

# 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 – Petrosport (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 difficulty 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 forwarding-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
<b>As at 31 December 2021</b>								
Borrowings <sup>1</sup>	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)
<b>Total</b>	<b>209,911</b>	<b>29,653</b>	<b>12,412</b>	<b>24,288</b>	<b>337,871</b>	<b>295,016</b>	<b>136,583</b>	<b>1,045,734</b>
<b>As at 31 December 2020</b>								
Borrowings <sup>1</sup>	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)
<b>Total</b>	<b>13,076</b>	<b>164,124</b>	<b>7,096</b>	<b>26,454</b>	<b>238,002</b>	<b>493,321</b>	<b>137,600</b>	<b>1,079,673</b>

<sup>1</sup> 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	819,099
Total capitalisation	1,287,481	1,180,477
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), Petrolsport 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)	–	429,567
Non-containerized cargo	90,537	2,587	93,124	–	(3,780)	(32)	89,312
Inter-segment revenue	–	–	–	156	–	(156)	–
Total revenue	515,332	9,436	524,768	156	(5,857)	(188)	518,879
Cost of sales	(287,452)	(11,830)	(299,282)	(391)	6,150	13	(293,510)
Administrative, selling and marketing expenses	(6,322)	(831)	(7,153)	(22,525)	539	197	(28,942)
Other income	–	–	–	1,300	–	–	1,300
Other gains/(losses) – net	(390)	2	(388)	(46)	13	71	(350)
Operating profit/(loss)	221,168	(3,223)	217,945	(21,506)	845	93	197,377
Finance income/(costs) – net	(53,911)	(284)	(54,195)	(2,385)	274	299	(56,007)
incl. interest income	5,790	–	5,790	98	(7)	(2,264)	3,617
incl. interest expenses	(54,297)	(360)	(54,657)	(2,575)	327	2,264	(54,641)
incl. change in the fair value of derivative instruments	(5,903)	80	(5,823)	–	(20)	–	(5,843)
incl. net foreign exchange gains/(losses) on financing activities	499	(4)	495	92	(26)	299	860
Profit/(loss) before income tax	167,257	(3,507)	163,750	(23,891)	1,119	392	141,370
Income tax expense	1,855	675	2,530	174	(216)	–	2,488
Profit/(loss) after tax	169,112	(2,832)	166,280	(23,717)	903	392	143,858
CAPEX <sup>1</sup> on cash basis	43,711	195	43,906	70	(154)	–	43,822

<sup>1</sup> 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 propor- tionate combination	Adjustments to recognise for the components un- der 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	–	–	–
<b>Total revenue</b>	<b>518,879</b>	<b>(16,089)</b>	<b>502,790</b>
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)
<b>Operating profit/(loss)</b>	<b>197,377</b>	<b>(276)</b>	<b>197,101</b>
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
<b>Profit/(loss) before income tax</b>	<b>141,370</b>	<b>650</b>	<b>142,020</b>
Income tax expense	2,488	(650)	1,838
<b>Profit/(loss) after tax</b>	<b>143,858</b>	<b>–</b>	<b>143,858</b>
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 Effect of proportionate combination	Other adjustments	Group as per proportionate combination
Depreciation of property, plant and equipment	37,010	1,949	38,959	503	(903)	–	38,558
Depreciation of right-of-use assets	13,552	854	14,406	199	(299)	–	14,307
Amortisation of intangible assets	547	5	552	494	(51)	–	995
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	80,168
Transportation expenses	134,044	–	134,044	–	(361)	–	133,683
Fuel, electricity and gas	10,738	564	11,302	4	(371)	–	10,935
Repair and maintenance of property, plant and equipment	6,099	1,113	7,212	15	(416)	(4)	6,807
<b>Total</b>	<b>253,937</b>	<b>9,542</b>	<b>263,479</b>	<b>18,430</b>	<b>(4,973)</b>	<b>–</b>	<b>276,936</b>
Other operating expenses	39,837	3,119	42,956	4,486	(1,716)	(210)	45,516
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
<b>Total</b>	<b>276,936</b>	<b>(14,905)</b>	<b>262,031</b>
Other operating expenses	45,516	(3,730)	41,786
<b>Total cost of sales, administrative, selling and marketing expenses</b>	<b>322,452</b>	<b>(18,635)</b>	<b>303,817</b>

