 December 2020: US\$1,357 thousand) were past due but not impaired. These relate to a number of independent customers for whom there is no history of either non repayment in the past or renegotiation of the repayment terms due to inability of the customer to repay the balance.

The analysis of past due trade and other receivables is as follows:

	(in thousands of US dollars)	As at 31 December	
		2021	2020
Less than 1 month overdue		3,035	1,107
From 1 to 3 months overdue		415	204
From 3 to 6 months overdue		4	9
Over 6 months overdue		2	37
Total		3,456	1,357

During 2021 no trade receivables (2020: nil) were impaired and written off in full.

Other classes within trade and other receivables do not contain impaired assets.

The fair value of receivables approximates their carrying value as the impact of the discounting is insignificant and is within Level 3 of the fair value hierarchy. The fair value is based on discounting of cash flows using 7% (2020: 7%) discount rate.

The carrying amounts of the Group's trade and other receivables are denominated in the following currencies:

	(in thousands of US dollars)	As at 31 December	
		2021	2020
Currency:			
US dollar		3,352	5,010
Russian rouble		79,340	57,201
Euro		319	178
Total		83,011	62,389

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables mentioned above. The Group does not hold any collateral as security for any receivables.

Notes to the consolidated financial statements (continued)

20. Cash and cash equivalents

(in thousands of US dollars)	As at 31 December	
	2021	2020
Cash at bank and in hand	122,258	53,952
Short-term bank deposits (less than 90 days)	174,399	153,016
Total	296,657	206,968

The effective average interest rate on short-term deposits on 31 December 2021 was 7.4% (31 December 2020: 1.5%) and these deposits have an average maturity of 35 days in 2021 (2020: 19 days).

Cash and cash equivalents include the following for the purposes of the cash flow statement:

(in thousands of US dollars)	As at 31 December	
	2021	2020
Cash and cash equivalents	296,657	206,968
Total	296,657	206,968

21. Share capital

Authorised share capital

The authorised share capital of the Company amounts to US\$175,000,000.00 divided into 750,000,000 ordinary shares and 1,000,000,000 ordinary non-voting shares with a par value of US\$0.10 each.

Issued share capital

The issued share capital of the Company amounts to US\$57,317,073.10 divided into 422,713,415 ordinary shares and 150,457,316 ordinary non-voting shares with a par value of US\$0.10 each.

The ordinary shares and the ordinary non-voting shares rank pari passu in all respects save that, the ordinary non-voting shares do not have the right to receive notice, attend or vote at any general meeting, nor to be taken into account for the purpose of determining the quorum of any general meeting.

(in thousands of US dollars)	Number of shares '000	Share capital	Share premium	Total
At 1 / 31 December 2020/31 December 2021	573,171	57,317	923,511	980,828

Notes to the consolidated financial statements (continued)

22. Borrowings

(in thousands of US dollars)	As at 31 December	
	2021	2020
Non-current borrowings		
Bank loans	61,760	62,845
Non-convertible bonds	474,350	570,080
Total non-current borrowings	536,110	632,925
Current borrowings		
Bank loans	732	746
Interest payable on bank loans	64	96
Non-convertible bonds	198,557	135,363
Non-convertible bonds – interest payable	12,463	17,071
Total current borrowings	211,816	153,276
Total borrowings	747,926	786,201

The total carrying value of non-convertible bonds presented above is US\$672,907 thousand, their face value is US\$674,229 thousand.

The maturity of non-current borrowings is analysed as follows:

(in thousands of US dollars)	As at 31 December	
	2021	2020
Between 1 and 2 years	302,523	198,745
Between 2 and 5 years	233,587	434,180
Total	536,110	632,925

Bank borrowings mature until 2025 (31 December 2020: 2025) and bonds mature until 2026 (31 December 2020: 2025).

Changes in liabilities and assets arising from borrowings and derivative financial instruments:

(in thousands of US dollars)	Note	For the year ended 31 December 2021		
		Borrowings	Fair value of derivative financial instruments ¹	
		Total		
At beginning of year		786,201	(10,199)	776,002
Non-cash transactions				
Interest charged	9	49,065	–	49,065
Loss on extinguishment of financial liabilities	9	–	–	–
Change in fair value of derivative financial instruments	24, 9	–	5,904	5,904
Foreign exchange differences		(2,969)	(12)	(2,981)
Cash transactions				
Borrowings received during the year		101,760	–	101,760
Borrowings repaid during the year		(133,408)	–	(133,408)
Interest repaid during the year and derivatives settlements		(52,723)	(1,158)	(53,881)
At end of year		747,926	(5,445)	742,461

¹ Represents net position (liabilities less assets) of derivative financial instruments

Notes to the consolidated financial statements (continued)

22. Borrowings (continued)

(in thousands of US dollars)	Note	For the year ended 31 December 2020		
		Borrowings	Fair value of derivative financial instruments ¹	Total
At beginning of year		837,211	9,184	846,395
Non-cash transactions				
Interest charged	9	67,125	–	67,125
Loss on extinguishment of financial liabilities	9	527	–	527
Change in fair value of derivative financial instruments	24, 9	–	(18,380)	(18,380)
Foreign exchange differences		(51,375)	(154)	(51,529)
Cash transactions				
Borrowings received during the year		72,079	–	72,079
Borrowings repaid during the year		(72,981)	–	(72,981)
Interest repaid during the year and derivatives settlements		(66,385)	(849)	(67,234)
At end of year		786,201	(10,199)	776,002

¹ Represents net position (liabilities less assets) of derivative financial instruments

In February and March 2021 the Group repaid US\$67,509 thousand (RUB4,948 million) and US\$65,149 thousand (RUB4,936 million) RUB-denominated bonds.

In November 2021 the Group issued RUB-denominated bonds in the amount of US\$101,760 thousand (RUB7.5 billion) at a fixed coupon rate with maturity 5 years.

In December 2020 the Group repaid US\$60,500 thousand (RUB4,415 million) RUB-denominated bonds using the proceeds from new RUB-denominated bonds in the amount of US\$67,878 thousand (RUB5 billion) issued with maturity over 5 years and a lower interest rate.

In April and September 2016, the GPI group has successfully finalised issue of two tranches of Eurobonds on the Irish Stock Exchange in the total amount of US\$700 million at a fixed coupon rate. Some companies within GPI group have unconditionally and irrevocably guaranteed these Eurobonds on a joint and several basis.

In 2018-2020 the Group has repurchased some part of Eurobonds and partly derecognised the liability. In 2020 the Group cancelled those Eurobonds that were previously purchased by the Group. The aggregate principal amount of the outstanding 2022 and 2023 Eurobonds as of both 31 December 2020 and 31 December 2021 is US\$198,557 thousands and US\$297,975 thousand respectively. Please see Note 31 for the details of repayment of 2022 Eurobonds.

Fair value of bank loans and non-convertible bonds was as follows:

(in thousands of US dollars)	Fair value hierarchy	As at 31 December	
		2021	2020
Non-convertible bonds	Level 1	170,371	209,945
Non-convertible bonds	Level 2	521,422	536,645
Bank loans	Level 2	62,492	63,591
Total		754,285	810,181

Notes to the consolidated financial statements (continued)

22. Borrowings (continued)

The exposure of the Group's borrowings to interest rate changes and the contractual repricing dates at the balance sheet dates are as follows (the table excludes interest payable):

(in thousands of US dollars)	As at 31 December	
	2021	2020
6 months or less	198,557	135,332
6-12 months	–	–
1-5 years	536,842	138,977
Total	735,399	274,309

The carrying amounts of the Group's borrowings are denominated in the following currencies:

(in thousands of US dollars)	As at 31 December	
	2021	2020
Russian rouble	241,037	280,330
US dollar	506,889	505,871
Total	747,926	786,201

As of 31 December 2021, from the above amount of borrowings denominated in US\$114,420 thousand were covered by RUB/US\$ currency forward contracts effectively converting the US\$ denominated obligation into RUB denominated one and US\$87,000 thousand were covered by RUB/US\$ currency option contracts (Note 24) that limit foreign exchange risk exposure to a certain level that management considers appropriate in the current economic environment.

Agreements of the bank loans given to some of the subsidiaries of the Group include certain covenants which set forth certain financial ratios and other non-financial covenants that must be complied with. All of the Group's subsidiaries were in compliance with all covenants.

The weighted average effective interest rate on borrowings is 7.27% (2020: 7.99%).

Notes to the consolidated financial statements (continued)

23. Lease liabilities and right-of-use assets

Movements in lease liabilities are analysed as follows:

(in thousands of US dollars)	For the year ended 31 December	
	2021	2020
At beginning of period	32,898	34,181
Non-cash transactions		
Adjustments related to changes in the index affecting lease payments	748	294
New leases	10,018	5,797
Leases termination	(6)	–
Interest charged (Note 9)	4,763	4,099
Exchange differences	81	(5,320)
Cash transactions		
Repayments of leases	(3,635)	(1,961)
Repayments of interest	(4,703)	(4,192)
At end of period	40,164	32,898
Of which are:		
Current lease liabilities	3,439	1,810
Non-current lease liabilities	36,725	31,088

The maturity of non-current lease liabilities is analysed as follows:

(in thousands of US dollars)	As at 31 December	
	2021	2020
Between 1 and 2 years	2,701	1,416
Between 2 and 5 years	7,296	3,251
Over 5 years	26,728	26,421
Total	36,725	31,088

The carrying amounts of the Group's lease liabilities are denominated in the following currencies:

(in thousands of US dollars)	As at 31 December	
	2021	2020
Russian rouble	39,995	32,343
US dollar	169	555
Total	40,164	32,898

Total cash outflow for leases in 2021 is US\$8,955 thousand (2020: US\$6,527 thousand).

Major part of US\$617 (2020: US\$374 thousand) thousand lease expenses included in cost of sales and administrative, selling and marketing expenses is related to short-term leases.

Notes to the consolidated financial statements (continued)

23. Lease liabilities and right-of-use assets (continued)

Movements in right-of-use assets are analysed as follows:

(in thousands of US dollars)	Land	Buildings and facilities	Loading equipment and machinery	Other production equipment	Office equipment	Total
Closing net book amount as at 31 December 2019	17,625	620,719	1,135	144	76	639,699
Additions	–	120	5,677	–	–	5,797
Adjustments related to changes in the index affecting lease payments	39	255	–	–	–	294
Leases termination	–	–	(17)	–	–	(17)
Transfers	–	–	66	–	(66)	–
Depreciation (Note 6)	(399)	(10,647)	(697)	(74)	–	(11,817)
Exchange differences	(2,856)	(100,420)	(286)	(22)	(10)	(103,594)
Closing net book amount as at 31 December 2020	14,409	510,027	5,878	48	–	530,362
Additions	18	20	9,857	123	–	10,018
Adjustments related to changes in the index affecting lease payments	–	748	–	–	–	748
Leases termination	–	(21)	(4)	–	–	(25)
Depreciation (Note 6)	(396)	(10,233)	(2,641)	(141)	–	(13,411)
Exchange differences	(78)	(2,785)	332	–	–	(2,531)
Closing net book amount as at 31 December 2021	13,953	497,756	13,422	30	–	525,161

24. Derivative financial instruments

Cash collected/paid in relation to the options and forward arrangements not used for hedging is presented in the consolidated statement of cash flows as 'proceeds from/(settlement of) derivative financial instruments not used for hedging' as part of 'financing activities'. During 2021 several forward contracts were settled and options premiums were paid with the resulting net cash outflow US\$1,158 thousand (2020: net cash outflow US\$849 thousand).

As of 31 December 2021, the net fair value of options contracts was positive US\$20 thousand (31 December 2020: positive US\$753 thousand) and net fair value of forward contracts was positive US\$5,444 thousand (31 December 2020: positive US\$9,446 thousand). As of 31 December 2021, there are outstanding forward contracts to acquire US\$114,800 thousand (31 December 2020: US\$122,400 thousand) and currency options contracts with possibility to acquire US\$87,000 thousand (31 December 2020: US\$87,000 thousand).

In January 2022 the Group collected US\$6,593 thousand as a result of settlement of all its options and forward contracts.

Notes to the consolidated financial statements (continued)

25. Deferred income tax liabilities

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred taxes relate to the same fiscal authority. The offset amounts are as follows:

(in thousands of US dollars)	As at 31 December	
	2021	2020
Deferred tax assets:		
Deferred tax asset to be recovered after more than 12 months	58,190	50,788
Deferred tax liabilities:		
Deferred tax liability to be recovered after more than 12 months	(117,060)	(122,778)
Deferred tax liabilities (net)	(58,870)	(71,990)

The gross movement on the deferred income tax account is as follows:

(in thousands of US dollars)	For the year ended 31 December	
	2021	2020
At the beginning of the year		
	(71,990)	(83,068)
Income statement charge:		
Deferred tax credit/(charge) (Note 11)	12,907	(2,370)
Other movements:		
Currency translation differences	213	13,448
At the end of the year	(58,870)	(71,990)

The movement on the deferred tax assets (+) and liabilities (-) during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

(in thousands of US dollars)	Property, plant and equipment	Lease liabilities and right-of-use assets	Withholding tax provision	Intangible assets	Borrowings	Tax losses	Other assets and liabilities	Total
At 1 January 2020	(53,068)	(119,067)	(6,368)	(104)	(235)	94,041	1,733	(83,068)
Income statement (Note 11)	1,383	1,472	(4,506)	28	(126)	(715)	94	(2,370)
Translation differences	8,631	19,271	1,062	13	1	(15,147)	(383)	13,448
At 31 December 2020	(43,054)	(98,324)	(9,812)	(63)	(360)	78,179	1,444	(71,990)
Income statement (Note 11)	2,913	1,862	993	(120)	253	4,338	2,668	12,907
Translation differences	189	527	–	1	–	(395)	(109)	213
At 31 December 2021	(39,952)	(95,935)	(8,819)	(182)	(107)	82,122	4,003	(58,870)

Following the reversal of impairment loss in ULCT (Note 4 (i)) in 2021 deferred tax asset in the amount US\$5,900 thousand was recognised.

Deferred income tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through future taxable profits is probable. The amount of unremitted earnings of certain subsidiaries and joint ventures on which no withholding tax provision was recognised amounts to US\$739,372 thousand (2020: US\$701,664 thousand).

Notes to the consolidated financial statements (continued)

26. Trade and other payables

(in thousands of US dollars)

	As at 31 December	
	2021	2020
Trade payables – third parties	4,089	3,011
Trade payables – related parties (Note 30 (e))	104	237
Payables for property, plant and equipment	930	461
Other payables – third parties	2,072	1,328
Other payables – related parties (Note 30 (e))	2,048	1,705
Payroll payable	2,138	1,700
Accrued expenses	15,213	6,509
Contract liabilities – third parties	4,024	5,174
Contract liabilities – related parties (Note 30 (e))	1,985	552
Employee benefits provision	1,944	–
Taxes payable (other than income tax)	3,890	2,863
Total trade and other payables	38,437	23,540
Employee benefits provision	1,732	–
Less non-current portion	1,732	–
Current portion	36,705	23,540

During the year ended 31 December 2021, the Group recognised revenue in the amount of US\$5,726 thousand (2020: US\$7,504 thousand) that related to carried-forward contract liabilities at the beginning of the year.

The fair value of trade and other payables approximates their carrying amount at the balance sheet date.

27. Joint ventures and non-controlling interests

(a) Joint ventures

The Group has the following investments in joint ventures – MLT group and CD Holding group. These entities are an integral part of operations of the Group. See Note 1 and Note 5 for more details.

The summarised investments in joint ventures accounted for using the equity method as at 31 December 2021 and 31 December 2020 are as follows:

(in thousands of US dollars)	MLT	CD Holding	Total
At 1 January 2021	23,383	–	23,383
Recognised share of profit/(loss)	(2,849)	51	(2,798)
Share of losses of joint ventures applied against other long-term interests (Note 30 (g))	–	(42)	(42)
Translation differences (through other comprehensive income/(loss))	(661)	(9)	(670)
At 31 December 2021	19,873	–	19,873

(in thousands of US dollars)	MLT	CD Holding	Total
At 1 January 2020	27,590	–	27,590
Recognised share of profit/(loss)	(1,980)	(993)	(2,973)
Share of profits of joint ventures applied against other long-term interests (Note 30 (g))	–	827	827
Translation differences (through other comprehensive income/(loss))	(2,227)	166	(2,061)
At 31 December 2020	23,383	–	23,383

Notes to the consolidated financial statements (continued)

27. Joint ventures and non-controlling interests (continued)

(a) Joint ventures (continued)

Set out below are the selected summarised financial information for joint ventures that are accounted for using the equity method.

Selected income statement items (in thousands of US dollars)	For the year ended 31 December 2021	
	MLT	CD Holding
Revenue	13,310	10,118
Depreciation, amortisation and impairment	(4,106)	(905)
Interest income	13	13
Interest expense	(636)	(674)
Profit/(loss) before income tax	(4,665)	68
Income tax expense	866	–
Profit/(loss) after tax	(3,799)	68
Other comprehensive income/(loss)	(862)	(13)
Total comprehensive income/(loss)	(4,661)	55

Selected balance sheet items (in thousands of US dollars)	As at 31 December 2021	
	MLT	CD Holding
Total non-current assets	29,924	12,945
Cash and cash equivalents (including current deposits with maturity over 90 days)	4,131	425
Other current assets	2,011	1,118
Total current assets	6,142	1,543
Total assets	36,066	14,488
Non-current financial liabilities	7,820	15,343
Other non-current liabilities	877	–
Total non-current liabilities	8,697	15,343
Current financial liabilities excluding trade and other payables	1,557	426
Other current liabilities including trade and other payables	2,553	780
Total current liabilities	4,110	1,206
Total liabilities	12,807	16,549
Net assets	23,259	(2,061)

Notes to the consolidated financial statements (continued)

27. Joint ventures and non-controlling interests (continued)

(a) Joint ventures (continued)

Selected income statement items (in thousands of US dollars)	For the year ended 31 December 2020	
	MLT	CD Holding
Revenue	11,570	8,926
Depreciation, amortisation and impairment	(3,473)	(1,088)
Interest income	11	5
Interest expense	(604)	(1,092)
Profit/(loss) before income tax	(3,242)	(1,324)
Income tax expense	602	–
Profit/(loss) after tax	(2,640)	(1,324)
Other comprehensive income/(loss)	(2,339)	222
Total comprehensive income/(loss)	(4,979)	(1,102)

Selected balance sheet items (in thousands of US dollars)	As at 31 December 2020	
	MLT	CD Holding
Total non-current assets	34,263	13,845
Cash and cash equivalents (including current deposits with maturity over 90 days)	4,884	190
Other current assets	4,113	875
Total current assets	8,997	1,065
Total assets	43,260	14,910
Non-current financial liabilities	10,013	15,524
Other non-current liabilities	1,098	–
Total non-current liabilities	11,111	15,524
Current financial liabilities excluding trade and other payables	1,887	570
Other current liabilities including trade and other payables	2,342	932
Total current liabilities	4,229	1,502
Total liabilities	15,340	17,026
Net assets	27,920	(2,116)

The information above reflects the amounts presented in the financial statements of the joint ventures adjusted for differences in accounting policies between the group and the joint ventures.

Notes to the consolidated financial statements (continued)

27. Joint ventures and non-controlling interests (continued)

(a) Joint ventures (continued)

Set out below is the reconciliation of the summarised financial information presented to the carrying amount of the Group interest in joint ventures.

(in thousands of US dollars)	For the year ended 31 December 2021		
	MLT	CD Holding	Total
Opening net assets at the beginning of the year	27,920	(3,163)	24,757
Profit/(loss) for the period	(3,799)	68	(3,731)
Other comprehensive income/(loss)	(862)	(13)	(875)
Closing net assets at the end of the year	23,259	(3,108)	20,151
Ownership interest	75%	75%	
Interest in joint venture	17,444	(2,329)	15,115
Share of losses of joint ventures applied against other long-term interests (Note 30 (g))	–	1,545	1,545
Other movements	–	784	784
Goodwill	15,469	–	15,469
Impairment of goodwill	(13,040)	–	(13,040)
Carrying value on 31 December 2021	19,873	–	19,873

(in thousands of US dollars)	For the year ended 31 December 2020		
	MLT	CD Holding	Total
Opening net assets at the beginning of the year	32,899	(2,061)	30,838
Profit/(loss) for the period	(2,640)	(1,324)	(3,964)
Other comprehensive income/(loss)	(2,339)	222	(2,117)
Closing net assets at the end of the year	27,920	(3,163)	24,757
Ownership interest	75%	75%	
Interest in joint venture	20,940	(2,371)	18,569
Share of losses of joint ventures applied against other long-term interests (Note 30 (g))	–	1,587	1,587
Other movements	–	784	784
Goodwill	15,558	–	15,558
Impairment of goodwill	(13,115)	–	(13,115)
Carrying value on 31 December 2020	23,383	–	23,383

Notes to the consolidated financial statements (continued)

27. Joint ventures and non-controlling interests (continued)

(b) Non-controlling interests

Ust-Luga Container Terminal (located in Ust-Luga, North-West Russia) is an 80% subsidiary where Eurogate, one of the leading container terminal operators in Europe, has a 20% non-controlling interest on 31 December 2021 and 31 December 2020.

During 2021 and 2020 Ust-Luga Container Terminal did not declare or pay dividends to the non-controlling interest.

Set out below are the selected summarised financial information for Ust-Luga Container Terminal. The amounts disclosed for the subsidiary are before inter-company eliminations.

Selected income statement items (in thousands of US dollars)	For the year ended 31 December	
	2021	2020
Revenue	22,375	20,493
Profit/(loss) for the year	17,289	8,044
Other comprehensive income/(loss) for the year	(316)	(13,994)
Total comprehensive income/(loss) for the year	16,973	(5,950)
Profit/(loss) for the year attributable to non-controlling interest	3,458	1,609
Total comprehensive income/(loss) for the year attributable to non-controlling interest	3,395	(1,189)

Selected balance sheet items (in thousands of US dollars)	As at 31 December	
	2021	2020
Total non-current assets	75,250	40,653
Total current assets	27,759	41,093
Total assets	103,009	81,746
Total non-current liabilities	4,632	548
Total current liabilities	2,000	1,575
Total liabilities	6,632	2,123
Net assets	96,377	79,623
Accumulated non-controlling interest	19,275	15,925

Selected cash flow items (in thousands of US dollars)	For the year ended 31 December	
	2021	2020
Net cash from operating activities	7,079	6,795
Net cash from/(used in) investing activities	(20,931)	3,100
Net cash used in financing activities	(729)	(743)
Net increase/(decrease) in cash and cash equivalents	(14,581)	9,152

Notes to the consolidated financial statements (continued)

28. Contingencies

Operating environment of the Group

The Group's operations are primarily located in the Russian Federation. Consequently, the Group is exposed to the economic and financial markets of the Russian Federation, which display the characteristics of an emerging market. The legal, tax and regulatory frameworks continue development, but are subject to varying interpretations and frequent changes which contribute together with other legal and fiscal impediments to the challenges faced by entities operating in the Russian Federation.

