

Notes to the financial statements

1. General information

Country of incorporation

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

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

During the first half of 2011 the Company has successfully completed an initial public offering ("IPO") of its shares in the form of global 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 parent company financial statements

These parent company's financial statements were approved and authorized for issue by the Board of Directors on 02 March 2022.

Principal activities

The principal activity of the Company, which is unchanged from last year, is the holding of investments, including any interest earning activities. The subsidiaries and joint-ventures of the Company are engaged in the operation of container and general cargo terminals in Russia and Finland.

2. Summary of significant accounting policies

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

Basis of preparation

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

The financial statements have been prepared under the historical cost convention as modified for the initial recognition of financial instruments, including intra-group financial guarantee contracts, at fair value.

The Company has prepared these separate financial statements of the parent company for compliance with the requirements of the Cyprus Companies Law, Cap. 113 and the Disclosure Rules as issued by the Financial Conduct Authority of the United Kingdom.

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

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

Though the Directors acknowledge the material uncertainty surrounding the operating environment of the Group following the recent developments as explained in notes 20 and 22 to the financial statements, they continue to adopt the going concern basis in preparing the financial statements. The Directors base their statement on the following facts: inquiries and following a review of the Group's principal risks and uncertainties, budget for 2022 financial perspectives in the mid-term, the latest forecasts over a period of 5–10 years reflecting its business and investment cycles, including cash flows and borrowing facilities. The Directors also considered: the potential implications of the Russian-Ukrainian crisis, impact of the

Notes to the financial statements (continued)

2. Summary of significant accounting policies (continued)

Basis of preparation (continued)

sanctions introduced against Russia, as well as the ban on delivery/dispatch of various containerised cargoes to/from Russia on the operational and financial performance of the Group, forecasts and going concern. The Directors consider that the Group has adequate resources to meet its liabilities as they fall due and to continue in operation for the foreseeable future.

Nevertheless, the developments explained in notes 20 and 22 indicate that a material uncertainty still exists that may cast significant doubt on the Group's ability to continue as a going concern should the nature and/or the duration of the sanctions imposed on Russia differ significantly to the Group's expectations.

Consolidated financial statements

The Company has also prepared consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the EU for the Company and its subsidiaries (the "Group"). A copy of the consolidated financial statements is available at the Company's registered office and at the Company's website at www.globalports.com.

Users of these separate financial statements of the parent company should read them together with the Group's consolidated financial statements as at and for the year ended 31 December 2021 in order to obtain a proper understanding of the financial position, the financial performance and the cash flows of the Company and the Group.

New Standards, interpretations and amendments adopted by the Company

The Company adopted all new and revised IFRSs as adopted by the EU that are relevant to its operations and are effective for accounting periods beginning on 1 January 2021. This adoption did not have a material effect on the accounting policies of the Company.

New standards and interpretations not yet adopted by the Company

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

Revenue recognition

Revenues earned by the Company are recognised on the following bases:

(i) Interest income

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

(ii) Dividend income

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

Employee benefits

The Company and the employees contribute to the Cyprus Government Social Insurance Fund, which is a defined contributions plan, based on employees' salaries. The Company's contributions are expensed as incurred and are included in staff costs.

Foreign currency translation

(i) Functional and presentation currency

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

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the

Notes to the financial statements (continued)

2. Summary of significant accounting policies (continued)

Foreign currency translation (continued)

(ii) Transactions and balances (continued)

translation at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of comprehensive income within "finance cost". Foreign exchange gains and losses that relate to loans receivable and cash and cash equivalents are presented in profit or loss within "finance income-net". All other foreign exchange gains and losses are presented in the statement of comprehensive income within "other gains/(losses) – net".

Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

The current income tax is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the country in which the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. If applicable tax regulation is subject to interpretation, it establishes provision where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognized using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates and laws that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on the Company where there is an intention to settle the balances on a net basis.

Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of property, plant and equipment.

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their cost to their residual values, over their estimated useful lives. The annual depreciation rates are as follows:

	%
Motor vehicles	20
Office equipment	50

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

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

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

Gains and losses on disposal of property, plant and equipment are determined by comparing proceeds with carrying amount and are recognised in "other gains/(losses) – net" in profit or loss.

Notes to the financial statements (continued)

2. Summary of significant accounting policies (continued)

Investments in subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Company has control. The Company controls an entity over which it has power, has exposure or rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Investments in subsidiaries are carried at cost less any impairment.