## 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)	-	451,720
Right-of-use assets	529,002	3,568	532,570	19	(1,857)	-	530,732
Investments in joint ventures	-	-	-	165,818	-	(165,818)	-
Intangible assets	16,934	19	16,953	2,887	(1,429)	-	18,411
Other non-current assets	217,171	127,720	344,891	1,072,708	(33,013)	(1,321,376)	63,210
Inventories	8,757	-	8,757	-	(130)	-	8,627
Trade and other receivables and other current assets	79,131	1,105	80,236	3,783	(661)	(2,023)	81,335
Cash and cash equivalents	292,743	308	293,051	8,162	(1,139)	-	300,074
<b>Total assets</b>	<b>1,589,990</b>	<b>144,952</b>	<b>1,734,942</b>	<b>1,253,739</b>	<b>(45,355)</b>	<b>(1,489,217)</b>	<b>1,454,109</b>
Long-term borrowings	539,905	2,979	542,884	151,224	(4,540)	(151,224)	538,344
Long-term lease liabilities	38,798	2,930	41,728	-	(1,251)	-	40,477
Other long-term liabilities	118,791	761	119,552	-	94	-	119,646
Trade and other payables	31,002	2,077	33,079	8,777	(870)	(1,984)	39,002
Short-term borrowings	211,870	680	212,550	-	(225)	-	212,325
Short-term lease liabilities	3,700	770	4,470	8	(247)	-	4,231
Other short-term liabilities	224	-	224	483	(1)	-	706
<b>Total liabilities</b>	<b>944,290</b>	<b>10,197</b>	<b>954,487</b>	<b>160,492</b>	<b>(7,040)</b>	<b>(153,208)</b>	<b>954,731</b>
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
<b>Total assets</b>	<b>1,454,109</b>	<b>(10,641)</b>	<b>1,443,468</b>
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
<b>Total liabilities</b>	<b>954,731</b>	<b>(10,654)</b>	<b>944,077</b>
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)	-	307,744
Non-containerized cargo	92,979	973	93,952	-	(2,744)	-	91,208
Inter-segment revenue	-	-	-	397	-	(397)	-
<b>Total revenue</b>	<b>395,350</b>	<b>8,726</b>	<b>404,076</b>	<b>397</b>	<b>(5,124)</b>	<b>(397)</b>	<b>398,952</b>
Cost of sales	(211,585)	(8,963)	(220,548)	(408)	5,367	6	(215,583)
Administrative, selling and marketing expenses	(7,974)	(802)	(8,776)	(18,744)	637	271	(26,612)
Other income	-	-	-	1,300	-	-	1,300
Other gains/(losses) – net	(435)	8	(427)	3,252	(30)	(3,037)	(242)
<b>Operating profit/(loss)</b>	<b>175,356</b>	<b>(1,031)</b>	<b>174,325</b>	<b>(14,203)</b>	<b>850</b>	<b>(3,157)</b>	<b>157,815</b>
Finance income/(costs) – net	(93,114)	(333)	(93,447)	(493)	291	-	(93,649)
incl. interest income	2,683	-	2,683	117	(4)	(1,199)	1,597
incl. interest expenses	(72,298)	(306)	(72,604)	(1,269)	424	1,199	(72,250)
incl. change in the fair value of derivative instruments	18,380	34	18,414	-	(9)	-	18,405
incl. net foreign exchange gains/(losses) on financing activities	(41,879)	(61)	(41,940)	659	(120)	-	(41,401)
<b>Profit/(loss) before income tax</b>	<b>82,242</b>	<b>(1,364)</b>	<b>80,878</b>	<b>(14,696)</b>	<b>1,141</b>	<b>(3,157)</b>	<b>64,166</b>
Income tax expense	(13,790)	268	(13,522)	(507)	(151)	-	(14,180)
<b>Profit/(loss) after tax</b>	<b>68,452</b>	<b>(1,096)</b>	<b>67,356</b>	<b>(15,203)</b>	<b>990</b>	<b>(3,157)</b>	<b>49,986</b>
CAPEX <sup>1</sup> on cash basis	34,919	8,340	43,259	127	(2,375)	-	41,011