Starting in 2014, the United States of America, the European Union and some other countries have imposed and gradually expanded economic sanctions against a number of Russian individuals and legal entities. The imposition of the sanctions has led to increased economic uncertainty, including more volatile equity markets, a depreciation of the Russian rouble, a reduction in both local and foreign direct investment inflows and a significant tightening in the availability of credit. As a result, some Russian entities may experience difficulties accessing the international equity and debt markets and may become increasingly dependent on state support for their operations.

In February 2022, following commencement of military operations in Ukraine by the Russian Federation, additional sanctions were introduced by the United States of America, the European Union and some other countries against Russia. Moreover, there is an increased risk that even further sanctions may be introduced. This may have significant adverse impact on Russia's economy. These events have led to depreciation of the Russian rouble, increased volatility of financial markets and significantly increased the level of economic uncertainty in the Russian business environment.

Though there is increased risk that new sanctions may be introduced, their nature and duration and hence the ultimate impact that these will have on the Russian economy in general and the operations of the Group in particular cannot at present be foreseen.

Finland represents established market economy with more stable political systems and developed legislation based on EU directives and regulations.

The COVID-19 coronavirus pandemic has continued to create additional uncertainty in the business environment.

The consolidated financial statements reflect management's assessment of the impact of the Russian business environment on the operations and the financial position of the Group. The future business environment may differ from management's assessment.

Tax legislation in Russia

Russian tax and customs legislation which was enacted or substantively enacted at the end of the reporting period, is subject to varying interpretations when being applied to the transactions and activities of the Group. Consequently, tax positions taken by management and the formal documentation supporting the tax positions may be challenged by the tax authorities. Russian tax administration is gradually strengthening, including the fact that there is a higher risk of review of tax transactions without a clear business purpose or with tax non-compliant counterparties. Fiscal periods remain open to review by the authorities in respect of taxes for three calendar years preceding the year when a decision about the review was made. Under certain circumstances reviews may cover longer periods.

The Russian transfer pricing legislation is generally aligned with the international transfer pricing principles developed by the Organisation for Economic Cooperation and Development although it has specific features. This legislation provides for the possibility of additional tax assessment in respect of controlled transactions (transactions between related parties and certain transactions with unrelated parties) if such transactions are not on an arm's length basis.

Tax liabilities arising from controlled transactions are determined using actual transaction prices. It is possible, with the evolution of the interpretation of the transfer pricing rules, that such prices could be challenged. The impact of any such challenge cannot be reliably estimated; however, it may be significant to the financial position and/or the overall operations of the Group.

Notes to the consolidated financial statements (continued)

28. Contingencies (continued)

Tax legislation in Russia (continued)

The Group includes companies incorporated outside of Russia. The tax liabilities of the Group are determined on the assumption that these companies are not subject to Russian profits tax, because they do not have a permanent establishment in Russia. The Controlled Foreign Company (CFC) legislation introduced Russian taxation on the profits of foreign companies and non-corporate structures (including trusts) controlled by Russian tax residents (controlling parties). The CFC income is subject to a 20% tax rate. This interpretation of the relevant legislation may be challenged but the impact of any such challenge cannot be reliably estimated currently; however, it may be significant to the financial position and/or the overall operations of the Group.

As Russian tax legislation does not provide definitive guidance in certain areas, the Group adopts, from time to time, interpretations of such uncertain areas that could reduce the overall tax rate of the Group. While management currently estimates that the tax positions and interpretations that it has taken can probably be sustained, there is a possible risk that outflow of resources will be required should such tax positions and interpretations be challenged by the relevant authorities. The impact of any such challenge cannot be reliably estimated; however, it may be significant to the financial position and/or the overall operations of the Group.

The Group's management believes that its interpretation of the relevant legislation is appropriate and the Group's tax, currency legislation and customs positions will be sustained. Accordingly, as of 31 December 2021 and as of 31 December 2020 management believes that no additional tax liability has to be accrued in the financial statements.

Legal proceedings and investigations

From time to time and in the normal course of business, claims against the Group may be received. On the basis of its own estimates and both internal and external professional advice, management is of the opinion that no provisions should be recognised in these consolidated financial statements.

Environmental matters

The Group is subject to laws, regulations and other legal requirements relating to the protection of the environment, including those governing the discharge of waste water and the clean-up of contaminated sites.

Issues related to protection of water resources in Russia are regulated primarily by the Environmental Protection Law, the Water Code and a number of other federal and regional normative acts.

Pursuant to the Water Code, discharging waste water into the sea is allowed, provided that the volume does not exceed the established standards of admissible impact on water resources. At the same time, the Environmental Protection Law establishes a "pay-to-pollute" regime, which implies that companies need to pay for discharging waste waters. However, the payments of such fees do not relieve a company from its responsibility to comply with environmental protection measures.

If the operations of a company violate environmental requirements or cause harm to the environment or any individual or legal entity, environmental authorities may suspend these operations or a court action may be brought to limit or ban these operations and require the company to remedy the effects of the violation. The limitation period for lawsuits for the compensation of damage caused to the environment is twenty years. Courts may also impose clean-up obligations on offenders in lieu of or in addition to imposing fines.

The enforcement of environmental regulation in the countries in which the Group operates is evolving and the enforcement posture of government authorities is continuously being reconsidered. The Group periodically evaluates its obligations under environmental regulations. As obligations are determined, they are recognised immediately. Potential liabilities, which might arise as a result of changes in existing regulations, civil litigation or legislation, cannot be estimated but could be material. In the current enforcement climate under existing legislation, management believes that there are no significant liabilities for environmental damage.

Notes to the consolidated financial statements (continued)

29. Commitments

Capital commitments

Capital expenditure contracted for at the balance sheet date but not yet incurred is as follows:

(in thousands of US dollars)	As at 31 December	
	2021	2020
Property, plant and equipment	26,859	9,207
Total	26,859	9,207

30. Related party transactions

The Company is jointly controlled by LLC Management Company "Delo" ("Delo Group"), one of Russia's largest privately owned transportation companies, and APM Terminals B.V. ("APM Terminals"), a global port, terminal and inland services operator.

For the purposes of these consolidated financial statements, parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operational decisions as defined by IAS 24 "Related Party Disclosures". In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form.

The following transactions were carried out with related parties:

(a) Sale of services

(in thousands of US dollars)	For the year ended 31 December	
	2021	2020
Entities under control of owners of controlling entities	102,884	92,912
Joint ventures in which GPI is a venturer	365	271
Other related parties	–	17
Total	103,249	93,200

(b) Purchases of services and incurred expenses

(in thousands of US dollars)	For the year ended 31 December	
	2021	2020
Entities under control of owners of controlling entities	109,028	52,065
Joint ventures in which GPI is a venturer	1,565	1,466
Other related parties	–	1,636
Total	110,593	55,167

(c) Interest income

(in thousands of US dollars)	For the year ended 31 December	
	2021	2020
Joint ventures in which GPI is a venturer	628	1,030
Total	628	1,030

Notes to the consolidated financial statements (continued)

30. Related party transactions (continued)

(d) Trade and other receivables and prepayments

(in thousands of US dollars)	As at 31 December	
	2021	2020
Entities under control of owners of controlling entities	25,499	16,048
Joint ventures in which GPI is a venturer	38	136
Total	25,537	16,184

(e) Trade and other payables

(in thousands of US dollars)	As at 31 December	
	2021	2020
Entities under control of owners of controlling entities	4,076	2,310
Joint ventures in which GPI is a venturer	61	122
Other related parties	–	62
Payroll payable and accrued expenses related to key management	2,590	876
Total	6,727	3,370

(f) Key management compensation/directors' remuneration

(in thousands of US dollars)	For the year ended 31 December	
	2021	2020
Key management compensation:		
Wages and salaries	5,345	3,349
Social insurance costs	797	394
Total	6,142	3,743
Directors' remuneration (included also above):		
Fees	278	245
Total	278	245

(g) Loans to related parties

The details of loans provided to joint ventures in which GPI is a venturer are presented below (see also Note 19):

(in thousands of US dollars)	For the year ended 31 December	
	2021	2020
At the beginning of the year	13,673	16,690
Interest charged	628	1,030
Loan and interest repaid during the year	(409)	(572)
GPI's share of losses of joint ventures applied against other long-term interests (Note 27 (a))	42	(827)
Foreign exchange differences	(77)	(2,648)
At the end of the year (Note 19)	13,857	13,673

The loans are not secured, were provided at fixed interest rate and are repayable in 2022. However, the loans are classified as non-current because of the Group's intention to defer repayment for more than 12 months.

The fair value of loans to related parties approximates their carrying value, as the impact of discounting is not significant.



Notes to the consolidated financial statements (continued)

31. Events after the balance sheet date

The Group successfully repaid its 2022 Eurobonds maturing in January 2022 in the total amount of principal US\$198,557 thousand and accumulated interest US\$6,822 thousand.

On 2 March 2022, the Board of Directors of the Company recommended to the members to approve the reduction of the share premium account of the Company by crediting the amount of US\$550 million to the retained earnings reserve. Any surplus remaining in the retained earnings reserve shall be available to be used as the Company deems appropriate from time to time. The share premium reduction is subject to ratification by the Cyprus Courts and shall become effective upon registration with the Cyprus registrar of companies.

Although 2021 has been a successful year for the Group and the Group experienced +20% volume growth in throughput in the first two months of 2022, the current geopolitical situation and conflict surrounding Russia and Ukraine (as explained in note 28) has the potential to affect operations of the Group and its financial position very adversely.

The management of the Group is aware of the fact that some shipping lines have announced that they temporarily suspend delivery/dispatch of various containerised cargoes to/from Russian Federation. It is possible that other shipping lines will follow with similar restrictions. This adversely affects operations of terminals of the Group in the short term, but in the long-term the Group believes fundamental undercontainerisation of Russian trade will support volumes and drives shipping lines desire to resume their services to Russia. In addition, based on the currently announced sanctions, the share of sanctioned goods is small, which should not significantly impact the throughput.

Following already imposed sanctions on Russian Central Bank, its restrictions for capital movements outside Russian Federation and other related developments of the confrontation, there are significant uncertainties over the available options for refinancing in September 2023 when payment of Eurobonds 2023 falls due. The situation is largely dependent on the developments of the confrontation and actions of the Russian Government and Central Bank that are difficult to foresee. On the other hand, the Group has a strong track record in promptly meeting all its debt obligations, successful refinancing and deleveraging and enjoys high credibility in local and international banking and capital markets that we expect should support the Group in its efforts to refinance in September 2023 or earlier. The Group also has US\$128 million of cash equivalent balances on 2 March 2022, most of which is denominated in US\$.

Total impact of sanctions in connection with the escalating confrontation and increase of tensions between Russia, and the United States, United Kingdom and the European Union remains uncertain, but the presence in Far Eastern basin should partially mitigate the impact of sanctions on the terminals located in the North-West of Russia.

The Group's management is doing everything possible to ensure sustainability of the Group's operations. The management understands what needs to be done under current circumstances and believes that it has required resources and ability to lead the Group through these difficult times.

Independent auditors' report to the members of Global Ports Investments Plc

Report on the audit of the consolidated financial statements

Opinion

We have audited the accompanying consolidated financial statements of Global Ports Investments Plc (the "Company") and its subsidiaries (the "Group"), which are presented on pages 31 to 98 and comprise the consolidated balance sheet as at 31 December 2021, and the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial balance sheet of the Group as at 31 December 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS-EU") and the requirements of the Cyprus Companies Law, Cap. 113, as amended from time to time (the "Companies Law, Cap.113").

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the "Auditors' responsibilities for the audit of the consolidated financial statements" section of our report. We are independent of the Group in accordance with the International Code of Ethics (Including International Independence Standards) for Professional Accountants of the International Ethics Standards Board for Accountants ("IESBA Code") together with the ethical requirements in Cyprus that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty relating to going concern

We draw attention to Notes 2, 28 and 31 to the consolidated financial statements which describe the recent developments in Russia's operating environment and the material uncertainty that exists that may cast significant doubt on the Group's ability to continue as a going concern should the nature and duration of the sanctions imposed on Russia differ significantly to the Group's expectations. The Board of Directors continues to adopt the going concern basis of preparation as, on the basis of their current assessment of the impact of the aforesaid developments based on their expectations as explained in note 31, they consider that the Group has adequate resources to meet its liabilities as they fall due and to continue in operation for the foreseeable future.

Our opinion is not modified in respect of this matter.

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KPMG Limited, a private company limited by shares, registered in Cyprus under registration number HE 132822 with its registered office at 14, Esperidon Street, 1087, Nicosia, Cyprus.



Key audit matters

In addition to the matter described in the material uncertainty related to going concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment assessment of goodwill and other non-financial assets and investments in joint ventures

Refer to Notes 2, 4, 14, 15 and 27

Key audit matter

Significant judgement is required by management in determining whether there are any indications for, or reversal of, impairment pertaining to the Group's Cash Generating Units ("CGUs") and, where such indications exist, in assessing the recoverable amount thereof.

We focused on this area because COVID-19 has continued to create additional uncertainty in the business environment and because of:

- the size of the carrying amount of goodwill, other non-financial assets and investments in joint ventures, and
- the inherent uncertainty and subjectivity involved in the assessment of the recoverable amounts of the CGUs due to the complexity and subjective judgements required in forecasting and discounting future cash flows and in the estimation of fair value less costs to sell, which are the basis of the management's assessments.

In particular, we focused our audit effort on management's impairment assessment of the recoverable amounts of the following:

- CGUs:
 - First Container Terminal, Petrolesport and Farvater ("PLP/FCT") CGU and Vostochnaya Stevedoring Company ("VSC") CGU because goodwill is allocated to these two CGUs and therefore an annual impairment assessment is required;
 - Ust-Luga Container Terminal ("ULCT") CGU for which a reversal of impairment was recognized.
- Joint venture:
 - Multi-Link Terminals Limited ("MLT"), with Moby Dik ("MD") and Multi-Link Terminals ("MLT Oy") being the underlying CGUs, for which an impairment assessment has been performed by management.

The recoverable amounts of PLP/FCT, VSC, ULCT and MLT Oy CGUs were determined based on value in use method derived from discounted future cash flows models, whilst the recoverable amount of MD CGU was determined based on fair value less costs to sell method.

Based on the results of the impairment assessments, the Board of Directors did not identify any further impairment losses. In contrast, following positive changes in the business of ULCT CGU, the Board of Directors assessment resulted in the reversal of a previous impairment loss pertaining to ULCT CGU of \$8,517 thousand

How the key audit matter was addressed in our audit

We assessed whether the value in use calculations were performed at the appropriate level of CGU and we evaluated the valuation inputs and assumptions, methodologies and calculations adopted by the Company's Board of Directors in determining the CGUs' recoverable amounts. In order to assist us in our audit we involved valuation experts that have the knowledge and experience in the industry and country of operation of the underlying CGUs to assist us in evaluating the methodology, models and assumptions used in value in use calculations.

For MD CGU, we evaluated whether the fair value less costs to sell approach is more appropriate than the value in use approach to determine the CGU's recoverable amount given the specific circumstances of the CGU. We further evaluated the work of the valuation expert used by management by assessing the expert's objectivity, competence and capabilities and the methodology, model and inputs used.

With respect to the value in use models used for PLP/FCT, VSC, ULCT and MLT Oy CGUs, we challenged and evaluated the composition of the future cash flow forecasts in the models including comparing them to the latest budgets approved by the Board of Directors.

We have also challenged and evaluated:

- management assumptions for the key inputs, such as volume and price, and compared them to historical results, economic and industry forecasts;
- the discount rate applied to these cash flows, by assessing the weighted average cost of capital, and considering territory specific factors;
- the macroeconomic assumptions used by management, by comparing them to market benchmarks and publicly available information;
- the adequacy of management's sensitivity calculations over the recoverable amount of MLT Oy (due to its sensitivity to the key assumptions) and the assumptions that created the most variability, being assumptions for average tariffs, handling volumes, and the terminal growth and discount rates.

We also performed look-back procedures by comparing previous budgets used in value in use calculations to actual results.

We evaluated the adequacy of disclosures, including disclosures about sensitivities and major sources of estimation uncertainty.



Other information

The Board of Directors is responsible for the other information. The other information comprises the Management Report, which we obtained prior to the date of this report, and the Annual Report, other than the financial statements and our auditor's report thereon, which is expected to be made available to us after that date.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon, except as required by the Companies Law, Cap.113.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and, if not corrected, we will bring the matter to the attention of the members of the Company at the Company's Annual General Meeting and we will take such other action as may be required.

With regards to the management report, our report in this regard is presented in the "Report on other legal requirements" section.

Responsibilities of the Board of Directors and those charged with governance for the consolidated financial statements

The Board of Directors is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with IFRS-EU and the requirements of the Companies Law, Cap. 113, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to either liquidate the Company or to cease the Group's operations, or there is no realistic alternative but to do so.

The Board of Directors and those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditors' responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.



Auditors' responsibilities for the audit of the consolidated financial statements (continuation)

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities of the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report.

Report on other legal requirements

Pursuant to the additional requirements of law L.53(I)/2017, and based on the work undertaken in the course of our audit, we report the following:

- In our opinion, the management report, the preparation of which is the responsibility of the Board of Directors, has been prepared in accordance with the requirements of the Companies Law, Cap 113, and the information given is consistent with the consolidated financial statements.
- In the light of the knowledge and understanding of the business and the Group's environment obtained in the course of the audit, we have not identified material misstatements in the management report.



Other matters

Reporting responsibilities

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 69 of Law L.53(I)/2017 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whose knowledge this report may come to.

Comparative figures

The consolidated financial statements of the Company for the year ended 31 December 2020 were audited by another auditor who expressed an unmodified opinion on those consolidated financial statements on 5 March 2021.

The engagement partner on the audit resulting in this independent auditors' report is Sylvia Loizides.

Certified Public Accountant and Registered Auditor for and on behalf of

KPMG Limited
Certified Public Accountants and Registered Auditors

11, 16th June 1943 Street
3022 Limassol
Cyprus

2 March 2022

PARENT COMPANY
FINANCIAL
STATEMENTS



Global Ports Investments Plc

Management Report

and Parent Company

Financial Statements

31 December 2021

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Board of Directors and other officers

Board of Directors

Mr. Soren Jakobsen (appointed 02 March 2018)

(Mr. Mogens Petersen is the alternate to Mr. Soren Jakobsen)

Chairman of the Board of Directors since 24 April 2020, Non-Executive Director,
Member of Nomination and Remuneration and Strategy Committees

Mr. Vladimir Bychkov (appointed 27 May 2021)

Non-executive Director, Chairman of Strategy Committee

Ms. Britta Dalunde (appointed 12 May 2017)

Senior Independent Non-Executive Director, Chairwoman of Audit and Risk Committee

Mr. Kristian Bai Hollund (appointed 29 May 2020)

(Mr. Soren Jakobsen is the alternate to Mr. Kristian Bai Hollund)

Non-executive Director

Ms. Alexandra Fomenko (appointed 18 June 2019)

Non-Executive Director, Member of Nomination and Remuneration Committee

Mr. Shavkat Kary-Niyazov (appointed 18 June 2019)

Non-Executive Director

Ms. Inna Kuznetsova (appointed 01 January 2018)

Independent Non-Executive Director, Chairwoman of Nomination and Remuneration Committee, Member of Audit and Risk Committee

Mr. Andrey Lenvalskiy (appointed 27 May 2021)

Non-Executive Director, Member of Audit and Risk and Strategy Committees

Mr. Lampros Papadopoulos (appointed 01 January 2018)

Independent Non-Executive Director, Member of Audit and Risk and Strategy Committees

Mr. Andriy Pavlyutin (appointed 27 May 2021)

Non-Executive Director

Mr. Mogens Petersen (appointed 18 June 2019)

(Mr. Soren Jakobsen is the alternate to Mr. Mogens Petersen)

Non-Executive Director, Member of Audit and Risk and Strategy Committees

Members of the Board of Directors, who resigned during the year

Mr. Demos Katsis resigned on 27 May 2021

Mr. Sergey Shishkarev resigned on 27 May 2021

Mr. Andrey Yashchenko resigned on 27 May 2021

Board of Directors and other officers (continued)

Registered office

20 Omirou Street

Ayios Nicolaos

CY-3095 Limassol

Cyprus

Secretary

Team Nominees Limited

20 Omirou Street

Ayios Nicolaos

CY-3095 Limassol

Cyprus

Management report

1. The Board of Directors presents its report together with the audited financial statements of Global Ports Investments Plc (hereafter also referred to as "GPI" or the "Company" or "Global Ports") for the year ended 31 December 2021. The Company's financial statements have been prepared in accordance with International Financial Reporting Standards (hereafter also referred as "IFRS") as adopted by the European Union ("EU") and the requirements of Cyprus Companies Law, Cap. 113.

Principal activities and nature of operations of the Company

2. The principal activities of the Company, which are unchanged from the previous year, is the holding of investments including any interest earning activities. The subsidiaries and joint-ventures of the Company (together with the Company the "Group") are engaged in the operation of container and general cargo terminals in Russia and Finland. The Group offers its customers a wide range of services for their import and export logistics operations. There were no changes in principal activities of the Group in the current year.

Results

3. The Company's results for the year are set out on page 29.

Changes in group structure

4. The management continues the optimization of the Group structure and elimination of the excess companies from the Group. As a part of simplification and streamlining of Group structure the following steps were implemented in 2021.
 - a. On 01.04.2021 Alocasia CO. Ltd and Belvo Establishment Ltd transferred their ownership in Ust-Luga Container Terminal JSC to First Container Terminal Inc (0.543% and 1.63% respectively). First Container Terminal Inc directly owns 80% of the share capital of Ust-Luga Container Terminal JSC.
 - b. On 24.06.2021 NCC Group Ltd was liquidated.
 - c. On 11.10.2021 a legal merger of National Container Holding Company Ltd into Global Ports Investments Plc was completed. As a result of the reorganisation, Global Ports Investments Plc directly holds 100% in Vostochnaya Stevedoring Company LLC, JSC Petrolesport, Farvater LLC and Shakhovo-18 LLC and indirectly owns 100% in First Container Terminal Inc and 80% in Ust-Luga Container Terminal JSC via JSC Petrolesport.
 - d. On 11.10.2021 Global Ports Investments Plc transferred one share of Global Ports (Finance) PLC to Farvater LLC.
 - e. A members' voluntary liquidation of Alocasia CO. Ltd and Belvo Establishment Ltd was initiated in October 2021.
 - f. On 22.12.2021 VIFS LLC, wholly-owned subsidiary of Vostochnaya Stevedoring Company LLC, was liquidated.