The Company recognizes dividend income from investments in subsidiaries to the extent that the Company receives distributions from subsidiaries which constitute return on the cost of investment. Capital reductions and dividend distributions by subsidiaries which constitute return of cost of investment as opposed to return on cost of investment are recognised as a reduction in the cost of investment in subsidiary.

The Company accounts for group reorganisations (i.e. when subsidiaries/ intermediate holding companies merge) that have no impact on the Company's effective interest in the subsidiaries and no exposure to the total cash flow expectations from the subsidiaries involved in such reorganisations by reallocating the carrying values between investments in subsidiaries with no gain/loss being recognised in the Company's financial statements and no impact on the total carrying amount of the Company's investments in subsidiaries. In the cases where subsidiaries are merged into the Company (surviving entity in the merger), the Company accounts for the assets and liabilities of the merged subsidiary in its financial statements using pre-merger IFRS carrying amounts using uniform accounting policies. The excess of the cost of the investment of the merged subsidiary over the carrying amount of the transferred net assets is recorded in merger reserve in equity.

Investments in joint arrangements

Investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations each investor has rather than the legal structure of the joint arrangements. The Company has assessed the nature of its joint arrangements and determined them to be joint ventures. Investments in joint ventures are carried at cost less any impairment. Investments in joint ventures are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to depreciation or amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised through profit or loss for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. An impairment loss recognised in prior years is reversed where appropriate if there has been a change in the estimates used to determine the recoverable amount. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). Nonfinancial assets that have suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

Financial instruments

a. Classification

I. Financial assets

On initial recognition, the Company classifies its financial assets in the following measurement categories:

- Those to be measured subsequently at fair value (either through OCI, or through profit or loss), and
- Those to be measured at amortised cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

All financial assets of the Group are held within the business model whose objective is to hold financial assets in order to collect contractual cash flows, except equity instruments. Equity instruments of the Group are held within the business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

Notes to the financial statements (continued)

2. Summary of significant accounting policies (continued)

Financial instruments (continued)

a. Classification (continued)

I. Financial assets (continued)

The Company classifies a financial asset as measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL: it is held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets of the Company that are not classified as measured at amortised cost or FVOCI are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL: it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows. Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

II. Financial liabilities

The Company classifies financial liabilities as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition.

b. Recognition, derecognition and initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus or minus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price. Cash and cash equivalents are carried at amortised cost using the effective interest method. Cash and cash equivalents include cash in hand and deposits held at call with original maturity up to 90 days with banks. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. Borrowings are recognised initially at fair value, net of transaction costs incurred.

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the rights to receive the contractual cash flows in a transaction in which either substantially all of the risks and rewards of ownership of the financial asset are transferred or the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss within 'finance income/(costs) – net'.

Notes to the financial statements (continued)

2. Summary of significant accounting policies (continued)

Financial instruments (continued)

c. Subsequent measurement

Financial assets at FVTPL are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss and presented net within 'other gains/(losses)-net' in the period in which it arises.

Financial assets at amortised cost are subsequently measured at amortised cost using the effective interest method. These are assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. The amortised cost is reduced by impairment losses which are presented as separate line item in the statement of profit or loss. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss and presented in 'other gains/(losses)-net', together with foreign exchange gains and losses. Financial assets measured at amortised cost comprise cash and cash equivalents, loans receivable, trade receivables and other financial assets at amortised cost.

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Debt investments at FVOCI are subsequently measured at fair value. The Company does not hold any such instruments.

Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Borrowings are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings, using the effective interest method, unless they are directly attributable to the acquisition, construction or production of a qualifying asset, in which case they are capitalised as part of the cost of that asset.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the drawdown occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment and amortised over the period of the facility to which it relates.

Borrowing costs are interest and other costs that the Company incurs in connection with the borrowing of funds, including interest on borrowings, amortisation of discounts or premium relating to borrowings, amortisation of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs.

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

Borrowings are classified as current liabilities, unless the Company has an unconditional right to defer settlement of the liability for at least twelve months after the balance sheet date.

An exchange between the Company and its original lenders of debt instruments with substantially different terms, as well as substantial modifications of the terms and conditions of existing financial liabilities, are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability.

