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# 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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## 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, Petrolsport 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  
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2 March 2022