These reorganisations did not have an impact on the underlying assets/liabilities and overall activities of the Group.

5. There were no other material changes in the group structure. However, the Board of Directors is regularly reviewing the Group structure and the possibilities to optimize it and will continue its efforts in the following years.

Management report (continued)

Review of Developments, Position and Performance of the Group's Business

6. Strong market growth in 2021 saw the Russian marine container market achieving all-time-high volumes in 2021 of 5.4 million TEUs (+7.1% y-o-y), driving growth in both containerised import of 11.1% and containerised export of 4.2%.
7. As a result of the sharp rise in freight rates in most of the main global container shipping trades, very tight network capacity in the Asia-Europe trade and a deficit of empty containers globally, market players increasingly preferred faster container import and export supply chains via the shortest sea leg. As a result, market growth was concentrated in the Far Eastern basin (+14.0% y-o-y) and the Southern basin (+6.4% y-o-y) while the combined throughput of terminals located in Saint Petersburg and the surrounding area declined by 3.7% y-o-y in FY 2021.
8. The Group successfully improved in 2021 its market share position in both its basins of presence, with VSC throughput improving 14.8% y-o-y and throughput of its terminals in the Baltic Basin declining by 2.3% y-o-y (being less than market decline). In total, Consolidated Marine Container Throughput increased by 2.8% y-o-y in 2021 to 1,576 thousand TEUs.
9. As previously announced, VSC ceased the coal handling activities in September 2021, enabling the terminal to concentrate on the Group's core strategic operations of driving container volumes. As a result, the Group's Consolidated Marine Bulk Throughput decreased in 2021 by 14.6% y-o-y to 4.3 million tonnes.
10. High and Heavy Ro-Ro handling increased by 24.4% to 25.2 thousand units, while car handling increased by 27.8% to 104.9 thousand units.
11. Consolidated revenue increased by 30.8% to USD502.8 million; excluding the impact of VSC transportation services, like-for-like revenue increased by 17.1% as 25.0% increase in Consolidated Container Revenue offset 5.2% decrease in Consolidated Non-container Revenue on the back of ceased coal handling at VSC.
12. Like-for-like Total Operating Cash Costs increased by 16.4% to USD131.8 million due to inflationary pressures, volumes growth and also the fact that operating in a high demand environment and high capacity utilisation rates at VSC required controlled cost increases to drive Adjusted EBITDA growth.
13. Adjusted EBITDA increased by 17.4% to USD246.2 million as a result of volume growth and Revenue per TEU increase (like-for-like Revenue per TEU increased by 21.6% to USD188.7 as a result of positive cargo, customer and basin mix changes, as well as customers' appreciation of our quality services in high demand environment in the Far Eastern basin). Profitability improved with a like-for-like Adjusted EBITDA Margin to 65.4% posting an increase of 15 basis points.
14. The Group achieved significant Free Cash Flow growth of 46.9% generating USD129.1 million over the year.
15. The Group reduced Net Debt by USD120.7 million in 2021 allowing Net Debt to Adjusted EBITDA to decrease from 2.9x as of 31 December 2020 to 2.0x as at the end of the reporting period, achieving the Group's long-term deleveraging target.

The terms used above are defined as follows:

Adjusted EBITDA (a non-IFRS financial measure) for Global Ports Group is defined as profit for the period before income tax expense, finance income/(costs)–net, depreciation, write-off and impairment of property plant and equipment, depreciation and impairment of right-of-use assets, amortisation, write-off and impairment of intangible assets, share of profit/(loss) of joint ventures accounted for using the equity method, other gains/(losses)–net.

Net Debt (a non-IFRS financial measure) is defined as the sum of current borrowings, non-current borrowings, current and non-current lease liabilities (following adoption of IFRS 16) and swap derivatives less cash and cash equivalents and bank deposits with maturity over 90 days.

Revenue per TEU is defined as the Global Ports Group's Consolidated Container Revenue divided by total Consolidated Container Marine Throughput.

Management report (continued)

Adjusted EBITDA Margin (a non-IFRS financial measure) is calculated as Adjusted EBITDA divided by revenue, expressed as a percentage.

Consolidated Container Revenue is defined as revenue generated from containerised cargo services.

Consolidated Non-Container Revenue is defined as a difference between total revenue and Consolidated Container Revenue.

Consolidated Marine Bulk Throughput is defined as combined marine bulk throughput by consolidated terminals: PLP, VSC, FCT and ULCT.

Consolidated Marine Container Throughput is defined as combined marine container throughput by consolidated marine terminals: PLP, VSC, FCT and ULCT.

Free Cash Flow (a non-IFRS financial measure) is calculated as net cash from operating activities less net cash used in investing activities and interest paid on borrowings and lease liabilities.

Total Debt (a non-IFRS financial measure) is defined as the sum of current borrowings, non-current borrowings, current and non-current lease liabilities (following adoption of IFRS 16) and swap derivatives.

Future Developments of the Group/Company

16. The Board of Directors does not expect any significant changes in the activities of the Group/Company in the foreseeable future.

Risk Management Process, Principal Risks and Uncertainties

17. Global Ports is exposed to a variety of risks and opportunities that can have commercial, financial, operational and compliance impacts on its business performance, reputation and licence to operate. The Board recognises that creating shareholder value involves the acceptance of risk. Effective management of risk is therefore critical to achieving the corporate objective of delivering long-term growth and added value to our shareholders.
18. Global Ports bases its risk management activities on a series of well-defined risk management principles, derived from experience, best practice, and corporate governance regimes. The Group's enterprise risk management processes (ERM) are designed to identify, assess, respond, monitor and, where possible, mitigate or eliminate threats to the business caused by changes in the business, financial, regulatory and operating environment.
19. The Board has overall oversight responsibility for GPI's risk management and for the establishment of the framework of prudent and effective controls. As such, it systematically monitors and assesses the risks attributable to the Group's performance and delivery of the GPI strategy. Where a risk has been identified and assessed, the Group selects the most appropriate risk measure available in order to reduce the likelihood of its occurrence and mitigate any potential adverse impact.
20. The Board delegates to the Chief Executive Officer of LLC Global Ports Management the responsibility for the effective implementation and maintenance of the risk management system. Day-to-day responsibility for risk management lies with the management team. The Audit and Risk Committee is authorized by the Board to monitor, review and report on the organization, functionality and effectiveness of the Group's Enterprise Risk Management (ERM) system.
21. Global Ports is exposed to a variety of risks which are listed below. The order in which these risks are presented is not intended to be an indication of the probability of their occurrence or the magnitude of their potential effects.
22. Not all of these risks are within the Company's control, and the list cannot be considered to be exhaustive, as other risks and uncertainties may emerge in a changing external and internal environment that could have a material adverse effect on the Group's ability to achieve its business objectives and deliver its overall strategy.
23. Further information on our risk management system, including a detailed description of identified risk factors is contained in the notes to the Financial Statements attached to this report.
24. The Company's financial risk management and critical accounting estimates and judgments are disclosed in Notes 3 and 4 to the financial statements.
25. The Company's contingencies are disclosed in Note 20 to the financial statements.

Management report (continued)

Risk factor	Risk management approach
Strategic risks	
Market conditions: Global Ports' operations are dependent on the global macroeconomic environment and resulting trade flows, including in particular container volumes. Container market throughput is closely correlated to the volume of imported goods, which is driven by domestic consumer demand, and influenced by RUB currency fluctuations against USD/Euro, and exported goods, which in turn correlate with the Russian rouble exchange rate fluctuations and global commodity markets' trends. The Group remains exposed to the risk of contraction in the Russian and world economy which, if it were to occur, could further dampen consumer demand and lead to a disruption in the container market which could have an adverse impact on the Group. At the same time being part of Russian and world logistics chains, the terminals of the Group are exposed and feel the impact of the disruptions and disbalances in these logistics chains caused by COVID-19 and such cases like Ever Given accident.	The Group has responded to throughput volatility in the container market by: <ul style="list-style-type: none"> • Focusing on quality and value-driven services (getting closer to the customer) • Greater focus on balancing export and import container flows as well as the cargo mix • Offering operational flexibility to all clients via operational excellence • Investments in infrastructure development and equipment • Termination of handling coal at VSC to optimise the handling of containers • Effective cost containment • Development of IT solutions • Adopting new revenue streams and attracting new cargoes
Competition: Barriers to entry are typically high in the container terminal industry due to the capital-intensive nature of the business. However, challenging market trading conditions mean that competition from other container terminals continues to be a significant factor, which is also supported by the existing excess capacity in the market, i.e., in the North-West of Russia. Further consolidation between container terminal operators and container shipping companies, the creation of new strategic alliances, the introduction of new/upgraded capacity and carrier consolidation could result in greater price competition, lower utilisation, and potential deterioration in profitability. Strategic international investors may develop or acquire stakes in existing competitor Russian container terminals, which could bring new expertise into the market and divert clients and cargoes away from the Group. Also, Beneficial Cargo Owners may optimise their logistics chains and decide to control them, which may lead to changes in the competitive	The Group actively monitors the competitive landscape and adjusts its strategy accordingly, i.e., the Group prioritises building close long-term strategic relationships with its leading customers (locally, regionally and with headquarters). The Group's focus on service quality is a key differentiator from its competition and the Group believes this is one of its key competitive advantages. The Group continues to invest in its terminals and infrastructure to ensure competitive levels of service. It takes a long-term approach to managing its network of terminals that represent core infrastructure assets in Russia with an expected operating lifespan of 10 to 20 years and beyond. The Group owns a significant land bank giving it flexibility should market conditions require it. The Group maintains level of capital expenditure in line with the requirements needed to maintain effective development of its existing capacity. The Group has developed long-term operating master plans for each of its terminals that enable it to react quickly in the case of additional market demands being placed

Management report (continued)

Risk factor	Risk management approach
environment.	Given the historically high margins in the Russian container handling industry, this trend may continue, which is demonstrated by growing competition in the Russian Far-East where a number of new projects were announced at the Far-Eastern Economic Forum in September 2021. Though we do not expect new major capacity to come to the market in the next 3–4 years, the conversion of some of the existing terminals into the handling of containers already started.
Political, Geopolitical, military conflicts and economic and social instability:	Russian foreign affairs and geopolitics could lead to instability in the Russian economy. Therefore, uncertain operating environment and decreasing, as a result of social and political instability, could affect the Group's profitability and ability to sell its services due to significant economic and political risks.
Certain government policies or the selective and arbitrary enforcement of such policies could make it more difficult for the Group to compete effectively and/or impact its profitability.	In light of the geopolitical and macroeconomic challenges faced by the ports industry in recent years, the Group has focused on improving its resilience, in particular its ability to withstand short-term economic fluctuations in Russia, as well as the wider regional and global environment. This has included a strong focus on cost containment measures, and on strengthening its financial position by refinancing its debt, switching to longer maturities at fixed rates, execute the investment programs ahead of time and increase the resilience of its treasury operations. In addition, the Group has developed its growth strategy to embrace exports and new revenue streams to counteract the impact of any fall in consumer sentiment or any macro-economic downturn.
The current geopolitical situation and conflict surrounding Russia and Ukraine will adversely affect operations of the Group, i.e. the management of the Group is aware of the fact that some shipping lines have announced that they temporarily suspend shipments to and from Russian Federation. It is possible that other shipping lines will follow with similar restrictions. The Group may also be adversely indirectly affected by US, EU, UK and other jurisdictions sanctions against Russian business/companies – measures that have had and may continue to have an adverse effect on the Russian economy and demand for goods, commodities and services as well as supply of equipment and spare parts, interest rates and RUB/USD exchange rate. Ongoing sanctions could also slow down or make it very challenging to process the settlements with clients and suppliers and to deal with certain persons and entities in Russia or in other countries.	The Group has strengthened its system to monitor compliance with restrictions posed by international sanctions and fend off the risk of secondary sanctions. The Group continues to maintain an international base of shareholders, bondholders and business partners.
Following already imposed sanctions on Russian Central Bank, its restrictions for capital movements outside Russian Federation and other developments of the confrontation, there is an uncertainty about availability of the options for refinancing in 2023 when principal payments	The Group's management is closely monitoring events in Russia and Ukraine, as well as the possibility of the imposition of further sanctions in connection with the escalating confrontation and any resulting increase of tensions between Russia, and the US, UK and/or the EU. The management understands what needs to be done under current circumstances and believes that it has required resources to lead the Group through these difficult times.
	The Group has a strong track record in promptly meeting all its debt obligations, successful refinancing and deleveraging and enjoys high credibility in local and international banking and capital markets that we expect should support the Group in its efforts to refinance in September 2023 or earlier.
	The Group is not aware of any specific sanctions' related to its ownership or operations.

Management report (continued)

Risk factor	Risk management approach
of Eurobonds 2023 fall due. The situation is largely dependent on actions of Russian Government and Central Bank that are difficult to foresee.	
Coronavirus (COVID-19):	The global coronavirus (COVID-19) pandemic that emerged during 2020 impacted the container ports industry and Global Ports own operations, resulting in significant interruption to global trade, disruption to supply chains, reshuffling of vessel calls, and high FX volatility.
	Despite the introduction of vaccination programs, visibility remains low, new strains of virus are emerging, and the risk of future outbreaks and disruption to business operations remains. Risks include:
	<ul style="list-style-type: none"> • personnel shortages due to COVID-19 related illness • inability to deliver contracted services due to regulatory or safety requirements • loss of revenue due to business interruption, loss of customer volumes or customer withdrawals • additional process steps or safety measures • liquidity issues associated with delays in customer payments, potential customer failures or availability of financing.
	The authorities in Russia demanded that the transport industry enterprises ensure that at least 80% of employees are vaccinated, which the Group's terminals completed within the required time frame.
	Group measures to mitigate risk are grouped under/focused on four main priorities:
	<ul style="list-style-type: none"> • Protecting all employees (operations and admin) and communities: including on-site vaccination at the terminals, medical examinations, restrictions on travelling and external/internal meetings, social distancing, additional disinfection according to the schedule, personal protective equipment provided for personnel, improved cleaning, purchasing protective masks, gloves and COVID-19 tests for the local hospital in Nakhodka, Far East. Administrative staff had been either recommended or moved to work from home. The Group tried to establish the maximum comfort for its employees during remote work. The IT infrastructure was adapted to new challenges and was working without major failures. As of the date of signing the financial statements, the employees were not fully returned from working from home. The Group has not taken a final decision, on whether some of the employees shall continue working from home going forward. Any return to the office is and will be accompanied by following the strict safety protocols including social distancing, disinfection, use of masks, limitation of external contacts. • Supporting customers: uninterrupted 24/7 operations (quay, yard and gates), to support and protect customers' supply chains in Russia, improved commercial and operational flexibility; • Strengthening online channels, including maximum digitalisation of documentation and customer integration, further development of online solutions to decrease the necessity of client's presence at the terminal, improvement of resilience of IT systems to external shocks and cyber attacks; • Ensuring financial stability and cash preservation, including proactive management of costs, receivables and capacity for effective adaptation to crisis and its consequences. Stress testing of financial performance and liquidity position, revisiting financial plans.

Management report (continued)

Risk factor	Risk management approach
Operational risks	
Leases of terminal land:	All these measures implemented ensured that the terminals of the Group (quay, yard and gates) remained 100% operational to service vessels/handle cargoes throughout the pandemic as well as the call and service centres of the Group were working without interruption.
Customer Profile and Concentration:	<p>The Group leases a significant amount of the land and quays required to operate its terminals from government agencies and to a lesser extent from private entities. Any revision or alteration to the terms of these leases or the termination of these leases, or changes to the underlying property rights under these leases, could adversely affect the Group's business.</p> <p>Customer Profile and Concentration:</p> <p>The Group is dependent on a relatively limited number of major customers (shipping lines, freight forwarders etc.) for a significant portion of its business.</p> <p>These customers are affected by conditions in their market sector which can result in contract changes and renegotiations as well as spending constraints, and this is further exacerbated by carrier consolidation.</p>
Reliance on third parties:	<p>The Group is dependent on the performance of services by third parties outside its control, including all those other participants in the logistics chain, such as customs inspectors, supervisory authorities, Russian Railways, rolling stock operators and others, and the performance of security procedures carried out at other port facilities and by its shipping line customers.</p> <p>The Group strives to maintain a continuous dialogue and cooperation with third parties across the supply chain. In addition, its geographic diversification provides it with some flexibility in its logistics, should bottlenecks develop in one area.</p>

Management report (continued)

Risk factor	Risk management approach
Tariff regulation:	<p>Tariffs for certain services at certain of the Group's terminals have in the past, been regulated by the Russian Federal Antimonopoly Service (FAS). As a result, the tariffs charged for such services were, and may potentially in the future be, subject to a maximum tariff rate and/or fixed in Russian roubles as PLP, VSC, and FCT, like many other Russian seaport operators, are classified as natural monopolies under Russian law.</p>
Human resources management:	<p>All tariffs are set in Russian roubles. To the best of the knowledge of the Group's management, the Group is in full compliance with the tariff legislation.</p> <p>The Group continues to monitor for any legislative proposals and regulatory actions that could lead to changes to the existing tariff regulations and its natural monopoly status. It seeks a proactive dialogue with the relevant Russian federal authorities. It believes it is as well placed as any market participant to adapt to any future changes in tariff regulation.</p>
Health, safety, security:	<p>The Group annually reviews labour market trends and aligns employee salaries and benefits at all levels to foster and retain skilled labour.</p> <p>The Group invests in the professional development of its staff at all levels, including international best practices implementation and internal development/ training programmes.</p> <p>The Group engages in socially responsible business practices and the support of local communities.</p> <p>The Group is regularly exploring employee's satisfaction and loyalty and provide measures to keep a sufficient level of these metrics.</p> <p>The Group strives to maintain a positive working relationship with labour unions at its facilities. Moreover, it pursues overall labour policies designed to provide a salary and COVID support benefit package in line with the expectations of our employees.</p>
	<p>The Group has implemented clear safety policies designed around international best practices and benchmarks using such measures as GPI Global Minimum Requirements.</p> <p>Safety is one of the Group's top priorities. A safety strategy and annual action plans have been developed and are being implemented, to build a sustainable safety culture across the whole Group. The detailed roadmap is designed to ensure sustainable implementation of safety culture over the medium term.</p> <p>GPI is constantly improving its safety practices by involving the employees in identifying and mitigating potential safety risks.</p> <p>Similarly, GPI works with all its stakeholders to maintain high level of physical security around port facilities and vessel operations to minimise the risk of terrorist attacks.</p>

Management report (continued)

Risk factor	Risk management approach
Environment:	<p>Degradation of the environment and the consequences from stringent environmental regulations and investor sustainability expectations may influence the profitability of the business.</p>
Information technology and security:	<p>The Group's container terminals rely on IT and technology systems to keep their operations running efficiently, prevent disruptions to logistic supply chains, and monitor and control all aspects of their operations.</p> <p>Any IT glitches or incidents can create major disruptions for complex logistic supply chains.</p> <p>Any prolonged failure or disruption of these IT systems, whether a result of a human error, a deliberate data breach or an external cyber threat could create major disruptions in terminal operations. This could dramatically affect the Group's ability to render its services to customers, leading to reputational damage, disruption to business operations and an inability to meet its contractual obligations.</p>
Regulatory and compliance risks	<p>Regulatory compliance:</p> <p>The Group is subject to a wide variety of regulations, standards and requirements and may face substantial liability if it fails to comply with existing regulations applicable to its businesses.</p> <p>The Group's terminal operations are subject to extensive laws and regulations governing, among other things, the loading, unloading and storage of hazardous materials, environmental protection and health and safety.</p>

Management report (continued)

Risk factor	Risk management approach
Changes in regulations:	<p>Changes to existing regulations or the introduction of new regulations, procedures or licensing requirements are beyond the Group's control and may be influenced by political or commercial considerations not aligned with the Group's interests. Any expansion of the scope of the regulations governing the Group's environmental obligations, in particular, would likely involve substantial additional costs, including costs relating to maintenance and inspection, development and implementation of emergency procedures and insurance coverage or other financial assurance of its ability to address environmental incidents or external threats.</p>
Conflict of interests:	<p>The Group's controlling beneficial shareholders may have interests that conflict with those of the holders of the GDRs or notes.</p> <p>The major implications of this risk are that (i) co-controlling shareholders pursue other businesses not related to GPI and hence may not be deeply involved with developing GPI and (ii) one of the major shareholders is also a major customer of the Group.</p> <p>The employees of the Group may have interests in the companies, that may or potentially may have the business with the Group.</p>
Legal and tax risks:	<p>An adverse determination of pending and potential legal actions involving the Group's subsidiaries could have an adverse effect on the Group's business, revenues and cash flows and the price of the GDRs. Weaknesses relating to the Russian legal and tax system and appropriate Russian law create an uncertain environment for investment and business activity and legislation may not adequately protect against expropriation and nationalisation. The lack of independence of certain members of the judiciary, the difficulty of enforcing court decisions and governmental discretion claims could prevent the Group from obtaining effective redress in court proceedings.</p>

Management report (continued)

Risk factor	Risk management approach
Financial risks	
Foreign exchange risks: The Group is subject to foreign-exchange risk arising from various currency exposures, primarily the Russian rouble and the US dollar. Foreign-exchange risk is the risk of fluctuations in profits and cash flows of the Group arising from the movement of foreign-exchange rates. Risk also arises from the revaluation of assets and liabilities denominated in foreign currency.	As of 2021, all Group tariffs are denominated in Russian roubles, and part of the Group's debt is denominated in US Dollars. Most of the Group's operating expenses, on the other hand, are and will continue to be denominated and settled in Russian roubles. In order to mitigate the possibility of foreign exchange risks arising from a significant mismatch between the currency of revenue and the currency of debt ('open FX position'), the Group is converting part of its existing USD debt into RUB, the currency of revenue. During 2018-2022 the Group bought back and / or redeemed part of its USD denominated Eurobonds exposure and currently~57% of the total issued Eurobonds have been bought back and/ or fully redeemed. New debt in 2020-2021 was attracted/raised only in Russian rouble, i.e., VSC bonds in the amount of 12.5 billion RUB-USD equivalent of USD168.25 mln. In addition, the Group has negotiated with some of its customers the right to change its Russian rouble tariffs in conjunction with RUB/USD exchange rate fluctuations within a range of +/-15% each time when the average RUB/USD exchange rate for a given month falls beyond 5% from the base exchange rate used for translating original USD tariffs to RUB, however, the risk above the levels of these currency moves remains.
Credit risk: The Group may be subject to credit risk, arising primarily from trade and other receivables, loans receivable and cash and its equivalents and derivative financial instruments. The Group's business is also dependent on several large key customers.	The Group closely tracks its accounts receivable overall and the creditworthiness of key customers and suppliers.