Modifications of liabilities that do not result in extinguishment are accounted for as a change in estimate using a cumulative catch-up method, with any gain or loss recognised in profit or loss.

Notes to the financial statements (continued)

2. Summary of significant accounting policies (continued)

Financial instruments (continued)

d. Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

e. Impairment

At each reporting date, the Company assesses whether financial assets carried at amortized cost are credit-impaired. A financial asset is "credit-impaired" when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial 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 Company assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI and cash and cash equivalents. The Company measures expected credit losses ('ECL') and recognises credit loss allowance at each reporting date. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The carrying amount of the financial assets is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement within 'net impairment losses on financial and contract assets'. For trade receivables, the Company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. For all other financial assets that are subject to impairment under IFRS 9 the Company applies a general approach – three-stage model for recognizing and measuring expected losses based on changes in credit quality since initial recognition. A financial instrument that is not credit-impaired on initial recognition is classified in Stage 1. Financial assets in Stage 1 have their ECL measured at an amount equal to the portion of lifetime ECL that results from default events possible within the next 12 months or until contractual maturity, if shorter ('12 Months ECL'). If the Company identifies a significant increase in credit risk ('SICR') since initial recognition, the asset is transferred to Stage 2 and its ECL is measured based on ECL on a lifetime basis, that is, up until contractual maturity but considering expected prepayments, if any ('Lifetime ECL'). Refer to Note 3, Credit risk section for a description of how the Company determines when a SICR has occurred. If the Company determines that a financial asset is credit-impaired, the asset is transferred to Stage 3 and its ECL is measured as a Lifetime ECL.

Additionally, for debt instruments that qualify as low credit risk, the loss allowance is limited to 12 months expected credit losses. For a description of how the Company determines low credit risk financial assets refer to Note 3, Credit risk section below.

Transactions with equity owners and subsidiaries

The Company enters into transactions with shareholders and subsidiaries. When such transactions are not conducted at arm's length, the Company's accounting policy is to recognise (a) any excess gains or losses on such transactions directly through equity and consider these transactions as the receipt of additional capital contributions or distributions; and (b) any losses with subsidiaries as cost of investment in subsidiaries. Similar transactions with non-equity holders or subsidiaries are recognised in profit or loss in accordance with IFRS 9 "Financial Instruments".

Share capital, share premium and capital contribution

Ordinary shares are classified as equity.

Any excess of the fair value of consideration received over the par value of shares issued is recognized as share premium. Share premium is subject to the provisions of the Cyprus Companies Law on reduction of share capital.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Notes to the financial statements (continued)

2. Summary of significant accounting policies (continued)

Share capital, share premium and capital contribution (continued)

Capital contribution represents contributions by the shareholders directly in the reserves of the Company. The Company does not have any contractual obligation to repay these amounts.

Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the period in which the shareholders' right to receive them is established, i.e. when they are approved, appropriately authorised and are no longer at the discretion of the Company.

More specifically, interim dividends are recognised as liability in the period in which these are authorised by the Board of Directors and in the case of final dividends, they are recognised in the period in which these are approved by the Company's shareholders.

Merger reserve

Merger reserve arises from merger of the Company with its direct subsidiary (dissolving company). Merger reserve represents the difference between the recognised carrying value of net assets of dissolving company and the derecognised carrying value of the investment into dissolving company.

Provisions and contingent liabilities

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

Provisions are only used to cover those expenses which they had been set up for. Other possible or present obligations that arise from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability, are disclosed in the notes to the financial statements as contingent liabilities.

Financial guarantee contracts

Financial guarantee contracts are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument.

Financial guarantees are recognised as a financial liability at the time the guarantee is issued. Financial guarantees are initially recognised at their fair value. The fair value of financial guarantees is determined based on the present value of the difference in cash flows between the contractual payments required under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations. This amount is amortised on a straight-line basis over the life of the guarantee in "other gains/(losses) – net" in profit or loss.

Where guarantees in relation to loans or other payables of subsidiaries are provided for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of the investment.

At the end of each reporting period, the guarantee is subsequently measured at the higher of:

- the amount of the loss allowance determined in accordance with the expected credit loss model under IFRS 9 Financial Instruments; and
- the amount initially recognised less, where appropriate, the cumulative amount of income recognised in accordance with the principles of IFRS 15 "Revenue from Contracts with Customers".