<sup>1</sup> 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	-	-	-
<b>Total revenue</b>	<b>398,952</b>	<b>(14,516)</b>	<b>384,436</b>
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)
<b>Operating profit/(loss)</b>	<b>157,815</b>	<b>(421)</b>	<b>157,394</b>
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)
<b>Profit/(loss) before income tax</b>	<b>64,166</b>	<b>451</b>	<b>64,617</b>
Income tax expense	(14,180)	(451)	(14,631)
<b>Profit/(loss) after tax</b>	<b>49,986</b>	<b>-</b>	<b>49,986</b>
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 Effect of proportionate combination	Other adjustments	Group as per proportionate combination
Depreciation of property, plant and equipment	36,698	1,530	38,228	822	(873)	-	38,177
Depreciation of right-of-use assets	11,819	568	12,387	404	(244)	-	12,547
Amortisation of intangible assets	331	3	334	530	(24)	-	840
Staff costs	53,266	4,620	57,886	14,153	(2,534)	-	69,505
Transportation expenses	68,936	554	69,490	-	(457)	-	69,033
Fuel, electricity and gas	9,449	493	9,942	6	(311)	-	9,637
Repair and maintenance of property, plant and equipment	6,043	997	7,040	15	(404)	-	6,651
Total	186,542	8,765	195,307	15,930	(4,847)	-	206,390
Other operating expenses	33,017	1,000	34,017	3,222	(1,157)	(277)	35,805
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 Effect of proportionate combination	Other adjustments	Group as per proportionate combination
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
<b>Total assets</b>	<b>1,344,936</b>	<b>151,070</b>	<b>1,496,006</b>	<b>1,248,689</b>	<b>(47,551)</b>	<b>(1,357,174)</b>	<b>1,339,970</b>
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
<b>Total liabilities</b>	<b>970,270</b>	<b>12,698</b>	<b>982,968</b>	<b>24,038</b>	<b>(8,092)</b>	<b>(20,336)</b>	<b>978,578</b>
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
<b>Total assets</b>	<b>1,339,970</b>	<b>(12,801)</b>	<b>1,327,169</b>
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
<b>Total liabilities</b>	<b>978,578</b>	<b>(12,787)</b>	<b>965,791</b>
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.

	For the year ended 31 December	
	2021	2020
(in thousands of US dollars)		
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:

	Note	For the year ended 31 December	
		2021	2020
(in thousands of US dollars)			
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)

For the year ended  
31 December

	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
<b>Total cost of sales, administrative, selling and marketing expenses</b>	<b>303,817</b>	<b>225,030</b>

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
<b>Total cost of sales</b>	<b>276,774</b>	<b>200,329</b>

## Notes to the consolidated financial statements (continued)

### 6. Expenses by nature (continued)

Administrative, selling and marketing expenses (in thousands of US dollars)	For the year ended 31 December	
	2021	2020
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
<b>Total administrative, selling and marketing expenses</b>	<b>27,043</b>	<b>24,701</b>

### 7. Other gains/(losses) – net

(in thousands of US dollars)	For the year ended 31 December	
	2021	2020
Foreign exchange gains/(losses) on non-financing activities – net (Note 10)	225	209
Charity	(309)	(412)
Other gains/(losses) – net	(290)	(136)
<b>Total other gains/(losses) – net</b>	<b>(374)</b>	<b>(339)</b>

### 8. Employee benefit expense

(in thousands of US dollars)	For the year ended 31 December	
	2021	2020
Salaries	54,609	47,610
Social insurance costs	13,177	12,121
Other employee benefits	1,944	-
Other staff costs	2,735	2,172
<b>Total</b>	<b>72,465</b>	<b>61,903</b>
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)

	For the year ended 31 December	
	2021	2020
<b>Included in finance income:</b>		
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
<b>Included in finance costs:</b>		
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:

(in thousands of US dollars)

	For the year ended 31 December	
	2021	2020
Included in 'finance income/(costs) – net' (Note 9)	581	(41,763)
Included in 'other gains/(losses) – net' (Note 7)	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)
<b>Total</b>	<b>(1,838)</b>	<b>14,631</b>

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% <sup>1</sup>	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
<b>Tax charge</b>	<b>(1,838)</b>	<b>14,631</b>

<sup>1</sup> 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
<b>At 1 January 2020</b>							
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
<b>At 31 December 2020</b>							
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)