Management report (continued)

Risk factor	Risk management approach
Debt, leverage and liquidity:	
The Group's indebtedness or the enforcement of certain provisions of its financing arrangements could affect its business or growth prospects. Failure to promptly monitor and forecast compliance with loan covenants both at the Group and individual terminal levels may result in covenant breaches and technical defaults. If the Group is unable to access funds (liquidity) it may be unable to meet financial obligations when they fall due, or on an ongoing basis, to borrow funds in the market at an acceptable price to fund its commitments.	The Group has been able to reduce its total debt level. FCT Series 2-3 Bonds were repaid in 2021 using their own funds. Debt reduction beyond minimum repayment requirements remains a management priority in 2022. Liquidity risk is carefully monitored, with regular forecasts prepared for the Group and its operating entities. As of the end of 2021 Group Net debt/EBITDA ratio reached 2.0x. The Group deleveraging strategy together with the better business development outlook led to Moody's upgrade rating of the Company and the Group financial instruments by 1 notch to Ba1, RA Expert by 2 notches to ruAA, Fitch Ratings affirmation at BB+ in 2021. The risk of liquidity has been significantly reduced via extensions of debt maturities through public debt issuance in 2021: VSC issued Russian rouble bonds in the amount of 7.5 billion RUB – USD equivalent of USD100.95 mln, which is a part of the rouble-denominated Bond Program of VSC with Moscow Exchange which provides VSC with the potential to issue additional bonds of RUB17.5 billion – USD equivalent of USD235.56 mln, over an unlimited period of time with a maturity of up to 10 years. FCT has a similar Bond Program for RUB50 billion – USD equivalent of USD673.01 mln. In addition, the Group has over US Dollars 300 million of open uncommitted limits for credit line facilities from the banks which in combination with VSC and FCT bonds can facilitate financial flexibility and diversification of the debt portfolio of the Group and the refinancing of the existing debt of the Group and ensure all obligations of the Group falling due in the next 12 months are met. The Group regularly stress tests scenarios when different negative trends that could affect cash flows are identified. The liquidity position is carefully monitored in case of further deterioration of financial performance.

Management report (continued)

Internal control and risk management systems in relation to the financial reporting process

26. The internal control and risk management systems relating to financial reporting are designed to provide reasonable assurance regarding the reliability of financial reporting and to ensure compliance with applicable laws and regulations.
27. Financial reporting and supervision are based on approved budgets and on monthly performance reporting.
28. The Audit and Risk Committee of the Board of directors of the Company reviews certain high-risk areas at least once a year, including the following:
 - Significant accounting estimates;
 - Material changes to the accounting policies.
29. Reporting from various Group entities to the centralised unit is supervised on an ongoing basis and procedures have been established for control and checking of such reporting. Procedures have also been set up to ensure that any errors are communicated to, and corrected by, the reporting entities. The internal controls are subject to ongoing reviews, including in connection with the regular control inspections at subsidiaries conducted by the central unit. The results from these reviews are submitted to the executive management, the Audit and Risk Committee and the Board of Directors. The internal financial reporting ensures an effective process to monitor the Group's financial results, making it possible to identify and correct any errors or omissions. The monthly financial reporting from the respective entities is analysed and monitored by the centralised department in order to assess the financial and operating performance as well as to identify any weaknesses in the internal reporting, failures to comply with procedures and the Group accounting policies. The Audit and Risk Committee follows up to ensure that any internal control weaknesses are mitigated and that any errors or omissions in the financial statements identified and reported by the auditors are corrected, including controls or procedures implemented to prevent such errors or omissions.

Use of financial instruments by the Company

30. The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, cash flow and fair value interest rate risk), credit risk and liquidity risk. For a description of the Company's financial risk management objectives and policies and a summary of the Company's exposure to financial risks please refer to Note 3 of the financial statements.

The Role of the Board of Directors

31. The Company is governed by its Board of Directors (also referred as "the Board") which is collectively responsible to the shareholders for the short- and long-term sustainable success of the Group, generating value to shareholders and contributing to the wider society as a whole. Its responsibility is to promote adherence to best-in-class corporate governance.
32. The Board of Directors' role is to provide entrepreneurial leadership to the Group through establishing the Group's purpose, values and strategy, setting out the corporate governance standards, satisfying itself that these and its culture are aligned, ensuring that the necessary financial and human resources are in place for the Group to meet its objectives and reviewing management performance. The Group seeks directors who bring strong track records and a deep understanding of the industry. The Board sets the Group's values and standards and ensures all obligations to shareholders are understood and met. The Board ensures the Group establishes a framework of prudent and effective controls, which enables risk to be assessed and managed and maintains a sound system of internal control, corporate compliance and enterprise risk management to safeguard the Group's assets and shareholders' investments in the Group.
33. The roles and responsibilities of the Chairman, Senior Independent Director, Board and committees' members are set out in writing in the Terms of Reference of the Board and committees. The latest version of the Terms of Reference of the Board of Directors was approved by the shareholders on 18 June 2019. It is available on the Company's website.

Management report (continued)

Members of the Board of Directors

34. The Board of Directors leads the process in making new Board member appointments and makes recommendations on appointments to shareholders. In accordance with the Terms of Reference of the Board, all Directors are subject to election by shareholders at the first Annual General Meeting after their appointment, and to re-election at intervals of no more than one year. Any term beyond six years for a Non-Executive Director is subject to particularly rigorous review, and takes into account the need to refresh the Board on a regular basis.
35. The Board currently has 11 members and they were appointed as shown on page 2.
36. On 27 May 2021 Messrs. Demos Katsis, Sergey Shishkarev and Andrey Yashchenko resigned from the Board and Messrs. Vladimir Bychkov, Andrey Lenvalskiy and Andriy Pavlyutin replaced them on the same date. All new Board members were reviewed and recommended for appointment by the Nomination and Remuneration Committee.
37. All other Directors were members of the Board throughout the year ended 31 December 2021, including the independent directors: Ms. Britta Dalunde, Ms. Inna Kuznetsova and Mr. Lampros Papadopoulos.
38. There were no significant changes in the responsibilities of the Directors during 2021 except for membership in the committees as described below.
39. There is no provision in the Company's Articles of Association for the retirement of Directors by rotation. However, in accordance with the Terms of Reference of the Board of Directors and the resolutions adopted by the Shareholders at the Annual General Meeting held on 27 May 2021 all present directors are subject to re-election at the next Annual General Meeting of the Shareholders of the Company, which will take place in 2022.

Directors' Interests

40. The interests in the share capital of Global Ports Investments Plc, both direct and indirect, of persons discharging managerial responsibilities, as well as persons closely associated with them as of 31 December 2021 and 31 December 2020 are shown below. Mr. Sergey Shishkarev resigned from the position of Director on 27 May 2021. Mr. Vladimir Bychkov was appointed to the position of Director on the same date:

Name	Type of holding	Shares held at 31 December 2021	Shares held at 31 December 2020
Britta Dalunde	Through holding of the GDRs	7,000 GDRs representing 21,000 ordinary shares	7,000 GDRs representing 21,000 ordinary shares
Sergey Shishkarev	Through shareholding in LLC Management Company "Delo" and other related entities	NA	88,769,817 ordinary shares
Vladimir Bychkov	Through holding of the GDRs	235,301 GDRs representing 705,903 ordinary shares	NA

Management report (continued)

Chairman of the Board of Directors

41. Mr. Soren Jakobsen is the Chairman of the Board since 24 April 2020, when he replaced Mr. Morten Engelstoft.
42. The role of the Chairman of the Board of Directors is to ensure that Board meetings are held as and when necessary, lead the directors, ensure their effectiveness and review the agenda of Board meetings. The Chairman together with the Secretary of the Board review Board materials before they are presented to the Board and ensure that Board members are provided with accurate, timely and clear information. The members of the management team who have prepared the papers, or who can provide additional insights into the issues being discussed, are invited to present papers or attend the Board meeting at the relevant time. Board members regularly hold meetings with the Group's management to discuss their work and evaluate their performance.
43. The Chairman monitors communications and relations between the Group and its shareholders, the Board and management, and independent and non-independent directors, with a view to encouraging dialogue and constructive relations. The Chairman should demonstrate objective judgement and promote a culture of openness and debate. In addition, the Chairman facilitates constructive board relations and the effective contribution of all non-executive directors.
44. The Group separates the positions of the Chairman and CEO to ensure an appropriate segregation of roles and duties.

Non-executive and Independent Directors

45. All of the Board members are non-executive directors.
46. Mrs. Britta Dalunde, Mrs. Inna Kuznetsova and Mr. Lampros Papadopoulos are independent directors, and have no relationship with the Group, its related companies or their officers. This means they can exercise objective judgment on corporate affairs independently from management.
47. Although all directors have equal responsibility for the Group's operations, the role of the independent non-executive directors is particularly important in ensuring that the management's strategies are constructively challenged. As well as ensuring the Group's strategies are fully discussed and examined, they must take into account the long-term interests, not only of the major shareholders, but also of the GDR holders, bondholders, other lenders, employees, customers, suppliers and the communities in which the Group conducts its business.
48. Mrs. Britta Dalunde was appointed as the Senior Independent Director on 31 May 2018. The role of the Senior Independent Director is to provide a sounding board for the Chairman and serve as an intermediary for the other directors and shareholders. Led by the senior independent director, the non-executive directors should meet without the Chairman present at least annually to appraise the Chairman's performance, and on other occasions as necessary.

The Board Committees

49. Since December 2008 the Board of Directors established the operation of three committees: an Audit and Risk Committee, a Nomination Committee and a Remuneration Committee. The composition of the committees was changed by the Board of Directors in June 2019: Nomination Committee and Remuneration Committee were merged into one and a new Strategy Committee was established.

The Audit and Risk Committee

50. The Audit and Risk Committee comprises of five Non-Executive Directors, three of whom are independent, and meets at least four times a year. The Audit and Risk Committee is chaired by Mrs. Britta Dalunde (an Independent Non-Executive Director appointed as of 12 May 2017), and its other members are Mrs. Inna Kuznetsova (an Independent Non-Executive Director appointed as of 01 January 2018), Mr. Lampros Papadopoulos (an Independent Non-Executive Director appointed as of 01 January 2018), Mr. Mogens Petersen (appointed as of 18 June 2019) and Mr. Andrey Lenvalskiy (appointed as of 27 May 2021). Mr. Andrey Yashchenko resigned from the Audit and Risk Committee on 27 May 2021.
51. The Committee is responsible for:
 - monitoring the integrity of the financial statements of the company and any formal announcements relating to the company's financial performance, and reviewing significant financial reporting judgments contained in them;

Management report (continued)

- providing advice (where requested by the board) on whether the annual report and accounts, taken as a whole, is fair, balanced and understandable, and provides the information necessary for shareholders to assess the company's position and performance, business model and strategy;
- reviewing the company's internal financial controls and internal control and risk management systems;
- monitoring and reviewing the effectiveness of the company's internal audit function;
- making recommendations to the board, about the appointment, reappointment and removal of the external auditor, and giving the recommendations in relation to remuneration and terms of engagement of the external auditor for audit and non-audit services;
- reviewing and monitoring the external auditor's independence and objectivity;
- reviewing the effectiveness of the external audit process;
- developing and implementing policy on the engagement of the external auditor to supply non-audit services; and
- reporting to the Board on how it has discharged its responsibilities.

52. In 2021 the Audit and Risk Committee met 12 times (2020: 10 times) to review and discuss inter alia the following significant issues and matters in addition and on top of those listed above, among others:

- Meetings with internal auditors to discuss the results of their audits and ad-hoc reviews, working plans and progress in monitoring the execution of internal audit recommendations;
- Meetings with external auditors to discuss the matters related to the audit work done by them and any issues arising from their audits' reviews;
- Discussion of the level of clarity and completeness of disclosures in financial statements with the management and external auditors and making the recommendations to the Board;
- Assessment of efficiency of external auditor by discussing the audit approach and audit plan, monitoring of compliance with the plan, receiving the feedback from the members of the management team, involved in the audit process, assessing the internal resources allocated by the external auditor, the key risks to the audit process and their mitigation measures, review of the auditor's management letter, consideration of the level and quality of communication between the external auditor and Committee during the audit process;
- Consideration and approval of audit schedules and review of the impairment models and the impact of the new IFRS standards on the Company's financial statements. The Committee's task is to align the impairment models with the short-, mid- and long-term forecasts and to understand what impact the new standards would have on the financial statements and Group's compliance with the covenants;
- Consideration and approval of the engagement of external auditors for rendering of non-audit services. In each particular case the Committee was assessing the impact of non-audit services on the independence and objectivity of the external auditor. The Committee reviewed the scope of services on compliance with the list of permitted non-audit services, the potential impact of the services on the audit work and financial statements and discussed with the external auditor how their internal compliance procedures were performed and whether all internal compliance requirements were met. The Committee monitors the share of non-audit service in relation to its compliance with the standards;
- Review of the public materials containing financial information in relation to compliance with the financial statements, the disclosure and transparency requirements and Board's view on the mid and long-term development of the Group;
- Consideration of various reports from the management;
- Review of the major risks. The Committee had meetings with Risk Management of GPM to discuss the Key Risks and Risk and Internal Controls Matrices' development status;
- Review of GDPR and sanctions compliance requirements;
- Review of accepted IT risks;
- Review the results of centralisation of the functions of the Group;
- Review of tax related matters;

Management report (continued)

- Review of Charity activity in 2021 and budget 2022;
- Review various other compliance related matters;
- Review of the report on the results of an external assessment of Global Ports Internal Audit Function vs conformance with the International Standards for the Professional Practice of Internal Auditing;
- Consideration and giving the recommendations to the Board to offer KPMG Limited for election as the Company's auditor for FY2021 and monitoring of the audit hand over from PwC to KPMG;
- Consideration and giving the recommendations to the Board of Directors for the approval of the Related Parties Transactions Policy and the updated and restated Accounting Policy.

The Nomination and Remuneration Committee

53. The Nomination and Remuneration Committee was established in June 2019 following the merger of the Nomination Committee and Remuneration Committee in order to simplify the work of the committees and Board members.

54. The Committee is a committee of the Board of Directors which assists the Board in discharging its corporate governance responsibilities in relation to nomination, appointment and remuneration of all Directors and the Chairman / Chairwoman of the Board of Directors and of the senior executive management of the Company and its subsidiaries and joint venture companies, and oversee the development of a diverse pipeline for succession as well as to evaluate the performance of the Board of Directors, its committees, the Chairman / Chairwoman of the Board of Directors and individual directors. The main objective of the Committee is to determine the framework and policy for the nomination and remuneration of Independent Non-Executive Directors, Executive Directors and senior company executives ensuring the consistency with the company talent strategy, remuneration policy, market trends and company's commitment for Diversity and Inclusion; ensure onboarding for new directors; set the framework for succession planning and talent management; run annual Board Performance evaluation process to ensure its growing effectiveness.

55. The Nomination and Remuneration Committee as of the date of this report comprises three Directors, one of whom is independent. The Committee meets at least once each year. Currently, the Nomination and Remuneration Committee is chaired by Mrs. Inna Kuznetsova (an Independent Non-Executive Director appointed as the Chairwoman of the merged Nomination and Remuneration Committee as of 18 June 2019). The other members are Ms. Alexandra Fomenko (appointed as a member of the committee as of 11 November 2019) and Mr. Soren Jakobsen (appointed as a member of the committee as of 24 April 2020).

56. The Committee meets at least once each year.

57. In 2021 the Nomination and Remuneration Committee met 13 times (16 times in 2020):

- to discuss and recommend the candidates to be elected to the Board and Board Committees;
- to discuss the management succession and talent development program, as well as Global Ports Management LLC Chief Executive Officer Succession Planning directions and next steps;
- to discuss and recommend to the Board:
 - a. the appointment of new Managing Director of Vostochnaya Stevedoring Company LLC, Chief Operations Officer of Global Ports Management LLC, new Chief Executive Officer of Moby Dik LLC and Yanino Logistics Park LLC;
 - b. fees payable to members of the Board of Directors;
 - c. new remuneration payable to the Group Senior Management Team and Key Management team members of the Group companies.

In determining the level of remuneration of the key senior management of the Group the Committee referred to the level of skills and expertise, the position and scope of work and responsibilities as well as to the market levels for similar positions.

58. In the year 2021 the key focus of the Nomination and Remuneration Committee was on the Chief Executive Officer of Global Ports Management LLC succession planning program, talent management, remuneration of the members of the Board of Directors and Board performance evaluation.

Management report (continued)

The Strategy Committee

59. The Strategy Committee was established in June 2019. As per its terms of reference, the Committee meets at least once each year. The Strategy Committee as of the date of this report comprises five Directors, one of whom is independent. Currently, the Strategy Committee is chaired by Mr. Vladimir Bychkov (appointed as of 27 May 2021). The other members are Mr. Mogens Petersen, Mr. Soren Jakobsen and Mr. Lampos Papadopoulos (an Independent Non-Executive Director), all appointed as of 18 June 2019, and Mr. Andrey Lenvalskiy (appointed as of 27 May 2021). Messrs. Sergey Shishkarev and Andrey Yashchenko resigned from the Strategy Committee on 27 May 2021. The Strategy Committee's Terms of references were updated at the end of 2021.

60. The Committee is a committee of the Board of Directors that assists the Board of Directors in discharging its corporate governance responsibilities in relation to the setting and oversight of the strategy and strategic initiatives of the Company and its subsidiaries and joint venture companies (the Group) to be approved by the Board of Directors from time to time, and providing oversight over the implementation and development of those by executive management. The Committee has been formed to foster a cooperative, interactive strategic planning process between the Board and executive management.

61. In 2021 the Strategy Committee met 13 times (8 times in 2020) to consider and give recommendations to the Board for approval of:

- various investment proposals, including Vostochnaya Stevedoring Company LLC Operating Master Plan;
- merger of National Container Holding Company Ltd with Global Ports Investments PLC, as a part of further optimization of Group structure;
- the amended and restated Strategy Committee Terms of Reference; and
- admission to trading of the Global Ports Investments PLC GDRs on Moscow Exchange.

62. In addition, the Strategy Committee reviewed and discussed the strategic priorities and strategic targets, development of competitive environment and Group reaction to it, strategic risks and their mitigation, functional strategies and action plans for their execution, as well as various strategic projects in the pipeline.

Board Performance

63. The Board meets at least five times a year. Fixed meetings are scheduled at the start of each year. Ad hoc meetings are called when there are pressing matters requiring the Board's consideration and decision in between the scheduled meetings.

64. In 2021 the Board met formally 12 times (2020: 13) to review current performance and to discuss and approve important business decisions.

65. In 2021 the Board met to discuss and approve important business decisions, which included among others:

- FY2020 financial statements, 1H2021 interim financial statements and Annual Report;
- Review of segments financial and operational performance;
- Consideration of 2022 financial budget, major risks and uncertainties, commercial strategy, corporate social responsibility matters, internal control framework;
- Changes in Group management and the Board of Directors;
- Revision and adoption of various group-wide policies and regulations, namely the Related Parties Transactions Policy, Internal Audit Service's Quality Assurance and Improvement Policy, the amended and restated Terms of Reference of the Strategy Committee; amended and restated Corporate Accounting Policies Guidelines of the Group;
- Consideration of various compliance matters;
- Consideration and approval of the revision of external and internal financing arrangements and organizational restructuring;
- Consideration and approval of new financing arrangements, e.g., issue of VSC bonds for refinancing of Eurobonds 2022; intra-group financing of Eurobonds 2022 redemption.

Management report (continued)

- Consideration and approval of major capital expenditures and investment projects; and
- Consideration and approval of various resolutions related to the operations of the Company's subsidiaries and joint ventures;

66. The number of Board and Board Committee meetings held in the year 2021 and the attendance of directors during these meetings was as follows:

	Board of Directors		Nomination and Remuneration Committee		Strategy Committee		Audit and Risk Committee	
	A	B	A	B	A	B	A	B
Vladimir Bychkov	6	7	-	-	8	8	-	-
Britta Dalunde	12	12	-	-	-	-	12	12
Kristian Bai Hollund	12	12	-	-	-	-	-	-
Alexandra Fomenko	12	12	13	13	-	-	-	-
Søren Jakobsen	12	12	13	13	12	13	-	-
Demos Katsis	5	5	-	-	-	-	-	-
Inna Kuznetsova	12	12	13	13	-	-	12	12
Andrey Lenvalskiy	6	7	-	-	8	8	5	5
Shavkat Kary Niyazov	12	12	-	-	-	-	-	-
Lampros Papadopoulos	12	12	-	-	13	13	12	12
Andriy Pavlyutin	6	7	-	-	-	-	-	-
Mogens Petersen	12	12	-	-	13	13	12	12
Sergey Shishkarev	5	5	-	-	5	5	-	-
Andrey Yashchenko	5	5	-	-	5	5	7	7

A = Number of meetings attended

B = Number of meetings eligible to attend during the year

67. The operation of the Board, its Committees and individual Directors is subject to regular evaluation. The evaluation of the Board and individual Directors' performance can be conducted through self-assessment, cross-assessment or by an external third party. The Non-Executive Directors, led by the Senior Independent Director, are responsible for the performance evaluation of the Chairman of the Board. The Board did not engage any external advisors for evaluation of its performance in the years 2020 and 2021.

68. In 2021 the Board conducted the self-evaluation, which results were discussed in December 2021.

Board Diversity

69. The Company does not have a formal Board diversity policy with regards to matters such as age, gender or educational and professional backgrounds, but the Board has the full commitment to diversity within the Group. Following the best practice, while making the new appointments and considering the current composition of the Board of Directors, these aspects are taken into account.

70. As of the date of publication of these financial statements the Board has 3 females representing 27% of the total number of directors. The average age of directors is 51 years ranging from 33 to 63 years. The Board has a necessary balance of skills and expertise to run the Company and the Group. The Board members have the following educational backgrounds: port and transportation industry, accounting and financial, banking sector and legal. There are 5 nationalities represented on the Board. The Board members reside in 7 countries.

Management report (continued)

Board and Management Remuneration

71. Non-Executive Directors serve on the Board pursuant to the letters of appointment. Such letters of appointment specify the terms of appointment and the remuneration of Non-Executive Directors. Only Independent Non-Executive Directors receive remuneration.