Notes to the financial statements (continued)

3. Financial risk management

Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, fair value interest rate risk and cash flow interest rate risk), credit risk and liquidity risk.

The Company's risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

a. Market risk

(i) Foreign exchange risk

Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities (mainly other receivables, cash and cash equivalents and borrowings) are denominated in a currency that is not the Company's functional currency.

Had Euro exchange rate strengthened/weakened by 20% (2020: 20%) against the US dollar and all other variables remained unchanged, the posttax loss of the Company for the year ended 31 December 2021 would have increased/decreased by US\$22 thousand (2020: post-tax profit would have increased/decreased by US\$56 thousand). This is mainly due to foreign exchange gains and losses arising upon retranslation of borrowings, cash in bank, other receivables and payables denominated in Euros.

Management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

(ii) Cash flow and fair value interest rate risk

The Company is exposed to fair value interest rate risk as all of its borrowings are issued at fixed rates. As all of the Company's fixed rate borrowings are carried at amortised cost, any reasonably possible change in the interest rates as of 31 December 2021 and 31 December 2020 would not have any significant impact on the Company's post-tax profit/(loss) for the year. The Company's management monitors the interest rate fluctuations on a continuous basis and acts accordingly.

b. Credit risk

Financial assets, which potentially subject the Company to credit risk, consist principally of other receivables and cash and cash equivalents with a carrying amount of US\$3,074 thousand (2020: US\$2,943). Financial liabilities, which potentially subject the Company to credit risk, consist principally of financial guarantees provided to the Company's direct and indirect subsidiaries.

Cash and cash equivalents:

The Company's cash and cash equivalents which have investment grade credit ratings with at least one major rating agency are considered to have low credit risk, and the loss allowance to be recognised during the period was therefore limited to 12 months expected losses.

Other receivables:

To measure the expected lifetime credit losses, the Company performed the assessment on an individual basis for its major other receivables based on days past due and the corresponding historical credit losses experienced by the Company with those receivables. For those receivables who are independently rated, the Company monitors their credit quality based on the external credit ratings. Otherwise, if there is no independent rating, the Company monitors the credit quality of other receivables on the basis of past experience and also by reference to the days past due.

At 31 December 2021 and 2020, the Company did not identify any material expected credit losses with respect to the Company's financial assets and issued guarantees that are subject to IFRS 9 impairment model, other than in respect to the issued financial guarantees over the obligations of a direct subsidiary in relation to its issued Eurobonds and outstanding forward contracts with financial institutions, as further detailed below.

At 31 December 2021, issued financial guarantee liabilities with carrying amount of US\$4,158 thousand are within Stage 1 of the IFRS 9 general impairment model (2020: US\$2,199 thousand). The identified ECL on these was immaterial. At 31 December 2021, issued financial guarantee liabilities with carrying amount of US\$18,406 thousand (2020: US\$14,495) are within Stage 3 of the IFRS 9 general impairment model and are measured at the amount of the loss allowance determined in accordance with the expected credit loss model.

Notes to the financial statements (continued)

3. Financial risk management (continued)

Financial risk factors (continued)

b. Credit risk (continued)

All of the Company's financial assets at amortised cost are within Stage 1 of IFRS 9 general impairment model.

Financial assets are written-off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Company.

The credit quality of cash and cash equivalents and other receivables is disclosed in Note 12.

c. Liquidity risk

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

(in thousands of US dollars)	Less than 1 year	1–2 years	2–5 years	Over 5 years	Total
As of 31 December 2021					
Other payables	981	–	–	–	981
Financial guarantee ¹	856 969	–	–	–	856 969
Borrowings	–	–	177 909	–	177 909
Total	857 950	–	177 909	–	1 035 859
As of 31 December 2020					
Other payables	714	–	–	–	714
Financial guarantee ¹	317 299	335 730	317 343	–	970 372
Borrowings	1 337	1 337	21 773	–	24 447
Total	319 350	337 067	339 116	–	995 533

¹ Full amount payable if the loans, bonds and forward contracts guaranteed are non-performing (Note 21(k)).

Management controls current liquidity based on expected cash outflows and expected receipts from dividends and interest.

d. Capital risk management

The Company's main objective when managing capital is to maintain the ability to continue as a going concern in order to ensure the profitability its operations, maintain optimum equity structure and reduce its cost of capital.