(in thousands of US dollars)	Land	Buildings and facilities	Assets under construction	Loading equipment and machinery	Other production equipment	Office equipment	Total
<b>At 1 January 2021</b>							
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
<b>At 31 December 2021</b>							
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 <sup>1</sup>	446	7
Proceeds from sale of property, plant and equipment	539	436

<sup>1</sup> 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
<b>At 1 January 2020</b>			
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
<b>At 31 December 2020</b>			
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
<b>At 31 December 2021</b>			
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)	As at 31 December	
	2021	2020
<b>Financial assets at amortised cost</b>		
Trade and other receivables <sup>1</sup>	54,211	40,901
Cash and cash equivalents	296,657	206,968
Total	350,868	247,869
<b>Financial liabilities measured at amortised cost</b>		
Borrowings	747,926	786,201
Trade and other payables <sup>2</sup>	26,594	15,503
Total	774,520	801,704
Lease liabilities	40,164	29,319
<b>Derivative financial instruments</b>		
Derivative financial instruments not used for hedging at fair value through profit or loss – assets	5,465	10,199

<sup>1</sup> Trade and other receivables do not include taxes and prepayments.

<sup>2</sup> 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)	As at 31 December	
	2021	2020
<b>Trade and other receivables</b>		
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):

(in thousands of US dollars)		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 <sup>1</sup>	No rating	33	54
<b>Total</b>		<b>296,657</b>	<b>206,968</b>

<sup>1</sup> 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

(in thousands of US dollars)	As at 31 December	
	2021	2020
Spare parts and consumables	8,237	7,127
<b>Total</b>	<b>8,237</b>	<b>7,127</b>

All inventories are stated at cost.

### 19. Trade and other receivables

(in thousands of US dollars)	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
<b>Total trade receivables</b>	<b>37,571</b>	<b>24,489</b>
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
<b>Total trade and other receivables</b>	<b>83,011</b>	<b>62,389</b>
<b>Less non-current portion:</b>		
Loans to related parties	(13,636)	(13,507)
<b>Total non-current portion</b>	<b>(13,636)</b>	<b>(13,507)</b>
<b>Current portion</b>	<b>69,375</b>	<b>48,882</b>

## 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
<b>Total</b>	<b>3,456</b>	<b>1,357</b>

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
<b>Total</b>	<b>83,011</b>	<b>62,389</b>

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
<b>Total</b>	<b>296,657</b>	<b>206,968</b>

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
<b>Total</b>	<b>296,657</b>	<b>206,968</b>

### 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
<b>Current borrowings</b>		
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 <sup>1</sup>	Total
At beginning of year		786,201	(10,199)	776,002
<b>Non-cash transactions</b>				
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)
<b>Cash transactions</b>				
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	(5,465)	742,461

<sup>1</sup> 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 <sup>1</sup>	Total
At beginning of year		837,211	9,184	846,395
<b>Non-cash transactions</b>				
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)
<b>Cash transactions</b>				
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

<sup>1</sup> 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
<b>Non-cash transactions</b>		
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)
<b>Cash transactions</b>		
Repayments of leases	(3,635)	(1,961)
Repayments of interest	(4,703)	(4,192)
At end of period	40,164	32,898
<b>Of which are:</b>		
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
<b>Deferred tax assets:</b>		
Deferred tax asset to be recovered after more than 12 months	58,190	50,788
<b>Deferred tax liabilities:</b>		
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)
<b>Income statement charge:</b>		
Deferred tax credit/(charge) (Note 11)	12,907	(2,370)
<b>Other movements:</b>		
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
<b>Total trade and other payables</b>	<b>38,437</b>	<b>23,540</b>
Employee benefits provision	1,732	–
Less non-current portion	1,732	–
<b>Current portion</b>	<b>36,705</b>	<b>23,540</b>

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)
<b>At 31 December 2021</b>	<b>19,873</b>	<b>–</b>	<b>19,873</b>

(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)
<b>At 31 December 2020</b>	<b>23,383</b>	<b>–</b>	<b>23,383</b>

## 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
<b>Key management compensation:</b>		
Wages and salaries	5,345	3,349
Social insurance costs	797	394
Total	6,142	3,743
<b>Directors' remuneration (included also above):</b>		
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.