72. Levels of remuneration for the Independent Non-Executive Directors reflect the time commitment, responsibilities of the role and membership of the respective committees of the Board. Directors are also reimbursed for expenses associated with discharge of their duties. Directors are not eligible for bonuses, retirement benefits or to participate in any incentive plans operated by the Group. Additional remuneration is paid for membership and chairmanship of the committees by the Independent Non-Executive Directors.

73. The shareholders of the Company approved the remuneration of the members of the Board on 29 June 2018, 30 December 2019, 16 April 2020, 29 May 2020 and 22 October 2021.

74. Neither the Board members, nor the management has long-term incentive schemes. However, the performance-based part of the remuneration of the senior management is aligned to the strategic goals and initiatives approved by the Board.

75. The performance-based part of the remuneration of the Key Management is based on the Key Rules of Awarding and Payment of Performance Based Bonuses of GPI Group adopted by the Board on 15 June 2016 and regularly updated with the last update on 29 October 2020. The Nomination and Remuneration Committee monitors the efficiency of the Rules and makes recommendations to the Board on their amendment and revision.

76. Refer to Note 21(g) to the financial statements for details of the remuneration paid to the members of the Board and key management.

General Manager

77. Mr. Alexander Iodchin occupies the position of General Manager and the Board granted him the powers to carry out all business related to the Company's operation up to a total value as established by the Authority Matrix. It has also granted him powers to discharge other managerial duties related to the ordinary course of business of the Company, including representing the Company before any government or government-backed authority.

78. The decisions for all other matters are reserved for the Board. The Authority Matrix contains the list of such reserved matters.

79. Mr. Iodchin is also acting as the Board Secretary since December 2008 and as the Chief Strategy and Business Development Officer at Global Ports Group pursuant to Board's decision on 29 October 2020.

Company Secretary

80. The Group maintains a company secretary, who is responsible for safeguarding the rights and interests of shareholders, including the establishment of effective and transparent arrangements for securing the rights of shareholders.

81. Team Nominees Limited has been acting as the company secretary since the Group's incorporation in February 2008.

82. The company secretary's responsibilities include ensuring compliance by the Group, its management bodies and officers with the law and the Group's charter and internal documents. The company secretary organises the communication process between the parties to corporate relations, including the preparation and holding of general meetings; storage, maintenance and dissemination of information about the Group; and review of communications from shareholders.

Corporate Governance and Corporate Social Responsibility (CSR)

83. The Group has a diverse set of stakeholders, from international institutions holding our shares and bonds and bank financial institutions which provided bank borrowings to the Group, to our customers, employees, regulators and communities. Made up of seasoned industry professionals, the Board of Directors is committed to acting in the best interest of all stakeholders. The Company is not subject to the provisions of the UK Corporate Governance Code, but follows internationally recognised best practices customary to the public companies having GDRs with standard listing and admitted to trading at London Stock Exchange.

Management report (continued)

In addition, the Company has not yet been subject to the Task Force on Climate-related Financial Disclosures (TCFD) Recommendations and Recommended Disclosures, however, it monitors applicable legislation updates and strives to be in compliance with them.

84. CSR is an integral part of realising core strategic priorities of the Group. The objectives for the Group's business and CSR strategies are the same – to generate sustainable shareholder value over the long term. The Group prepares annual CSR report, last available at https://www.globalports.com/upload/iblock/ffb/GP_AR20_EN_CSR_Report.pdf.
85. Improving its corporate governance structure in accordance with the internationally recognised best practices the Group adopted important policies and procedures, which it regularly reviews and updates.
86. On 18 June 2019 a new Terms of Reference of the Board of Directors were adopted. As of the same date, the Board merged Nomination and Remuneration Committees and established Strategy Committee. Consequently, the terms of reference of the new committees were adopted in June 2019. The amended and restated Terms of Reference of the Strategy Committee were adopted on 10 December 2021.
87. The Company's corporate governance policies and practices are designed to ensure that the Company is focused on upholding its responsibilities to the shareholders. They include, inter alia:
 - Appointment policy;
 - Terms of reference of the Board of Directors;
 - Terms of reference of the Audit and Risk, Nomination and Remuneration and Strategy Committees;
 - Antifraud policy;
 - Policy on Investigation of Improper Activities;
 - Investigation policy;
 - Anti-Corruption Policy;
 - Data protection compliance policy;
 - Policy on Reporting Allegations of Suspected Improper Activities;
 - Risk management policy;
 - Foreign Trade Controls Policy;
 - Insurance Standard;
 - Charity and Sponsorship Policy;
 - Group Securities Dealing Code;
 - Dividend Policy;
 - Conflicts of Interest Policy adopted on 29 June 2020;
 - Treasury Policy adopted on 23 April 2020;
 - Procurement Standard of the Company adopted on 18 August 2020;
 - Group Code of corporate ethics adopted on 18 August 2020; Related Party Transactions Policy adopted on 2 February 2021; and
 - Internal Audit Service's Quality Assurance and Improvement Policy adopted on 10 December 2021.
88. In order to further strengthen the corporate governance and clearly set the management authority limits within the Group the Board of Directors approved the Authority Matrix framework at the end of the year 2016, which was revised in June 2019 providing extended authorities to the Group management in order to simplify the decision making process. The implementation of this revised framework in the operating units was finalised in 2020.
89. More information on the Group's Corporate Governance can be found at <https://www.globalports.com/en/company/governance/>.

Management report (continued)

Whistleblowing Hotline of Global Ports

90. Global Ports encourages its employees, clients and other stakeholders to report cases or raise concerns about potentially unethical, unlawful or suspicious conduct or practices.

The Group operates a 24/7 confidential whistleblower service that offers a variety of routes to report concerns:

- via a dedicated e-mail address
- By calling our free confidential telephone number
- Face-to-face with a senior member of Internal Audit Department responsible for managing the service

Details of the whistleblowing service are available on the Group's internet site as well as on information boards located throughout the offices and prominently displayed at the Group's various port terminals.

The service is administered by the Internal Audit Department which operates independently of management and reports directly to the Audit & Risk Committee of the Board of directors. The Chairman of the Audit & Risk Committee is informed of all reports received and recommended follow-up actions.

All reports are immediately logged by the Internal Audit Department which administer the service. Reports are then assessed to decide if further investigation is required either by the Internal Audit Department or by the appropriate management, in the case of operational issues.

Regardless of how concerns are raised, all are treated in confidence, and investigated thoroughly and without bias always ensuring the anonymity of the whistle blower and protection from retaliation.

All investigation results and follow-up actions are presented to the Board's Audit & Risk Committee by the Head of Internal Audit Department.

91. In 2021 we have received 20 reports to the Corporate Hotline, 5 reports were not classified as Hotline claim as represented ordinary customer requests. For the remaining 15 reports, necessary investigations were performed and results communicated to the Audit & Risk Committee as well as top management and appropriate follow up measures were taken.

70% of reports (14 out of 20) were received by e-mail and the rest 30% (6 out of 20) by phone.

Key reports topics:

- Poor service – 20% (3 out of 15)
- Improper behavior by Group employee – 33% (5 out of 15)
- Inefficient operations – 20% (3 out of 15)
- HR, H&S, finance – 27% (4 out of 15)

One report contained allegations of management fraud, however, internal investigation did not confirm these allegations.

Code of ethics and conduct

92. The Code of Ethics was approved by the Board of Directors on 08 December 2016 and was introduced in the companies of the Group in the course of the year 2017. The 3rd revision of the Code of Ethics was adopted by the Board of Directors on 18 August 2020, aimed at simplifying and updating the Group' mission, values and standards of corporate engagement.
93. Global Ports' code of ethics and conduct outlines the general business ethics and acceptable standards of professional behaviour that we expect of all our directors, employees and contractors. This code, given to all new staff as part of their induction, means that everyone at Global Ports is accountable for their own decisions and conduct. As well as general standards of behaviour, the code covers fraud and corruption, ethics and conflicts of interest principles with reference to detailed policies. Employees and external parties are encouraged to report any suspected breaches, via various channels including the dedicated hotline.
94. The code is available to all staff on Global Ports' website (in the Corporate Governance section) and in the HR department at every operating facility. There are also other more detailed rules concerning our anti-fraud and whistleblowing policies.

Management report (continued)

95. The Board is updated on a regular basis on any breaches of various policies with the specific focus on the fraud incidents and resulting actions, although significant breaches have to be reported to the Board immediately.

Dividends

96. Pursuant to the Articles of Association the Company may pay dividends out of its profits. To the extent that the Company declares and pays dividends, owners of Global Depository Receipts (hereafter also referred as "GDRs") on the relevant record date will be entitled to receive dividends payable in respect of Ordinary Shares underlying the GDRs, subject to the terms of the Deposit Agreement. The Company expects to pay dividends in US dollars. If dividends are not paid in US dollars, they will be converted into US dollars by the Depositary and paid to holders of GDRs net of currency conversion expenses.

97. The Company is a holding company and thus its ability to pay dividends depends on the ability of its subsidiaries and joint ventures to pay dividends to the Company in accordance with the relevant legislation and contractual restrictions (shareholder agreements, bank borrowings covenants, and terms of the issuance of the public debt instruments). The payment of such dividends by its subsidiaries and joint ventures is contingent upon the sufficiency of their earnings, cash flows and distributable reserves. The maximum dividend payable by the Company's subsidiaries and joint ventures is restricted to the total accumulated retained earnings of the relevant subsidiary or joint venture, determined according to the law applicable to each entity.

98. The Company has a Dividend Policy in place which provides for the payment of not less than 30% of any imputed consolidated net profit for the relevant financial year of the Group. Imputed profit is calculated as the consolidated net profit for the period of the Group attributable to the owners of the Company as shown in the Company's consolidated financial statements for the relevant financial year prepared under EU IFRS and in accordance with the requirements of the Cyprus Companies Law, Cap. 113, less certain non-monetary consolidation adjustments. The Company's dividend policy is subject to modification from time to time as the Board of Directors may deem appropriate.

99. In 2015 following the revision of current market situation, market prospects and prioritising the deleveraging strategy over dividend distribution, which should ensure the long-term robustness of the Group's finances, the Board suspended the payment of the dividends in the mid-term. The Board continues to monitor the market for recovery as well as for levels of volatility in order to identify the appropriate timing for a resumption of the payment of a dividend, subject to maintaining conservative leverage ratios.

100. During the years 2020 and 2021, the Company did not declare or pay any dividends.

101. The Board of Directors of the Company recommends to the members to approve the reduction of the share premium account of the Company by crediting the amount of US\$550 million to the retained earnings reserve. Any surplus remaining in the retained earnings reserve shall be available to be used as the Company deems appropriate from time to time. The share premium reduction is subject to ratification by the Cyprus Courts and shall become effective upon registration with the Cyprus registrar of companies.

102. The Board of Directors of the Company does not recommend the payment of a final dividend for the year 2021.

Share Capital

Significant direct or indirect holdings (including indirect shareholding through structures or cross shareholdings)

103. The information on significant direct and indirect shareholders is available at <http://www.globalports.com/globalports/investors/shareholder-information/major-shareholders>.

104. There are no special titles that provide special control rights to any of the shareholders. There are restrictions in exercising of voting rights of shares (please refer to paragraph 103 below).

Authorised share capital

105. The authorised share capital of the Company amounts to US\$175,000,000.00 divided into 750,000,000 ordinary shares and 1,000,000,000 ordinary non-voting shares with a par value of US\$0.10 each.

Issued share capital

106. The issued share capital of the Company amounts to US\$57,317,073.10 divided into 422,713,415 ordinary shares and 150,457,316 ordinary non-voting shares with a par value of US\$0.10 each.

Management report (continued)

107. The ordinary shares and the ordinary non-voting shares rank pari passu in all respects save that, the ordinary non-voting shares do not have the right to receive notice, attend or vote at any general meeting, nor to be taken into account for the purpose of determining the quorum of any general meeting.

Rules for Amending Articles

108. The Articles of association of the Company may be amended from time to time by the special resolution of the General Meeting of the shareholders.

Corporate Social Responsibility Report

109. The Corporate Social Responsibility Report is drawn up as a separate report and will be made public on the Company's website (the address of which, at the date of publication of this report, is www.globalports.com) within six months from the balance sheet date.

Events after the balance sheet date

110. The events after the balance sheet date are disclosed in Note 22 to the financial statements.

Research and development activities

111. The Company is not engaged in research and development activities.

Branches

112. The Company did not have or operate through any branches during the year.

Treasury shares

113. The Company did not acquire either directly or through a person in his own name but on behalf of the Company any of its own shares.

Going Concern

114. Directors have access to all information necessary to exercise their duties. The Directors continue to adopt the going concern basis in preparing the financial statements. We base our statement on the following facts:

- inquiries and following a review of the Group's principal risks and uncertainties,
- budget for 2022 financial perspectives in the mid-term,
- the latest forecasts over a period of 5–10 years reflecting its business and investment cycles, including cash flows and borrowing facilities.

The Directors also considered

- the potential implications of the Russian-Ukrainian crisis,
- impact of the sanctions introduced against Russia,
- as well as the ban on delivery/dispatch of various containerised cargoes to/from Russia on the operational and financial performance of the Group, forecasts and going concern.

The Directors consider that the Group has adequate resources to meet its liabilities as they fall due and to continue in operation for the foreseeable future.

Management report (continued)

Internal audit

115. The internal audit function is carried out by Group's Internal Audit Service (IAS). It is responsible for analysing the systems of risk management, internal control procedures and the corporate governance process for the Group with a view to obtaining a reasonable assurance that:

- risks are appropriately identified, assessed, responded to and managed;
- there is interaction with the various governance groups occurs as needed;
- significant financial, managerial, and operating information is accurate, reliable, and timely;
- employee's actions are in compliance with policies, standards, procedures, and applicable laws and regulations;
- resources are acquired economically, used efficiently and adequately protected;
- programs, plans and objectives are achieved;
- quality and continuous improvement are fostered in the Group's control process; and
- significant legislative or regulatory issues impacting the Group are recognised and addressed properly.

116. The Head of the IAS, Mr. Ilya Kotlov, functionally reports directly to the Audit and Risk Committee.

117. An external quality assessment review was done for Global Port's internal audit function in 2021 by one of the Big 4 companies. The assessment concluded that "Internal audit generally conforms¹ with the International Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors. Rating "Generally conforms" means that an internal audit activity has a charter, policies, and processes, which are judged to be in conformance with the Standards. Recommendations for the function enhancement have been provided and are being implemented.

External auditors

118. An external auditor is appointed at the Global Ports AGM on an annual basis to review the Group's financial and operating performance.

119. This follows proposals drafted by the Audit and Risk Committee for the Board of Directors regarding the reappointment of the external auditor of the Group.

120. KPMG Limited were appointed as the auditor of the Company at the Annual General Meeting of the Shareholders held in 2021. KPMG Limited have expressed their willingness to continue in office and a resolution giving authority to the Board of Directors to fix their remuneration will be proposed at the next Annual General Meeting of the Shareholders.

By Order of the Board

Soren Jakobsen
Chairman of the Board

02 March 2022

Alexander Iodchin
Secretary of the Board

Directors' Responsibility Statement

The Company's Board of Directors is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap.113, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

This responsibility includes selecting appropriate accounting policies and applying them consistently; and making accounting estimates and judgements that are reasonable in the circumstances.

In preparing the consolidated financial statements, the Board of Directors is also responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

The Board of Directors' confirmations

The Board of Directors confirms that, to the best of its knowledge:

- a. the financial statements, which are presented on pages 29 to 58, which have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap.113, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company; and
- b. the management report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that it faces.

Further, the Board of Directors confirms that, to the best of its knowledge:

- i. adequate accounting records have been maintained which disclose with reasonable accuracy the financial position of the Company and explain its transactions;
- ii. all information of which it is aware that is relevant to the preparation of the financial statements, such as accounting records and all other relevant records and documentation, has been made available to the Company's auditors;
- iii. the financial statements disclose the information required by the Cyprus Companies Law, Cap.113 in the manner so required;
- iv. the Management Report has been prepared in accordance with the requirements of the Cyprus Companies Law, Cap.113, and the information given therein is consistent with the financial statements;
- v. the information included in the corporate governance statement in accordance with the requirements of subparagraphs (iv) and (v) of paragraph 2(a) of Article 151 of the Cyprus Companies Law, Cap. 113, and which is included as a specific section of the Management Report, have been prepared in accordance with the requirements of the Cyprus Companies Law, Cap. 113, and is consistent with the financial statements; and
- vi. the corporate governance statement includes all information referred to in subparagraphs (i), (ii), (iii), (vi) and (vii) of paragraph 2(a) of Article 151 of the Cyprus Companies Law, Cap. 113.

By Order of the Board

Soren Jakobsen
Chairman of the Board

Limassol
02 March 2022

Alexander Iodchin
Secretary of the Board

¹ "Generally conforms" is the best possible rating that can be awarded as the result of an external quality assessment suggested by the Standard 1320 – Reporting on the Quality Assurance and Improvement Program of the International Standards for the Professional Practice of Internal Auditing developed by the Institute of Internal Auditors.

Statement of comprehensive income for the year ended 31 December 2021

(in thousands of US dollars)	Note	For the year ended 31 December	
		2021	2020
Revenue	21(a)	62	103
Other income		1 300	1 300
Dividend income	21(b)	–	3 291
Finance income/(costs) – net	5	(10)	4
Administrative expenses	6	(3 713)	(3 539)
Other gains/(losses) – net	7	(3 280)	(12 059)
(Impairment)/reversal of impairment of investments in subsidiaries and joint ventures	4, 14	127 929	(4 884)
Operating profit/(loss)		122 288	(15 784)
Finance costs	9	(3 043)	(1 151)
Profit/(loss) before income tax		119 245	(16 935)
Income tax credit/(expense)	10	1	(30)
Profit/(loss) for the year		119 246	(16 965)
Other comprehensive income		–	–
Total comprehensive income/(loss) for the year		119 246	(16 965)

The notes on pages 33 to 58 are an integral part of these financial statements.

Balance sheet as at 31 December 2021

(in thousands of US dollars)	Note	At 31 December	
		2021	2020
Assets			
Non-current assets			
Property, plant and equipment	13	28	25
Investments in subsidiaries	14	754 284	618 994
Investments in joint ventures	15	20 579	24 847
Other receivables	16	–	403
Total non-current assets		774 891	644 269
Current assets			
Other receivables	16	1 799	2 171
Cash and cash equivalents	17	1 371	580
Total current assets		3 170	2 751
Total assets		778 061	647 020
Equity and liabilities			
Capital and reserves			
Share capital	18	57 317	57 317
Share premium	18	923 511	923 511
Capital contribution		101 300	101 300
Merger reserve	14	(111 970)	–
Retained earnings/(accumulated losses)		(352 369)	(471 615)
Total equity		617 789	610 513
Non-current liabilities			
Borrowings	21(h)	136 727	19 099
Financial guarantee liabilities	21(k)	21 395	16 152
Total non-current liabilities		158 122	35 251
Current liabilities			
Financial guarantee liabilities	21(k)	1 169	542
Other payables	19	981	714
Total current liabilities		2 150	1 256
Total liabilities		160 272	36 507
Total equity and liabilities		778 061	647 020

The Board of Directors of Global Ports Investments Plc approved and authorised these financial statements for issue on 02 March 2022.

Soren Jakobsen, Director

Britta Dalunde, Director

The notes on pages 33 to 58 are an integral part of these financial statements.

Statement of changes in equity for the year ended 31 December 2021

(in thousands of US dollars)	Note	Share capital	Share premium	Capital contribution	Merger reserve	Retained earnings/ (accumulated losses) ¹	Total
Balance at 1 January 2020	57 317	923 511	101 300		(454 650)	627 478	
Comprehensive loss							
Loss for the year		–	–	–	(16 965)	(16 965)	
Balance at 31 December 2020/1 January 2021	57 317	923 511	101 300		(471 615)	610 513	
Comprehensive income							
Profit for the year		–	–	–	–	119 246	119 246
Transactions with related parties							
Merger with a subsidiary	14	–	–	–	(111 970)	–	(111 970)
Balance at 31 December 2021	57 317	923 511	101 300	(111 970)	(352 369)	617 789	

¹ Retained earnings is the only reserve that is available for distribution.

The notes on pages 33 to 58 are an integral part of these financial statements.

Statement of cash flows for the year ended 31 December 2021

(in thousands of US dollars)	Note	For the year ended 31 December 2021	2020
Cash flows from operating activities			
Profit/(loss) before tax		119 245	(16 935)
Adjustments for:			
Depreciation of property, plant and equipment and right-of-use assets	6,13	15	142
Impairment/(reversal of impairment) of investments in subsidiaries and joint ventures	14,15	(127 929)	4 884
Loss on remeasurement of financial guarantee	7	4 691	13 371
Dividend income	21(b)	–	(3 291)
Finance income	5	–	(1)
Finance costs	9	3 043	1 220
Amortisation and derecognition of financial guarantee	7	(1 375)	(1 269)
Foreign exchange (gains)/losses and other non-monetary items		(1)	(58)
Operating cash flows before working capital changes		(2 311)	(1 937)
Changes in working capital:			
Other receivables		776	823
Other payables		209	(387)
Cash used in operating activities		(1 326)	(1 501)
Tax paid		–	–
Net cash used in operating activities		(1 326)	(1 501)
Cash flows from investing activities			
Purchase of investments in subsidiaries	14	–	(44)
Repayment of original cost of subsidiaries/merger with a subsidiary	14	405	513
Purchase of investments in joint ventures	15	(9)	–
Interest received		–	1
Dividends received		–	563
Net cash from investing activities		396	1 033
Cash flows from financing activities			
Proceeds from loans from related parties	21(h)	5 073	15 921
Repayments of loans from related parties	21(h)	(1 000)	(12 292)
Lease principal and interest paid		–	(90)
Interest paid to related parties	21(h)	(2 342)	(2 644)
Net cash from financing activities		1 731	895
Net increase/(decrease) in cash and cash equivalents		801	427
Cash and cash equivalents at beginning of the year		580	150
Exchange gains/(losses) on cash and cash equivalents		(10)	3
Cash and cash equivalents at end of the year	17	1 371	580

The notes on pages 33 to 58 are an integral part of these financial statements.

Notes to the financial statements

1. General information

Country of incorporation

Global Ports Investments Plc (hereafter the "Company" or "GPI") was incorporated on 29 February 2008 as a private limited liability company and is domiciled in Cyprus in accordance with the provisions of the Cyprus Companies Law, Cap. 113. The address of the Company's registered office is 20 Omirou Street, Limassol, Cyprus.

On 18 August 2008, following a special resolution passed by the shareholders, the name of the Company was changed from "Global Ports Investments Ltd" to "Global Ports Investments Plc" and the Company was converted into a public limited liability company in accordance with the provisions of the Companies Law, Cap. 113.