The Company monitors capital based on borrowings to total capitalization ratio. Total capitalization is calculated as the sum of the total borrowings and equity at the date of calculation. The management does not currently have any specific target for the rate of borrowings to total capitalisation.

The rate of borrowings to total capitalisation is as follows:

(in thousands of US dollars)	As at 31 December	
	2021	2020
Total borrowings	136 727	19 099
Total capitalisation	754 516	629 612
Total borrowings to total capitalisation ratio (percentage)	18%	3%

Notes to the financial statements (continued)

3. Financial risk management (continued)

Financial risk factors (continued)

e. Fair value estimation

Fair value is the amount at which a financial asset could be exchanged or a liability settled in a transaction between knowledgeable willing parties in an arm's length transaction, other than in a forced sale or liquidation, and is best evidenced by an active quoted market price.

The fair value of financial liabilities and assets for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to for similar financial instruments.

The estimated fair values of financial instruments have been determined by the Company, using available market information, where it exists, and appropriate valuation methodologies and assistance of experts. However, judgment is necessarily required to interpret market data to determine the estimated fair value. The Russian Federation continues to display some characteristics of an emerging market and economic conditions continue to limit the volume of activity in the financial markets. Market quotations may be outdated or reflect distress sale transactions and therefore do not always represent the fair values of financial instruments. The Company has used all available market information in estimating the fair value of financial instruments.

The fair value of floating rate instruments is normally their carrying amount. The estimated fair value of fixed interest rate instruments is based on estimated future cash flows expected to be received, discounted at current interest rates for instruments with similar credit risk and remaining maturity. Discount rates used depend on credit risk of the counterparty.

The estimated fair value of fixed interest rate instruments with stated maturity, for which a quoted market price is not available, was estimated based on expected cash flows, discounted at current interest rates for new instruments with similar credit risk and remaining maturity.

The disclosure of the fair value of financial instruments carried at amortised cost is determined by using the following valuation methods:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on Company's specific estimates.

Level 3 – Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

Carrying amounts of bank balances, other receivables and other payables which are due within twelve months approximate their fair values at 31 December 2021 and 2020. The carrying amount of borrowings (including fixed rate instruments) as at 31 December 2021 and 2020 also approximates their fair value.

4. Critical accounting estimates and judgments

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

The Company reviews investments, long-lived assets or groups of assets for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Events that can trigger assessments for possible impairments include, but are not limited to (a) significant decreases in the market value of an asset, (b) significant changes in the extent or manner of use of an asset, and (c) a physical change in the asset. Because of COVID-19 outbreak the Company performed updated tests of the estimated recoverable amount for all CGUs in the course of the preparation of the financial statements for the year ended 31 December 2021. Models are prepared based on the Company's best estimates and latest budgets available as at the year end. If the estimated recoverable amount is less than the carrying amount of the asset or group of assets, the asset is not recoverable and the Company recognises an impairment loss for the difference between the estimated recoverable amount and the carrying value of the asset or group of assets.

Notes to the financial statements (continued)

4. Critical accounting estimates and judgments (continued)

Critical accounting estimates and assumptions (continued)

Estimated impairment of investments

Estimating discounted future cash flows requires making judgments about long-term forecasts of future revenues and costs related to the assets subject to review. These forecasts are uncertain as they require assumptions about volumes, prices for the products and services, future market conditions and future technological developments. Significant and unanticipated changes in these assumptions could require a provision for impairment in a future period.

The Russian ports consist of the following cash generating units ("CGUs"): 1. Vostochnaya Stevedoring Company (VSC), 2. First Container Terminal (FCT), Petrosport and Farvater (PLP), 3. Ust-Luga Container Terminal (ULCT), 4. Moby Dik (MD), 5. Yanino Logistics Park (YLP). The Finnish ports consist of the following CGU: Multi-Link Terminals Ltd Oy (MLT OY).

The recoverable amounts of investments in Petrosport and Farvater (PLP/FCT and ULCT CGUs) and Vostochnaya Stevedoring Company (VSC CGU) and a component of Multi-Link Terminals Limited (MLT OY CGU) were determined based on value in use derived from discounted future cash flows models (refer to notes 14 and 15 for the definition of the underlying CGUs of the Company). The recoverable amount of another component of Multi-Link Terminals Limited (MD CGU) and CD Holding OY (YLP CGU) was determined with the fair value less costs to sell method, based on combination of the market approach based on recent sales of similar assets and the cost approach (Level 2).