During the first half of 2011 the Company has successfully completed an initial public offering ("IPO") of its shares in the form of global depository receipts ("GDRs"). The Company's GDRs (one GDR representing 3 ordinary shares) are listed on the Main Market of the London Stock Exchange under the symbol "GLPR".

The Company is jointly controlled by LLC Management Company "Delo" ("Delo Group"), one of Russia's largest privately owned transportation companies, and APM Terminals B.V. ("APM Terminals"), a global port, terminal and inland services operator.

Approval of the parent company financial statements

These parent company's financial statements were approved and authorized for issue by the Board of Directors on 02 March 2022.

Principal activities

The principal activity of the Company, which is unchanged from last year, is the holding of investments, including any interest earning activities. The subsidiaries and joint-ventures of the Company are engaged in the operation of container and general cargo terminals in Russia and Finland.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented in these financial statements unless otherwise stated.

Basis of preparation

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union (EU), and the requirements of the Cyprus Companies Law, Cap. 113.

The financial statements have been prepared under the historical cost convention as modified for the initial recognition of financial instruments, including intra-group financial guarantee contracts, at fair value.

The Company has prepared these separate financial statements of the parent company for compliance with the requirements of the Cyprus Companies Law, Cap.113 and the Disclosure Rules as issued by the Financial Conduct Authority of the United Kingdom.

As of the date of the authorisation of the financial statements, all International Financial Reporting Standards issued by the International Accounting Standards Board (IASB) that are effective as of 1 January 2021 have been adopted by the EU through the endorsement procedure established by the European Commission.

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates and requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

Though the Directors acknowledge the material uncertainty surrounding the operating environment of the Group following the recent developments as explained in notes 20 and 22 to the financial statements, they continue to adopt the going concern basis in preparing the financial statements. The Directors base their statement on the following facts: inquiries and following a review of the Group's principal risks and uncertainties, budget for 2022 financial perspectives in the mid-term, the latest forecasts over a period of 5–10 years reflecting its business and investment cycles, including cash flows and borrowing facilities. The Directors also considered: the potential implications of the Russian-Ukrainian crisis, impact of the

Notes to the financial statements (continued)

2. Summary of significant accounting policies (continued)

Basis of preparation (continued)

sanctions introduced against Russia, as well as the ban on delivery/dispatch of various containerised cargoes to/from Russia on the operational and financial performance of the Group, forecasts and going concern. The Directors consider that the Group has adequate resources to meet its liabilities as they fall due and to continue in operation for the foreseeable future.

Nevertheless, the developments explained in notes 20 and 22 indicate that a material uncertainty still exists that may cast significant doubt on the Group's ability to continue as a going concern should the nature and/or the duration of the sanctions imposed on Russia differ significantly to the Group's expectations.

Consolidated financial statements

The Company has also prepared consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the EU for the Company and its subsidiaries (the "Group"). A copy of the consolidated financial statements is available at the Company's registered office and at the Company's website at www.globalports.com.

Users of these separate financial statements of the parent company should read them together with the Group's consolidated financial statements as at and for the year ended 31 December 2021 in order to obtain a proper understanding of the financial position, the financial performance and the cash flows of the Company and the Group.

New Standards, interpretations and amendments adopted by the Company

The Company adopted all new and revised IFRSs as adopted by the EU that are relevant to its operations and are effective for accounting periods beginning on 1 January 2021. This adoption did not have a material effect on the accounting policies of the Company.

New standards and interpretations not yet adopted by the Company

At the date of approval of these financial statements a number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2021 and have not been applied in preparing these financial statements. None of these is expected to have a significant effect on these financial statements.

Revenue recognition

Revenues earned by the Company are recognised on the following bases:

(i) Interest income

Interest income on financial assets at amortised cost is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit impaired (Stage 3 financial assets – see below). For credit – impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

(ii) Dividend income

Dividend income is recognised when the right to receive payment is established.

Employee benefits

The Company and the employees contribute to the Cyprus Government Social Insurance Fund, which is a defined contributions plan, based on employees' salaries. The Company's contributions are expensed as incurred and are included in staff costs.

Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in United States dollars (US\$), which is the Company's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the

Notes to the financial statements (continued)

2. Summary of significant accounting policies (continued)

Foreign currency translation (continued)

(ii) Transactions and balances (continued)

translation at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of comprehensive income within "finance cost". Foreign exchange gains and losses that relate to loans receivable and cash and cash equivalents are presented in profit or loss within "finance income-net". All other foreign exchange gains and losses are presented in the statement of comprehensive income within "other gains/(losses) – net".

Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

The current income tax is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the country in which the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. If applicable tax regulation is subject to interpretation, it establishes provision where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognized using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates and laws that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilized.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on the Company where there is an intention to settle the balances on a net basis.

Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of property, plant and equipment.

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their cost to their residual values, over their estimated useful lives. The annual depreciation rates are as follows:

	%
Motor vehicles	20
Office equipment	50

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Expenditure for repairs and maintenance of property, plant and equipment is charged to profit or loss of the year in which they were incurred.

The cost of major renovations and other subsequent expenditure are included in the carrying amount of the asset or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

Gains and losses on disposal of property, plant and equipment are determined by comparing proceeds with carrying amount and are recognised in "other gains/(losses) – net" in profit or loss.

Notes to the financial statements (continued)

2. Summary of significant accounting policies (continued)

Investments in subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Company has control. The Company controls an entity over which it has power, has exposure or rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Investments in subsidiaries are carried at cost less any impairment.

The Company recognizes dividend income from investments in subsidiaries to the extent that the Company receives distributions from subsidiaries which constitute return on the cost of investment. Capital reductions and dividend distributions by subsidiaries which constitute return of cost of investment as opposed to return on cost of investment are recognised as a reduction in the cost of investment in subsidiary.

The Company accounts for group reorganisations (i.e. when subsidiaries/ intermediate holding companies merge) that have no impact on the Company's effective interest in the subsidiaries and no exposure to the total cash flow expectations from the subsidiaries involved in such reorganisations by reallocating the carrying values between investments in subsidiaries with no gain/loss being recognised in the Company's financial statements and no impact on the total carrying amount of the Company's investments in subsidiaries. In the cases where subsidiaries are merged into the Company (surviving entity in the merger), the Company accounts for the assets and liabilities of the merged subsidiary in its financial statements using pre-merger IFRS carrying amounts using uniform accounting policies. The excess of the cost of the investment of the merged subsidiary over the carrying amount of the transferred net assets is recorded in merger reserve in equity.

Investments in joint arrangements

Investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations each investor has rather than the legal structure of the joint arrangements. The Company has assessed the nature of its joint arrangements and determined them to be joint ventures. Investments in joint ventures are carried at cost less any impairment. Investments in joint ventures are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to depreciation or amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised through profit or loss for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. An impairment loss recognised in prior years is reversed where appropriate if there has been a change in the estimates used to determine the recoverable amount. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). Nonfinancial assets that have suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

Financial instruments

a. Classification

I. Financial assets

On initial recognition, the Company classifies its financial assets in the following measurement categories:

- Those to be measured subsequently at fair value (either through OCI, or through profit or loss), and
- Those to be measured at amortised cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

All financial assets of the Group are held within the business model whose objective is to hold financial assets in order to collect contractual cash flows, except equity instruments. Equity instruments of the Group are held within the business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

Notes to the financial statements (continued)

2. Summary of significant accounting policies (continued)

Financial instruments (continued)

a. Classification (continued)

I. Financial assets (continued)

The Company classifies a financial asset as measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL: it is held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets of the Company that are not classified as measured at amortised cost or FVOCI are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL: it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows. Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

II. Financial liabilities

The Company classifies financial liabilities as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition.

b. Recognition, derecognition and initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus or minus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price. Cash and cash equivalents are carried at amortised cost using the effective interest method. Cash and cash equivalents include cash in hand and deposits held at call with original maturity up to 90 days with banks. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. Borrowings are recognised initially at fair value, net of transaction costs incurred.

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the rights to receive the contractual cash flows in a transaction in which either substantially all of the risks and rewards of ownership of the financial asset are transferred or the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss within 'finance income/(costs) – net'.

Notes to the financial statements (continued)

2. Summary of significant accounting policies (continued)

Financial instruments (continued)

c. Subsequent measurement

Financial assets at FVTPL are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss and presented net within 'other gains/(losses)-net' in the period in which it arises.

Financial assets at amortised cost are subsequently measured at amortised cost using the effective interest method. These are assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. The amortised cost is reduced by impairment losses which are presented as separate line item in the statement of profit or loss. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss and presented in 'other gains/(losses)-net', together with foreign exchange gains and losses. Financial assets measured at amortised cost comprise cash and cash equivalents, loans receivable, trade receivables and other financial assets at amortised cost.

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Debt investments at FVOCI are subsequently measured at fair value. The Company does not hold any such instruments.

Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Borrowings are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings, using the effective interest method, unless they are directly attributable to the acquisition, construction or production of a qualifying asset, in which case they are capitalised as part of the cost of that asset.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the drawdown occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment and amortised over the period of the facility to which it relates.

Borrowing costs are interest and other costs that the Company incurs in connection with the borrowing of funds, including interest on borrowings, amortisation of discounts or premium relating to borrowings, amortisation of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised and amortised over the useful life of the asset. Other borrowing costs are recognised as an expense in the reporting period incurred. Interest is capitalised at a rate based on the Company's weighted average cost of borrowing or at the rate on project specific debt, where applicable.

Borrowings are classified as current liabilities, unless the Company has an unconditional right to defer settlement of the liability for at least twelve months after the balance sheet date.

An exchange between the Company and its original lenders of debt instruments with substantially different terms, as well as substantial modifications of the terms and conditions of existing financial liabilities, are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability.

Modifications of liabilities that do not result in extinguishment are accounted for as a change in estimate using a cumulative catch-up method, with any gain or loss recognised in profit or loss.

Notes to the financial statements (continued)

2. Summary of significant accounting policies (continued)

Financial instruments (continued)

d. Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

e. Impairment

At each reporting date, the Company assesses whether financial assets carried at amortized cost are credit-impaired. A financial asset is "credit-impaired" when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficult of the debtor;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Company on terms that the Group would not consider otherwise; or
- it is probable that the debtor will enter bankruptcy or other financial reorganisation.

The Company assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI and cash and cash equivalents. The Company measures expected credit losses ('ECL') and recognises credit loss allowance at each reporting date. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The carrying amount of the financial assets is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement within 'net impairment losses on financial and contract assets'. For trade receivables, the Company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. For all other financial assets that are subject to impairment under IFRS 9 the Company applies a general approach – three-stage model for recognizing and measuring expected losses based on changes in credit quality since initial recognition. A financial instrument that is not credit-impaired on initial recognition is classified in Stage 1. Financial assets in Stage 1 have their ECL measured at an amount equal to the portion of lifetime ECL that results from default events possible within the next 12 months or until contractual maturity, if shorter ('12 Months ECL'). If the Company identifies a significant increase in credit risk ('SICR') since initial recognition, the asset is transferred to Stage 2 and its ECL is measured based on ECL on a lifetime basis, that is, up until contractual maturity but considering expected prepayments, if any ('Lifetime ECL'). Refer to Note 3, Credit risk section for a description of how the Company determines when a SICR has occurred. If the Company determines that a financial asset is credit-impaired, the asset is transferred to Stage 3 and its ECL is measured as a Lifetime ECL.

Additionally, for debt instruments that qualify as low credit risk, the loss allowance is limited to 12 months expected credit losses. For a description of how the Company determines low credit risk financial assets refer to Note 3, Credit risk section below.

Transactions with equity owners and subsidiaries

The Company enters into transactions with shareholders and subsidiaries. When such transactions are not conducted at arm's length, the Company's accounting policy is to recognise (a) any excess gains or losses on such transactions directly through equity and consider these transactions as the receipt of additional capital contributions or distributions; and (b) any losses with subsidiaries as cost of investment in subsidiaries. Similar transactions with non-equity holders or subsidiaries are recognised in profit or loss in accordance with IFRS 9 "Financial Instruments".

Share capital, share premium and capital contribution

Ordinary shares are classified as equity.

Any excess of the fair value of consideration received over the par value of shares issued is recognized as share premium. Share premium is subject to the provisions of the Cyprus Companies Law on reduction of share capital.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Notes to the financial statements (continued)

2. Summary of significant accounting policies (continued)

Share capital, share premium and capital contribution (continued)

Capital contribution represents contributions by the shareholders directly in the reserves of the Company. The Company does not have any contractual obligation to repay these amounts.

Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the period in which the shareholders' right to receive them is established, i.e. when they are approved, appropriately authorised and are no longer at the discretion of the Company.

More specifically, interim dividends are recognised as liability in the period in which these are authorised by the Board of Directors and in the case of final dividends, they are recognised in the period in which these are approved by the Company's shareholders.

Merger reserve

Merger reserve arises from merger of the Company with its direct subsidiary (dissolving company). Merger reserve represents the difference between the recognised carrying value of net assets of dissolving company and the derecognised carrying value of the investment into dissolving company.

Provisions and contingent liabilities

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

Provisions are only used to cover those expenses which they had been set up for. Other possible or present obligations that arise from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability, are disclosed in the notes to the financial statements as contingent liabilities.

Financial guarantee contracts

Financial guarantee contracts are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument.

Financial guarantees are recognised as a financial liability at the time the guarantee is issued. Financial guarantees are initially recognised at their fair value. The fair value of financial guarantees is determined based on the present value of the difference in cash flows between the contractual payments required under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations. This amount is amortised on a straight-line basis over the life of the guarantee in "other gains/(losses) – net" in profit or loss.

Where guarantees in relation to loans or other payables of subsidiaries are provided for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of the investment.

At the end of each reporting period, the guarantee is subsequently measured at the higher of:

- the amount of the loss allowance determined in accordance with the expected credit loss model under IFRS 9 Financial Instruments; and
- the amount initially recognised less, where appropriate, the cumulative amount of income recognised in accordance with the principles of IFRS 15 "Revenue from Contracts with Customers".

Notes to the financial statements (continued)

3. Financial risk management

Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, fair value interest rate risk and cash flow interest rate risk), credit risk and liquidity risk.

The Company's risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

a. Market risk

(i) Foreign exchange risk

Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities (mainly other receivables, cash and cash equivalents and borrowings) are denominated in a currency that is not the Company's functional currency.

Had Euro exchange rate strengthened/weakened by 20% (2020: 20%) against the US dollar and all other variables remained unchanged, the post-tax loss of the Company for the year ended 31 December 2021 would have increased/decreased by US\$22 thousand (2020: post-tax profit would have increased/decreased by US\$56 thousand). This is mainly due to foreign exchange gains and losses arising upon retranslation of borrowings, cash in bank, other receivables and payables denominated in Euros.

Management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

(ii) Cash flow and fair value interest rate risk

The Company is exposed to fair value interest rate risk as all of its borrowings are issued at fixed rates. As all of the Company's fixed rate borrowings are carried at amortised cost, any reasonably possible change in the interest rates as of 31 December 2021 and 31 December 2020 would not have any significant impact on the Company's post-tax profit/(loss) for the year. The Company's management monitors the interest rate fluctuations on a continuous basis and acts accordingly.

b. Credit risk

Financial assets, which potentially subject the Company to credit risk, consist principally of other receivables and cash and cash equivalents with a carrying amount of US\$3,074 thousand (2020: US\$2,943). Financial liabilities, which potentially subject the Company to credit risk, consist principally of financial guarantees provided to the Company's direct and indirect subsidiaries.

Cash and cash equivalents:

The Company's cash and cash equivalents which have investment grade credit ratings with at least one major rating agency are considered to have low credit risk, and the loss allowance to be recognised during the period was therefore limited to 12 months expected losses.

Other receivables:

To measure the expected lifetime credit losses, the Company performed the assessment on an individual basis for its major other receivables based on days past due and the corresponding historical credit losses experienced by the Company with those receivables. For those receivables who are independently rated, the Company monitors their credit quality based on the external credit ratings. Otherwise, if there is no independent rating, the Company monitors the credit quality of other receivables on the basis of past experience and also by reference to the days past due.

At 31 December 2021 and 2020, the Company did not identify any material expected credit losses with respect to the Company's financial assets and issued guarantees that are subject to IFRS 9 impairment model, other than in respect to the issued financial guarantees over the obligations of a direct subsidiary in relation to its issued Eurobonds and outstanding forward contracts with financial institutions, as further detailed below.

At 31 December 2021, issued financial guarantee liabilities with carrying amount of US\$4,158 thousand are within Stage 1 of the IFRS 9 general impairment model (2020: US\$2,199 thousand). The identified ECL on these was immaterial. At 31 December 2021, issued financial guarantee liabilities with carrying amount of US\$18,406 thousand (2020: US\$14,495) are within Stage 3 of the IFRS 9 general impairment model and are measured at the amount of the loss allowance determined in accordance with the expected credit loss model.

Notes to the financial statements (continued)

3. Financial risk management (continued)

Financial risk factors (continued)

b. Credit risk (continued)

All of the Company's financial assets at amortised cost are within Stage 1 of IFRS 9 general impairment model.

Financial assets are written-off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Company.

The credit quality of cash and cash equivalents and other receivables is disclosed in Note 12.

c. Liquidity risk

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

(in thousands of US dollars)	Less than 1 year	1–2 years	2–5 years	Over 5 years	Total
As of 31 December 2021					
Other payables	981	–	–	–	981
Financial guarantee ¹	856 969	–	–	–	856 969
Borrowings	–	–	177 909	–	177 909
Total	857 950	–	177 909	–	1 035 859
As of 31 December 2020					
Other payables	714	–	–	–	714
Financial guarantee ¹	317 299	335 730	317 343	–	970 372
Borrowings	1 337	1 337	21 773	–	24 447
Total	319 350	337 067	339 116	–	995 533

¹ Full amount payable if the loans, bonds and forward contracts guaranteed are non-performing (Note 21(k)).

Management controls current liquidity based on expected cash outflows and expected receipts from dividends and interest.

d. Capital risk management

The Company's main objective when managing capital is to maintain the ability to continue as a going concern in order to ensure the profitability of its operations, maintain optimum equity structure and reduce its cost of capital.

The Company monitors capital based on borrowings to total capitalization ratio. Total capitalization is calculated as the sum of the total borrowings and equity at the date of calculation. The management does not currently have any specific target for the rate of borrowings to total capitalisation.

The rate of borrowings to total capitalisation is as follows:

(in thousands of US dollars)	As at 31 December	
	2021	2020
Total borrowings	136 727	19 099
Total capitalisation	754 516	629 612
Total borrowings to total capitalisation ratio (percentage)	18%	3%

Notes to the financial statements (continued)

3. Financial risk management (continued)

Financial risk factors (continued)

e. Fair value estimation

Fair value is the amount at which a financial asset could be exchanged or a liability settled in a transaction between knowledgeable willing parties in an arm's length transaction, other than in a forced sale or liquidation, and is best evidenced by an active quoted market price.

The fair value of financial liabilities and assets for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to for similar financial instruments.

The estimated fair values of financial instruments have been determined by the Company, using available market information, where it exists, and appropriate valuation methodologies and assistance of experts. However, judgment is necessarily required to interpret market data to determine the estimated fair value. The Russian Federation continues to display some characteristics of an emerging market and economic conditions continue to limit the volume of activity in the financial markets. Market quotations may be outdated or reflect distress sale transactions and therefore do not always represent the fair values of financial instruments. The Company has used all available market information in estimating the fair value of financial instruments.

The fair value of floating rate instruments is normally their carrying amount. The estimated fair value of fixed interest rate instruments is based on estimated future cash flows expected to be received, discounted at current interest rates for instruments with similar credit risk and remaining maturity. Discount rates used depend on credit risk of the counterparty.

The estimated fair value of fixed interest rate instruments with stated maturity, for which a quoted market price is not available, was estimated based on expected cash flows, discounted at current interest rates for new instruments with similar credit risk and remaining maturity.

The disclosure of the fair value of financial instruments carried at amortised cost is determined by using the following valuation methods:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on Company's specific estimates.

Level 3 – Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

Carrying amounts of bank balances, other receivables and other payables which are due within twelve months approximate their fair values at 31 December 2021 and 2020. The carrying amount of borrowings (including fixed rate instruments) as at 31 December 2021 and 2020 also approximates their fair value.

4. Critical accounting estimates and judgments

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

The Company reviews investments, long-lived assets or groups of assets for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Events that can trigger assessments for possible impairments include, but are not limited to (a) significant decreases in the market value of an asset, (b) significant changes in the extent or manner of use of an asset, and (c) a physical change in the asset. Because of COVID-19 outbreak the Company performed updated tests of the estimated recoverable amount for all CGUs in the course of the preparation of the financial statements for the year ended 31 December 2021. Models are prepared based on the Company's best estimates and latest budgets available as at the year end. If the estimated recoverable amount is less than the carrying amount of the asset or group of assets, the asset is not recoverable and the Company recognises an impairment loss for the difference between the estimated recoverable amount and the carrying value of the asset or group of assets.

Notes to the financial statements (continued)

4. Critical accounting estimates and judgments (continued)

Critical accounting estimates and assumptions (continued)

Estimated impairment of investments

Estimating discounted future cash flows requires making judgments about long-term forecasts of future revenues and costs related to the assets subject to review. These forecasts are uncertain as they require assumptions about volumes, prices for the products and services, future market conditions and future technological developments. Significant and unanticipated changes in these assumptions could require a provision for impairment in a future period.

The Russian ports consist of the following cash generating units ("CGUs"): 1. Vostochnaya Stevedoring Company (VSC), 2. First Container Terminal (FCT), Petrolesport and Farvater (PLP), 3. Ust-Luga Container Terminal (ULCT), 4. Moby Dik (MD), 5. Yanino Logistics Park (YLP). The Finnish ports consist of the following CGU: Multi-Link Terminals Ltd Oy (MLT OY).

The recoverable amounts of investments in Petrolesport and Farvater (PLP/FCT and ULCT CGUs) and Vostochnaya Stevedoring Company (VSC CGU) and a component of Multi-Link Terminals Limited (MLT OY CGU) were determined based on value in use derived from discounted future cash flows models (refer to notes 14 and 15 for the definition of the underlying CGUs of the Company). The recoverable amount of another component of Multi-Link Terminals Limited (MD CGU) and CD Holding OY (YLP CGU) was determined with the fair value less costs to sell method, based on combination of the market approach based on recent sales of similar assets and the cost approach (Level 2).

For all CGUs tested based on discounted future cash flows, cash flow projections cover a period of five years based on the assumptions of the next 12 months. Cash flows beyond that five-year period have been extrapolated using a steady terminal growth rate. The terminal growth rate used does not exceed the long-term average growth rate for the market in which entities operate. For projections prepared for CGUs in Russian ports segments as at 31 December 2021 a terminal growth rate of 3% (31 December 2020: 3%) and the discount rate 8.8% (31 December 2020: 9.4%) have been applied. For projections prepared for Finnish ports CGUs as at 31 December 2021 a terminal growth rate of 2% (31 December 2020: 2%) and the discount rate 8.8% (31 December 2020: 9.7%) have been applied.

Key assumptions for Russian ports and Finish ports CGUs tested based on discounted future cash flows are throughput volume, price per unit, growth rates, and discount rates. The projected volumes reflect past experience adjusted by the management view on the prospective market developments. Volume growth is estimated to be in line with the long-term market development, position of each terminal on the market and its pricing power. For CGUs in the Russian ports segment, as supported by historical market performance and in view of relatively low containerisation level in Russia, the long-term average throughput growth rate for the Russian container market is higher than in developed markets.

In 2021 an assessment of the estimated recoverable amount of investment into Multi-Link Terminals Limited (MLT OY and MD CGUs) indicated a need for impairment. As a result, the investment in Multi Link Terminals Limited was impaired by US\$4,277 thousand (see Note 15). A decrease in the average container tariffs by approximately 0.3% each year or container handling volumes by approximately 0.7% each year or the discount rate of 9.4% or the terminal growth of 1.2%, as opposed to those used in projections would increase an impairment by US\$750 thousand.

In 2021, following the fact that performance of PLP/FCT in the reporting period was stronger than previously expected, as well as positive changes in the business of ULCT coming from strong market demand for coal handling, the Group reassessed its estimates and reversed an impairment loss recognised for investment in JSC Petrolesport in 2016 and 2020 in the amount of US\$132,206 thousand. The reversal resulted in an increase in value of the investment by US\$132,206 thousand as of 31 December 2021 (Note 14). If the terminal growth rate would have been 1.0% lower and the discount rate 1.0% higher, simultaneously, an impairment in the amount of US\$33,604 thousand would have been required instead of the reversal of impairment noted above.

The recoverable amount of the Company's investment in Global Ports (Finance) Plc was determined based on its net asset value which approximates its fair value less cost to sell. Based on the results of the impairment testing, an impairment amounting to US\$4,783 thousand was recognised in 2020 with respect to the investment in Global Ports (Finance) Plc which was fully impaired as it was in a net liability position as of 31 December 2020 and 2021 (see Note 14).

Based on the results of the impairment tests carried out in respect of other investments in subsidiaries and joint ventures, the Board of Directors did not identify any impairment losses as of 31 December 2021. For all other investments, management believes that any reasonably possible change in the key assumptions on which recoverable amounts are based, would not cause the carrying amounts to exceed the recoverable amounts.

Notes to the financial statements (continued)

4. Critical accounting estimates and judgments (continued)

Critical accounting estimates and assumptions (continued)

Critical judgments in applying the Company's accounting policies

There were no critical judgments in applying the Company's accounting policies.

5. Finance income – net

(in thousands of US dollars)	For the year ended 31 December	
	2021	2020
Interest income on cash balances	–	1
Total interest income calculated using effective interest rate method	–	1
Net foreign exchange gains/(losses) on cash and cash equivalents and loans receivable ¹	(10)	3
Total	(10)	4

¹ The total net foreign exchange gain recognised in the statement of comprehensive income amounted to US\$22 thousand (2020: loss US\$15 thousand). Refer also to Note 7 and Note 9.

6. Administrative expenses

(in thousands of US dollars)	For the year ended 31 December	
	2021	2020
Legal, consulting and other professional services	823	1 044
Staff costs [Note 8]	1 600	1 408
Travelling expenses	237	141
Taxes other than on income	2	4
Auditors' remuneration	262	438
Advertising and promotion	–	–
Insurance	258	210
Bank charges	12	13
Depreciation of property, plant and equipment and right-of-use assets	15	142
Operating lease rentals	78	15
Loyalty bonuses	299	–
Other expenses	127	124
Total	3 713	3 539

The total fees of the statutory auditor for the statutory audit of the annual financial statements of the Company for the year ended 31 December 2021 amounted to US\$223 thousand (2020: US\$234 thousand). The total fees charged by the Company's statutory auditor in the year ended 31 December 2021 for other assurance services amounted to US\$nil thousand (2020: US\$57 thousand). For tax and VAT advisory services amounted to US\$Nil thousand (2020: US\$47 thousand) and other non-audit services amounted to US\$Nil thousand (2020: US\$4 thousand).

Notes to the financial statements (continued)

7. Other gains/(losses) – net

(in thousands of US dollars)

	2021	For the year ended 31 December
	2020	
Net foreign exchange transaction (losses)/gains on non-financing activities	32	(87)
Loss on remeasurement of financial guarantee (Note 21(d) and (k))	(4 691)	(13 371)
Amortisation and derecognition of financial guarantee (Note 21(d) and (k))	1 375	1 269
Other gains/(losses) – net	4	130
Total	(3 280)	(12 059)

8. Staff costs

(in thousands of US dollars)

	2021	For the year ended 31 December
	2020	
Salaries	1 460	1 264
Social insurance costs	133	136
Other staff costs	7	8
Total	1 600	1 408
Average number of staff employed during the year	5	6

9. Finance costs

(in thousands of US dollars)

	2021	For the year ended 31 December
	2020	
Interest expense on loans from related parties (Note 21(c))	3 043	1 211
Interest expense on lease liabilities	–	9
Net foreign exchange (gains)/losses on related parties borrowings	–	(69)
Total	3 043	1 151

10. Income tax expense

(in thousands of US dollars)

	2021	For the year ended 31 December
	2020	
Withholding tax on dividends	–	30
Income tax	(1)	–
Defence contribution	–	–
Total income tax	(1)	30

Notes to the financial statements (continued)

10. Income tax expense (continued)

The tax on the Company's profit before tax differs from the theoretical amount that would arise using the applicable tax rate as follows:

(in thousands of US dollars)	For the year ended 31 December	
	2021	2020
Profit/(loss) before tax	119 245	(16 935)
Tax calculated at the applicable corporation tax rate of 12.5%	14 906	(2 117)
Tax effect of expenses not deductible for tax purposes	1 281	2 861
Tax effect of allowances and income not subject to tax	(16 188)	(740)
Withholding tax on dividends	-	30
Tax effect of group relief	-	(4)
Tax charge	(1)	30

The Company is subject to corporation tax on taxable profits at the rate of 12.5%.

Brought forward losses of only five years may be utilized.

11. Financial instruments by category

(in thousands of US dollars)	As at 31 December	
	2021	2020
Financial assets at amortised cost		
Financial assets as per balance sheet		
Other receivable ¹	1 703	2 363
Cash and bank balances	1 371	580
Total financial assets	3 074	2 943
Financial liabilities measured at amortised cost		
Financial liabilities as per balance sheet		
Other payables (excluding accrued expenses)	496	489
Borrowings (Note 21(h))	136 727	19 099
Total financial liabilities	137 223	19 588

¹ Other receivables do not include prepayments.

Notes to the financial statements (continued)

12. Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available).

Cash at bank and short-term bank deposits:

(in thousands of US dollars)	As at 31 December	
Cash and bank	2021	2020
A3 (Moody's)	149	367
Aa3 (Moody's)	1 173	191
B1 (Moody's)	49	-
B3 (Moody's)	-	22
Total	1 371	580

Other receivables amounting to US\$1,300 thousand are related to highly reputable counterparties with Aa1 credit rating by Moody's Investors Service as at 31 December 2021 (31 December 2020: US\$1,300 thousand).

13. Property, plant and equipment

(in thousands of US dollars)	Motor vehicles and other equipment
At 1 January 2020	
Cost	132
Accumulated depreciation	(57)
Net book amount	75
Additions	-
Depreciation charge for 2020	(50)
Closing net book amount at 31 December 2020	25
At 31 December 2020/1 January 2021	
Cost	132
Accumulated depreciation	(107)
Net book amount	25
Merger with subsidiary	18
Depreciation charge for 2021	(15)
Closing net book amount at 31 December 2021	28
At 31 December 2021	
Cost	189
Accumulated depreciation	(161)
Net book amount	28

Notes to the financial statements (continued)

14. Investments in subsidiaries

(in thousands of US dollars)	For the year ended 31 December	
	2021	2020
At beginning of year	618 994	624 347
Additions	-	44
Repayment of capital by subsidiaries	-	(2 205)
Merger with a subsidiary	530	-
Guarantees provided (Note 21(k))	2 554	1 692
(Impairment charge)/reversal of impairment	132 206	(4 884)
At end of year	754 284	618 994

The Company's direct interests in subsidiaries, all of which are unlisted, were as follows:

Name	Principal activity	Country of incorporation	2021 % holding	2020 % holding
Vostochnaya Stevedoring Company LLC	Stevedoring services and container handling	Russia	100	-
Farvater LLC	Ownership of land	Russia	100	-
JSC Petrolesport	Stevedoring services and container handling	Russia	100	-
Shakhovo 18 LLC	Ownership of land	Russia	100	-
NCC Group Limited	Holding company	Cyprus	-	100
Global Ports (Finance) Plc	Provision of loans to related parties from the proceeds raised from issued Eurobonds	Cyprus	99.98	99.98
Global Ports Advisory Eesti OU	Consulting services	Estonia	100	100
Global Ports Management LLC	Management and consulting services	Russia	100	100
Rolis LLC	Software development and maintenance	Russia	100	100
Alocasia CO. Ltd ¹	Holding company	Cyprus	4.76	4.76
National Container Holding Company Limited	Holding company	Cyprus	-	100

¹ Alocasia CO. Ltd is accounted for as a subsidiary because the Company has indirect control, since its subsidiaries hold the remaining shareholding.

The principal activities of the indirect subsidiaries held by the direct subsidiaries listed above, are the operation of two container terminals in Russia (First Container Terminal (FCT) and Ust-Luga Container Terminal (ULCT)). All of the above terminals are 100% subsidiaries except ULCT (a subsidiary in which the Group controls 80%).

All of the above terminals represent separate CGUs, with the exception of PLP and FCT which work as one unit from commercial and operational standpoints and are considered as one CGU. The two terminals have a common managing director and common senior management team and the Group management and the Board of Directors of the Company look at PLP and FCT as one combined terminal and monitor its performance as a single unit, without being legally merged together and remaining two separate legal entities.

Notes to the financial statements (continued)

14. Investments in subsidiaries (continued)

In January 2020, the Company acquired 99.98% direct interest in Global Ports (Finance) Plc from its 100% direct subsidiary NCC Pacific Investments Limited for a total cash consideration amounting to US\$33 thousand. Upon the initial recognition of the investment in Global Ports (Finance) Plc, the Company transferred the amount of US\$4,749 thousand previously capitalised as part of the cost of the investment in NCC Pacific Investments Limited to the cost of the investment in Global Ports (Finance) Plc, with no impact on the total carrying amount of investments in subsidiaries. This amount represents the capitalised guarantees issued by the Company in prior years over the obligations of Global Ports (Finance) Plc under its issued Eurobonds and various forward contracts entered with financial institutions. At 31 December 2020, the investment in Global Ports (Finance) Plc was fully impaired as the subsidiary was in a net liability position at the year-end (Notes 4 and 21 (k)).

On 19 May 2020 Intercross Investments B.V. was dissolved and part of the distributions receivable from the subsidiary as part of the liquidation process in the amount of US\$901 thousand was accounted for as return of capital against the cost of the investment.

On 29 June 2020 the Board of Directors of the Company approved the legal merger of Arytano Holdings Limited (and its 100% subsidiary Cormary Investments Ltd) and NCC Pacific Investments Ltd (the "Dissolving Companies") with National Container Holding Company Ltd (the "Absorbing Company") as the surviving entity. The Dissolving Companies transmitted by virtue of the Court Order which approved the Merger Plan (the "Plan"), the total of their assets and liabilities to the Absorbing Company and the Dissolving Companies were dissolved without going into liquidation. In exchange for the assets and liabilities transmitted to the Absorbing Company, the Absorbing Company issued shares to Global Ports Investments Plc, which became the sole shareholder of National Container Holding Company Ltd; previously the remaining shareholding in National Container Holding Company Ltd was held by GPI's direct subsidiary NCC Pacific Investments Ltd and the shares held by NCC Pacific Investments Limited in the share capital of the Absorbing Company were cancelled through a reduction of capital procedure as part of the merger. The merger did not affect the underlying activities and operations of the dissolving companies and the activities of the dissolving companies were continued by the Absorbing Company. The Legal Merger was completed on 4 December 2020. In accounting for the merger transaction, the Company transferred the carrying values of the investments in the Dissolving companies to the cost of the investment in National Container Holding Company Ltd, with no impact on the total carrying amount of investments in subsidiaries.

On 25 September 2020 the Company purchased 4.76% direct interest in Alocasia CO. Ltd from subsidiary NCC Group Limited for a total cash consideration of US\$11 thousand.

A members' voluntary liquidation of NCC Group Limited was initiated in late 2020. The Company recognised distributions receivable by NCC Group Limited as part of the liquidation process in the total amount of US\$1,304 thousand as return of capital against the cost of the investment in NCC Group Limited and the remaining carrying amount of the investment of US\$101 thousand was fully impaired.

On 25 May 2021 the Board of Directors of the Company approved the legal merger of National Container Holding Company Ltd (the "Dissolving Company") with the Company (the "Absorbing Company") as the surviving entity. The Dissolving Company transmitted by virtue of the Court Order which approved the Merger Plan (the "Plan"), the total of its assets and liabilities to the Absorbing Company and the Dissolving Company was dissolved without going into liquidation. The merger did not affect the underlying activities and operations of the Dissolving Company which were continued into the Absorbing Company. The Legal Merger was completed on 11 October 2021. In accounting for the merger transaction, the Company derecognised the carrying value of the investment into the Dissolving Company and recognised cost of the investments into Vostochnaya Stevedoring Company LLC, Farvater LLC, JSC Petrolesport and Shakhovo 18 LLC with a resulting merger reserve of US\$(111,970).

15. Investments in joint ventures

(in thousands of US dollars)	For the year ended 31 December	
	2021	2020
At beginning of year	24 847	24 847
Additions	9	-
Impairment charge (Note 4)	(4 277)	-
At end of year	20 579	24 847

Notes to the financial statements (continued)

15. Investments in joint ventures (continued)

The Company's interests in joint ventures, all of which are unlisted, are as follows:

Name	Principal activity	Country of incorporation	2021 % holding	2020 % holding
CD Holding OY	Holding company	Finland	75	75
Multi-Link Terminals Limited	Holding company	Ireland	75	75
M.LT Container Logistics Ltd	Holding company	Cyprus	75	75

The principal activities of the joint ventures listed above are the operation of two container terminals in Finland (MLT OY CGU) and a container terminal in the vicinity of St. Petersburg (Moby Dik CGU) which are held through Multi-Link Terminals Limited and an inland container terminal in the vicinity of St. Petersburg (Yanino Logistics Park CGU (YLP)) which is held through CD Holding OY.

16. Other receivables

(in thousands of US dollars)	As at 31 December	
	2021	2020
Other receivables	1 703	2 363
Prepayments – third parties	92	211
Prepayments – related parties	4	-
Other receivables	1 799	2 574
Less non-current other receivables	-	(403)
Other receivables	1 799	2 171

The fair values of other receivables approximate their carrying amounts as the impact of discounting is not significant. The carrying amount of the Company's other receivables denominated in US dollars amount to US\$1,759 thousand (31 December 2020: US\$2,472 thousand). The carrying amount of the Company's other receivables denominated in Euros amount to US\$40 thousand (31 December 2020: US\$102 thousand).

17. Cash and bank balances

(in thousands of US dollars)	As at 31 December	
	2021	2020
Cash at bank	1 371	580
Total	1 371	580

Cash and cash equivalents are denominated in the following currencies:

(in thousands of US dollars)	As at 31 December	
	2021	2020
Currency:		
US dollar	1 228	427
Euro	143	153
Total	1 371	580

Notes to the financial statements (continued)

17. Cash and bank balances (continued)

Non-cash transactions

The following non-cash transactions were made in 2021:

- Transfer of the following assets and liabilities due to merger with subsidiary (Note 14):
 - Investments in subsidiaries in amount of US\$530 thousand (Note 14);
 - Property, plant and equipment in amount of US\$18 thousand (Note 13);
 - Borrowings from related parties in amount of US\$112,854 thousand (Note 21(h));
 - Trade and other payables in amount of US\$58 thousand.

The following non-cash transactions were made in 2020:

- Set-off of distributions receivable from Intercross Investments B.V. against borrowings of GPI in amount of US\$3,409 thousand (Note 21(h)); and
- Set-off of distributions receivable from NCC Group Limited against consideration payable by GPI for assignment of third party receivable in amount of US\$1,393 thousand.

18. Share capital and dividends

(in thousands of US dollars)	Share capital	Share premium	Total
At 1 January 2020/31 December 2020/31 December 2021	57 317	923 511	980 828

Authorised share capital

The authorised share capital of the Company amounts to US\$175,000,000.00 divided into 750,000,000 ordinary shares and 1,000,000,000 ordinary non-voting shares with a par value of US\$0.10 each.

Issued share capital

The issued share capital of the Company amounts to US\$57,317,073.10 divided into 422,713,415 ordinary shares and 150,457,316 ordinary non-voting shares with a par value of US\$0.10 each. All issued shares are fully paid.

The ordinary shares and the ordinary non-voting shares rank pari passu in all respects save that, the ordinary non-voting shares do not have the right to receive notice, attend or vote at any general meeting, nor to be taken into account for the purpose of determining the quorum of any general meeting.

Dividends

There were no dividends declared or paid in 2021 and 2020.

Notes to the financial statements (continued)

19. Other payables

(in thousands of US dollars)	As at 31 December	
	2021	2020
Other payables	140	182
Accrued expenses	485	225
Payroll payable	356	307
Total trade and other payables	981	714

The fair value of trade and other payables which are due within one year approximates their carrying amount at the balance sheet date as the impact of discounting is not significant. The carrying amount of the Company's other receivables are denominated in the following currencies:

(in thousands of US dollars)	As at 31 December	
	2021	2020
US dollar	485	–
Euro	478	714
Russian rouble	18	–
Total trade and other payables	981	714

20. Contingencies and commitments

Operating environment

The Group's operations are primarily located in the Russian Federation. Consequently, the Group is exposed to the economic and financial markets of the Russian Federation, which display the characteristics of an emerging market. The legal, tax and regulatory frameworks continue development, but are subject to varying interpretations and frequent changes which contribute together with other legal and fiscal impediments to the challenges faced by entities operating in the Russian Federation.

Starting in 2014, the United States of America, the European Union and some other countries have imposed and gradually expanded economic sanctions against a number of Russian individuals and legal entities. The imposition of the sanctions has led to increased economic uncertainty, including more volatile equity markets, a depreciation of the Russian rouble, a reduction in both local and foreign direct investment inflows and a significant tightening in the availability of credit. As a result, some Russian entities may experience difficulties accessing the international equity and debt markets and may become increasingly dependent on state support for their operations.

In February 2022, following commencement of military operations in Ukraine by the Russian Federation, additional sanctions were introduced by the United States of America, the European Union and some other countries against Russia. Moreover, there is an increased risk that even further sanctions may be introduced. This may have significant adverse impact on Russia's economy. These events have led to depreciation of the Russian rouble, increased volatility of financial markets and significantly increased the level of economic uncertainty in the Russian business environment.

Though there is increased risk that new sanctions may be introduced, their nature and duration and hence the ultimate impact that these will have on the Russian economy in general and the operations of the Group in particular and by implication the ultimate impact on the operations of the Company cannot at present be foreseen.

Finland represents established market economy with more stable political systems and developed legislation based on EU directives and regulations.

The COVID-19 coronavirus pandemic has continued to create additional uncertainty in the business environment.

The consolidated financial statements reflect management's assessment of the impact of the Russian business environment on the operations and the financial position of the Group. The future business environment may differ from management's assessment.

Notes to the financial statements (continued)

20. Contingencies and commitments (continued)

Guarantees granted to subsidiaries

Refer to Note 21(k) for details of guarantees granted to direct and indirect subsidiaries.

Commitments

There were no material commitments as of 31 December 2021 and 31 December 2020.

21. Related party transactions

The Company is jointly controlled by LLC Management Company "Delo" ("Delo Group"), one of Russia's largest privately owned transportation companies, and APM Terminals B.V. ("APM Terminals"), a global port, terminal and inland services operator.

For the purposes of these financial statements, parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operational decisions as defined by IAS 24 "Related Party Disclosures". In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form.

The following transactions were carried out with related parties:

a. Revenue

(in thousands of US dollars)	For the year ended 31 December	
	2021	2020
Management fees from:		
Subsidiaries	62	103
Total	62	103

b. Dividend income

(in thousands of US dollars)	For the year ended 31 December	
	2021	2020
Subsidiaries	–	3 291
Total	–	3 291

During 2020 the dividends receivable from Intercross Investments B.V. in amount of US\$2,685 thousand were set-off against borrowings of GPI (Note 21(h)).

c. Interest expenses

(in thousands of US dollars)	For the year ended 31 December	
	2021	2020
Interest expense:		
Subsidiaries	3 043	1 211
Total interest expenses	3 043	1 211

Notes to the financial statements (continued)

21. Related party transactions (continued)

d. Other gains/(losses) – net

(in thousands of US dollars)	For the year ended 31 December	
	2021	2020
Subsidiaries (Note 7 and 21(k))	(3 316)	(12 102)
Total	(3 316)	(12 102)

e. Purchases of services

(in thousands of US dollars)	For the year ended 31 December	
	2021	2020
Subsidiaries	227	220
Total	227	220

f. Acquisitions/disposals of subsidiaries/joint ventures

(in thousands of US dollars)	For the year ended 31 December	
	2021	2020
Additions/contributions:		
Subsidiaries	–	44
Joint ventures	9	–
Total	9	44
Distributions of equity/repayment of capital:		
Subsidiaries	–	2 205
Total	–	2 205

g. Key management personnel compensation

The compensation of key management personnel and the total remuneration of the Directors (included in the key management personnel compensation) were as follows:

(in thousands of US dollars)	For the year ended 31 December	
	2021	2020
Key management compensation:		
Salaries, fees, payroll taxes and other short-term employee benefits	1 330	1 029
Directors' remuneration:		
Fees	278	244
Total	278	244

Notes to the financial statements (continued)

21. Related party transactions (continued)

h. Borrowings from related parties

Loans from subsidiaries: (in thousands of US dollars)	For the year ended 31 December	
	2021	2020
At beginning of year	19 099	20 381
Loans advanced during the year	5 073	15 921
Principal and interest repaid during the year	(3 342)	(14 936)
Interest charged	3 043	1 211
Set-off against distributions receivable from subsidiary (Notes 14, 17 and 21(b))	–	(3 409)
Merger with a subsidiary (Note 14)	112 854	–
Foreign exchange differences	–	(69)
At end of year	136 727	19 099

The borrowings from related parties at 31 December 2021 are USD-denominated (2020: USD-denominated), bear effective interest at the rate 7%-7.125% (2020: 7%), are unsecured and repayable in 2024-2026 (2020: in 2024).

The fair values of borrowings as at 31 December 2021 and 2020 approximate their carrying value.

As of 31 December 2021, the Company had undrawn loan facilities in the total amount of US\$5,838 thousand (2020: US\$10,360 thousand).

i. Other receivables and prepayments

(in thousands of US dollars)	As at 31 December	
	2021	2020
Entities under control of owners of controlling entities (Note 16)	4	–
Total	4	–

The carrying amount of the Company's other receivables from and prepayments to related parties denominated in Euros amount to US\$4 thousand (31 December 2020: US\$nil).

j. Other payables

(in thousands of US dollars)	As at 31 December	
	2021	2020
Payroll payable (Note 19)	340	284
Total	340	284

The carrying amount of the Company's other payables to related parties denominated in Euros amount to US\$340 thousand (31 December 2020: US\$284 thousand).

Notes to the financial statements (continued)

21. Related party transactions (continued)

k. Guarantees granted to subsidiaries

During 2015 and 2016 the Company granted an irrevocable public offer to purchase bonds issued by an indirect subsidiary of the Company, in the event a default occurs in respect of those bonds. These bonds had a balance of US\$9,477 thousand (including interest accrued) as at 31 December 2021 (31 December 2020: US\$148,967 thousand). At inception the fair value of these guarantees was US\$2,575 thousand. As at 31 December 2021 the unamortised balance of this guarantee was US\$115 thousand (31 December 2020: US\$247 thousand).

During 2016 the Company and its indirect subsidiaries granted guarantees to the indirect subsidiary (from 2020 a direct subsidiary) of the Company, which issued the Eurobonds, in the event of default in respect of those bonds with a balance of US\$507,679 thousand (including interest accrued) as at 31 December 2021 (31 December 2020: US\$507,679 thousand). At inception the fair value of the guarantee was US\$3,588 thousand. During 2019 the Company and its indirect subsidiaries granted additional guarantees to the indirect subsidiary (from 2020 a direct subsidiary) in respect of forward contracts to acquire US\$114,800 thousand as at 31 December 2021 (31 December 2020: US\$122,400 thousand). At inception the fair value of the guarantee was US\$1,162 thousand. At the end of 2020 these guarantees were remeasured based on 100% of the amount of the loss allowance determined in accordance with the IFRS 9 ECL model which was determined to be higher than the unamortised balance of the guarantees as of 31 December 2021 by US\$4,691 thousand (31 December 2020: US\$13,371 thousand) (Note 7). As at 31 December 2021 the aggregate unamortised balance of these guarantees was US\$18,406 thousand (31 December 2020: US\$14,495 thousand).

During 2019 the Company and its indirect subsidiaries granted guarantee to an indirect subsidiary of the Company in respect of a bank loan of a balance of US\$59,918 thousand (including interest accrued) as at 31 December 2021 (31 December 2020: US\$60,288 thousand). At inception the fair value of the guarantee was US\$355 thousand. As at 31 December 2021 the unamortised balance of this guarantee was US\$210 thousand (31 December 2020: US\$280 thousand).

During 2020 Company granted an irrevocable public offer to purchase bonds issued by an indirect subsidiary of the Company, in the event a default occurs in respect of those bonds. These bonds had a balance of US\$67,579 thousand (including interest accrued) as at 31 December 2021 (31 December 2020: US\$67,948 thousand). At inception the fair value of the guarantee was US\$1,692 thousand. As at 31 December 2021 the unamortised balance of this guarantee was US\$1,332 thousand (31 December 2020: US\$1,672 thousand).

During 2021 Company granted an irrevocable public offer to purchase bonds issued by a direct subsidiary of the Company, in the event a default occurs in respect of those bonds. These bonds had a balance of US\$101,956 thousand (including interest accrued) as at 31 December 2021. At inception the fair value of the guarantee was US\$2,554 thousand. As at 31 December 2021 the unamortised balance of this guarantee was US\$2,501 thousand.

22. Events after the balance sheet date (continued)

On 02 March 2022, the Board of Directors of the Company recommended to the members to approve the reduction of the share premium account of the Company by crediting the amount of US\$550 million to the retained earnings reserve. Any surplus remaining in the retained earnings reserve shall be available to be used as the Company deems appropriate from time to time. The share premium reduction is subject to ratification by the Cyprus Courts and shall become effective upon registration with the Cyprus registrar of companies.

Although 2021 has been a successful year for the Group and the Group experienced +20% volume growth in throughput in the first two months of 2022, the current geopolitical situation and conflict surrounding Russia and Ukraine (as explained in note 20) has the potential to affect operations of the Group and its financial position very adversely.

The management of the Group is aware of the fact that some shipping lines have announced that they temporarily suspend delivery/dispatch of various containerised cargoes to/from Russian Federation. It is possible that other shipping lines will follow with similar restrictions. This adversely affects operations of terminals of the Group in the short term, but in the long-term the Group believes fundamental undercontainerisation of Russian trade will support volumes and drives shipping lines desire to resume their services to Russia. In addition, based on the currently announced sanctions, the share of sanctioned goods is small, which should not significantly impact the throughput.

Notes to the financial statements (continued)

22. Events after the balance sheet date (continued)

Following already imposed sanctions on Russian Central Bank, its restrictions for capital movements outside Russian Federation and other related developments of the confrontation, there are significant uncertainties over the available options for refinancing in September 2023 when payment of Eurobonds 2023 falls due. On the other hand, the Group has a strong track record in promptly meeting all its debt obligations, successful refinancing and deleveraging and enjoys high credibility in local and international banking and capital markets that we expect should support the Group in its efforts to refinance in September 2023 or earlier. The Group also has US\$128 million of cash equivalent balances on 02 March 2022, most of which is denominated in US\$.

Total impact of sanctions in connection with the escalating confrontation and increase of tensions between Russia, and the United States, United Kingdom and the European Union remains uncertain, but the presence in Far Eastern basin should partially mitigate the impact of sanctions on the terminals located in the North-West of Russia.

The Group's management is doing everything possible to ensure sustainability of the Group's operations. The management understands what needs to be done under current circumstances and believes that it has required resources and ability to lead the Group through these difficult times.



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Independent auditors' report to the members of Global Ports Investments Plc

Report on the audit of the separate financial statements

Opinion

We have audited the accompanying separate financial statements of the parent company Global Ports Investments Plc (the "Company"), which are presented on pages 29 and 58 and comprise the balance sheet as at 31 December 2021, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the separate financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying separate financial statements give a true and fair view of the financial position of the parent company Global Ports Investments Plc as at 31 December 2021, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS-EU") and the requirements of the Cyprus Companies Law, Cap. 113, as amended from time to time (the "Companies Law, Cap.113").

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the "Auditors' responsibilities for the audit of the separate financial statements" section of our report. We are independent of the Company in accordance with the International Code of Ethics (Including International Independence Standards) for Professional Accountants of the International Ethics Standards Board for Accountants ("IESBA Code") together with the ethical requirements in Cyprus that are relevant to our audit of the separate financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty relating to going concern

We draw attention to Notes 2, 20 and 22 to the separate financial statements which describe the recent developments in Russia's operating environment and the material uncertainty that exists that may cast significant doubt on the Group's and therefore the Company's ability to continue as a going concern should the nature and duration of the sanctions imposed on Russia differ significantly to the Group's and the Company's expectations. The Board of Directors continues to adopt the going concern basis of preparation as, on the basis of their current assessment of the impact of the aforesaid developments based on their expectations as explained in note 22, they consider that the Group has adequate resources to meet its liabilities as they fall due and to continue in operation for the foreseeable future.

Our opinion is not modified in respect of this matter.

Key audit matters

In addition to the matter described in the material uncertainty related to going concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the separate financial statements of the current period. These matters were addressed in the context of our audit of the separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment assessment of investments in subsidiaries and joint ventures

Refer to Note 2, Note 4, Note 14, Note 15

Key audit matter

Significant judgement is required by management in determining whether there are any indications for, or reversal of, impairment pertaining to investments in subsidiaries and joint ventures and, where such indications exist, in assessing the recoverable amount thereof.

We focused on this area because COVID-19 has continued to create additional uncertainty in the business environment and because of

- the significance of the carrying amount of the investments in subsidiaries and joint ventures;
- the inherent uncertainty and subjectivity involved in the assessment of their recoverable amounts due to the complexity and subjective judgements required in forecasting and discounting future cash flows and in the estimation of fair value less costs to sell, which are the basis of the management's assessments.

In particular, we focused our audit effort on management's impairment assessment of the investments in JSC Petrolesport ("PLP") (subsidiary) and Multi-Link Terminals Limited ("MLT") (joint venture), due to the fact that these are material investments that hold operating assets, and an impairment assessment was performed by management for their underlying cash-generating units ("CGUs") due to identified impairment/reversal of impairment indications. The underlying CGUs of PLP and MLT are presented in Notes 4, 14 and 15; specifically, the underlying CGUs that we focused on are PLP/FCT and ULCT CGUs for PLP and MLT Oy and MD CGUs for MLT.

The recoverable amount of the PLP/FCT, ULCT, and MLT Oy CGUs were determined based on the value in use method, derived from discounted future cash flow models, whilst the recoverable amount of the MD CGU was determined based on fair value less costs to sell method.

Based on the results of the impairment assessments, the investment in MLT was impaired by US\$4,277 thousand and a reversal of a previous impairment loss in the amount of US\$132,206 thousand increased the carrying value of the investment in PLP.

How the key audit matter was addressed in our audit

We assessed whether the value in use calculations were performed at the appropriate level of CGU and we evaluated the valuation inputs and assumptions, methodologies and calculations adopted by the Company's Board of Directors in determining the CGUs' recoverable amounts. In order to assist us in our audit we involved valuation experts that have the knowledge and experience in the industry and country of operation of the underlying CGUs to assist us in evaluating the methodology, models and assumptions used in value in use calculations.

For MD CGU, we evaluated whether the fair value less costs to sell approach is more appropriate than the value in use approach to determine the CGU's recoverable amount given the specific circumstances of the CGU. We further evaluated the work of the valuation expert used by management by assessing the expert's objectivity, competence and capabilities and the methodology, model and inputs used.

With respect to the value in use models used for PLP/FCT, ULCT and MLT Oy CGUs, we challenged and evaluated the composition of the future cash flow forecasts in the models including comparing them to the latest budgets approved by the Board of Directors.

We have also challenged and evaluated:

- management assumptions for the key inputs, such as volume and price, and compared them to historical results, economic and industry forecasts;
- the discount rate applied to these cash flows, by assessing the weighted average cost of capital, and considering territory specific factors;
- the macroeconomic assumptions used by management, by comparing them to market benchmarks and publicly available information;
- the adequacy of management's sensitivity calculations over the recoverable amounts of the investments in PLP and MLT and the assumptions that created the most variability in the underlying CGUs, being assumptions for average tariffs, handling volumes, and the terminal growth and discount rates.

We also performed look-back procedures by comparing previous budgets used in value in use calculations to actual results.

We evaluated the adequacy of disclosures, including disclosures about sensitivities and major sources of estimation uncertainty.

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Other information

The Board of Directors is responsible for the other information. The other information comprises the Management Report.

Our opinion on the separate financial statements does not cover the other information and we do not express any form of assurance conclusion thereon, except as required by the Companies Law, Cap.113.

In connection with our audit of the separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the separate financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

With regards to the Management Report, our report in this regard is presented in the "Report on other legal requirements" section.

Responsibilities of the Board of Directors for and those charged with governance for the separate financial statements

The Board of Directors is responsible for the preparation of separate financial statements that give a true and fair view in accordance with IFRS-EU and the requirements of the Companies Law, Cap. 113, and for such internal control as the Board of Directors determines is necessary to enable the preparation of separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to either liquidate the Company or to cease operations, or there is no realistic alternative but to do so.

The Board of Directors and those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' responsibilities for the audit of the separate financial statements

Our objectives are to obtain reasonable assurance about whether the separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.



Auditors' responsibilities for the audit of the separate financial statements (continued)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report.

Report on other legal requirements

Pursuant to the additional requirements of the Auditors Law 2017, L.53(I)/2017, as amended from time to time ("Law L.53(I)/2017"), and based on the work undertaken in the course of our audit, we report the following:

- In our opinion, the Management Report, the preparation of which is the responsibility of the Board of Directors, has been prepared in accordance with the requirements of the Companies Law, Cap 113, and the information given is consistent with the separate financial statements.
- In the light of the knowledge and understanding of the business and the Company's environment obtained in the course of the audit, we have not identified material misstatements in the management report.



Other matters

Reporting responsibilities

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 69 of Law L.53(I)/2017 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whose knowledge this report may come to.

Consolidated financial statements

We have reported separately on the consolidated financial statements of the Company and its subsidiaries for the year ended 31 December 2021.

Comparative figures

The separate financial statements of the Company for the year ended 31 December 2020 were audited by another auditor who expressed an unmodified opinion on those separate financial statements on 5 March 2021.

The engagement partner on the audit resulting in this independent auditors' report is Sylvia Loizides.

Certified Public Accountant and Registered Auditor for and on behalf of

KPMG Limited

Certified Public Accountants and Registered Auditors

11, 16th June 1943 Street

3022, Limassol

Cyprus

2 March 2022

Additional information

Directors' Responsibility Statement

We confirm that to the best of our knowledge:

This Annual Report includes a fair, balanced and understandable review of the development and performance of the business and the position of the Group and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

Board of Directors of Global Ports Investments PLC

Definitions

Terms that require definitions are marked with capital letters in this Report and the definitions of which are provided below in alphabetical order. The non-IFRS financial measures defined below are presented as supplemental measures of the Group's operating performance, which the Group uses as key performance indicators of the Group's business and to provide a supplemental tool to assist in evaluating current business performance. The Group believes these metrics are frequently used by securities analysts, investors and other interested parties in the evaluation of companies in the Russian market and global ports sector. These non-IFRS financial measures are measures of the Group's operating performance that are not required by, or prepared in accordance with, IFRS. All of these non-IFRS financial measures have limitations as analytical tools, and investors should not consider any one of them in isolation, or any combination of them together, as a substitute for analysis of the Group's operating results as reported under IFRS and should not be considered as alternatives to revenues, profit, operating profit, or any other measures of performance derived in accordance with IFRS or as alternatives to cash flow from operating activities or as measures of the Group's liquidity. In particular, the non-IFRS financial measures should not be considered as measures of discretionary cash available to the Group businesses.

Adjusted EBITDA (a non-IFRS financial measure) for Global Ports Group is defined as profit for the period before income tax expense, finance income/(costs)–net, depreciation, write-off and impairment of property plant and equipment, depreciation and impairment of right-of-use assets, amortisation, write-off and impairment of intangible assets, share of profit/(loss) of joint ventures accounted for using the equity method, other gains/(losses)–net.

Adjusted EBITDA Margin (a non-IFRS financial measure) is calculated as Adjusted EBITDA divided by revenue, expressed as a percentage.

ASOP is "Association of Sea Commercial Ports" (www.morport.com).

Baltic Sea Basin is the geographic region of northwest Russia, Estonia and Finland surrounding the Gulf of Finland on the eastern Baltic Sea, including St. Petersburg, Ust-Luga, Tallinn, Helsinki and Kotka.

Cash Administrative, Selling and Marketing Expenses (a non-IFRS financial measure) is defined as administrative, selling and marketing expenses, adjusted for depreciation, write-off and impairment of property, plant and equipment, depreciation and impairment of right-of-use assets, amortisation, write-off and impairment of intangible assets.

Cash Cost of Sales (a non-IFRS financial measure) is defined as cost of sales, adjusted for depreciation, write-off and impairment of property, plant and equipment, depreciation and impairment of right-of-use assets, amortisation, write-off and impairment of intangible assets.

CD Holding Group consists of Yanino Logistics Park (an inland terminal in the vicinity of St. Petersburg) and CD Holding Oy. The results of CD Holding Group are accounted in the Global Ports' financial information using equity method of accounting (proportionate share of the net profit shown below Adjusted EBITDA).

Consolidated Container Revenue is defined as revenue generated from containerised cargo services.

Consolidated Marine Bulk Throughput is defined as combined marine bulk throughput by consolidated terminals: PLP, VSC, FCT and ULCT.

Consolidated Marine Container Throughput is defined as combined marine container throughput by consolidated marine terminals: PLP, VSC, FCT and ULCT.

Consolidated Non-Container Revenue is defined as a difference between total revenue and Consolidated Container Revenue.

Container Throughput in the Russian Federation Ports is defined as the total container throughput of the ports located in the Russian Federation, excluding half of cabotage cargo volumes. Respective information is sourced from ASOP ("Association of Sea Commercial Ports", www.morport.com).

Far Eastern basin is the geographic region of southeast Russia, surrounding the Peter the Great Gulf, including Vladivostok and the Nakhodka Gulf, including Nakhodka on the Sea of Japan.

First Container Terminal (FCT) is located in the St. Petersburg harbour, Russia's primary gateway for container cargo and is one of the first specialised container terminals to be established in the country. The Global Ports Group owns a 100% effective ownership interest in FCT. The results of FCT are fully consolidated.

Finnish Ports segment consists of two terminals in Finland, MLT Kotka and MLT Helsinki (in the port of Vuosaari), in each of which CMA Terminals currently has a 25% effective ownership interest. The results of the Finnish Ports segment are accounted in the Global Ports' financial information using the equity method of accounting (proportionate share of net profit shown below EBITDA).

Free Cash Flow (a non-IFRS financial measure) is calculated as net cash from operating activities less net cash used in investing activities and interest paid on borrowings and lease liabilities.

Functional Currency is defined as the currency of the primary economic environment in which the entity operates. The functional currency of the Company and certain other entities in the Global Ports Group is US dollars. The functional currency of the Global Ports Group's operating companies for the years under review was (a) for the Russian Ports segment, the Russian Rouble and (b) for the Finnish Ports segment, the Euro.

Gross Container Throughput represents the total container throughput of a Group's terminal or a Group's operating segment shown on a 100% basis. For the Russian Ports segment it excludes the container throughput of the Group's inland container terminal – Yanino.

Shareholder information and key contacts

High and Heavy Ro-Ro, roll on-roll off is cargo that can be driven into the belly of a ship rather than lifted aboard. Includes cars, buses, trucks and other vehicles.

MLT Group consists of Moby Dik (a terminal in the vicinity of St. Petersburg) and Multi-Link Terminals Oy (terminal operator in Vuosaari (near Helsinki, Finland) and Kotka, Finland), MLT-Ireland and some other entities. The results of MLT Group are accounted in the Global Ports' financial information using the equity method of accounting (proportionate share of the net profit shown below EBITDA).

Moby Dik (MD) is located on the St. Petersburg ring road, approximately 30 kilometers from St. Petersburg, at the entry point of the St. Petersburg channel. It is the only container terminal in Kronstadt. The Global Ports Group owns a 75% effective ownership interest in MD, CMA Terminals currently has a 25% effective ownership interest. The results of MD are accounted in the Global Ports' financial information using the equity method of accounting (proportionate share of the net profit shown below EBITDA).

Net Debt (a non-IFRS financial measure) is defined as the sum of current borrowings, non-current borrowings, current and non-current lease liabilities (following the adoption of IFRS 16) and swap derivatives less cash and cash equivalents and bank deposits with maturity over 90 days.

Petrolesport (PLP) is located in the St. Petersburg harbour, Russia's primary gateway for container cargo. The Group owns a 100% effective ownership interest in PLP. The results of PLP are fully consolidated.

Revenue per TEU is defined as the Global Ports Group's Consolidated Container Revenue divided by total Consolidated Container Marine Throughput.

Russian Ports segment consists of the Global Ports Group's interests in PLP (100%), VSC (100%), FCT (100%), ULCT (80%) (in which Eurogate currently has a 20% effective ownership interest), Moby Dik (75%), Yanino (75%) (in each of Moby Dik and Yanino, CMA Terminals currently has a 25% effective ownership interest), as well as certain other entities. The results of Moby Dik and Yanino are accounted in the Global Ports' consolidated financial information using the equity method of accounting (proportionate share of the net profit shown below EBITDA).

TEU is defined as twenty-foot equivalent unit, which is the standard container used worldwide as the uniform measure of container capacity; a TEU is 20 feet (6.06 metres) long and eight feet (2.44 metres) wide and tall.

Total Debt (a non-IFRS financial measure) is defined as a sum of current borrowings, non-current borrowings, current and non-current lease liabilities (following the adoption of IFRS 16) and swap derivatives.

Total Operating Cash Costs (a non-IFRS financial measure) is defined as Global Ports Group's cost of sales, administrative, selling and marketing expenses, less depreciation, write-off and impairment of property, plant and equipment, less depreciation and impairment of right-of-use assets, less amortisation, write-off and impairment of intangible assets.

Ust-Luga Container Terminal (ULCT) is located in the large multi-purpose Ust-Luga port cluster on the Baltic Sea, approximately 100 kilometres westwards from St. Petersburg city ring road. ULCT began operations in December 2011. The Global Ports Group owns an 80% effective ownership interest in ULCT, Eurogate, the international container terminal operator, currently has a 20% effective ownership interest. The results of ULCT are fully consolidated.

Vostochnaya Stevedoring Company (VSC) is located in the deep-water port of Vostochny near Nakhodka on the Russian Pacific coast, approximately eight kilometers from the Nakhodka-Vostochnaya railway station, which is connected to the Trans-Siberian Railway. The Group owns a 100% effective ownership interest in VSC. The results of VSC are fully consolidated.

Weighted Average Effective Interest Rate is the average of interest rates weighted by the share of each loan in the total debt portfolio.

Yanino Logistics Park (YLP) is the first terminal in the Group's inland terminal business and is one of only a few multi-purpose container logistics complexes in Russia providing a comprehensive range of container and logistics services at one location. It is located approximately 70 kilometres from the Moby Dik terminal in Kronstadt and approximately 50 kilometres from PLP. The Global Ports Group owns a 75% effective ownership interest in YLP, CMA Terminals currently has a 25% effective ownership interest. The results of YLP are accounted in the Global Ports' financial information using the equity method of accounting (proportionate share of the net profit shown below EBITDA).

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