For all CGUs tested based on discounted future cash flows, cash flow projections cover a period of five years based on the assumptions of the next 12 months. Cash flows beyond that five-year period have been extrapolated using a steady terminal growth rate. The terminal growth rate used does not exceed the long-term average growth rate for the market in which entities operate. For projections prepared for CGUs in Russian ports segments as at 31 December 2021 a terminal growth rate of 3% (31 December 2020: 3%) and the discount rate 8.8% (31 December 2020: 9.4%) have been applied. For projections prepared for Finnish ports CGUs as at 31 December 2021 a terminal growth rate of 2% (31 December 2020: 2%) and the discount rate 8.8% (31 December 2020: 9.7%) have been applied.

Key assumptions for Russian ports and 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 an assessment of the estimated recoverable amount of investment into Multi-Link Terminals Limited (MLT OY and MD CGUs) indicated a need for impairment. As a result, the investment in Multi Link Terminals Limited was impaired by US\$4,277 thousand (see Note 15). A decrease in the average container tariffs by approximately 0.3% each year or container handling volumes by approximately 0.7% each year or the discount rate of 9.4% or the terminal growth of 1.2%, as opposed to those used in projections would increase an impairment by US\$750 thousand.

In 2021, following the fact that performance of PLP/FCT in the reporting period was stronger than previously expected, as well as positive changes in the business of ULCT coming from strong market demand for coal handling, the Group reassessed its estimates and reversed an impairment loss recognised for investment in JSC Petrosport in 2016 and 2020 in the amount of US\$132,206 thousand. The reversal resulted in an increase in value of the investment by US\$132,206 thousand as of 31 December 2021 (Note 14). If the terminal growth rate would have been 1.0% lower and the discount rate 1.0% higher, simultaneously, an impairment in the amount of US\$33,604 thousand would have been required instead of the reversal of impairment noted above.

The recoverable amount of the Company's investment in Global Ports (Finance) Plc was determined based on its net asset value which approximates its fair value less cost to sell. Based on the results of the impairment testing, an impairment amounting to US\$4,783 thousand was recognised in 2020 with respect to the investment in Global Ports (Finance) Plc which was fully impaired as it was in a net liability position as of 31 December 2020 and 2021 (see Note 14).

Based on the results of the impairment tests carried out in respect of other investments in subsidiaries and joint ventures, the Board of Directors did not identify any impairment losses as of 31 December 2021. For all other investments, management believes that any reasonably possible change in the key assumptions on which recoverable amounts are based, would not cause the carrying amounts to exceed the recoverable amounts.

Notes to the financial statements (continued)

4. Critical accounting estimates and judgments (continued)

Critical accounting estimates and assumptions (continued)

Critical judgments in applying the Company's accounting policies

There were no critical judgments in applying the Company's accounting policies.

5. Finance income – net

(in thousands of US dollars)	For the year ended 31 December	
	2021	2020
Interest income on cash balances	–	1
Total interest income calculated using effective interest rate method	–	1
Net foreign exchange gains/(losses) on cash and cash equivalents and loans receivable ¹	(10)	3
Total	(10)	4

¹ The total net foreign exchange gain recognised in the statement of comprehensive income amounted to US\$22 thousand (2020: loss US\$15 thousand). Refer also to Note 7 and Note 9.

6. Administrative expenses

(in thousands of US dollars)	For the year ended 31 December	
	2021	2020
Legal, consulting and other professional services	823	1 044
Staff costs (Note 8)	1 600	1 408
Travelling expenses	237	141
Taxes other than on income	2	4
Auditors' remuneration	262	438
Advertising and promotion	–	–
Insurance	258	210
Bank charges	12	13
Depreciation of property, plant and equipment and right-of-use assets	15	142
Operating lease rentals	78	15
Loyalty bonuses	299	–
Other expenses	127	124
Total	3 713	3 539

The total fees of the statutory auditor for the statutory audit of the annual financial statements of the Company for the year ended 31 December 2021 amounted to US\$223 thousand (2020: US\$234 thousand). The total fees charged by the Company's statutory auditor in the year ended 31 December 2021 for other assurance services amounted to US\$nil thousand (2020: US\$57 thousand). For tax and VAT advisory services amounted to US\$Nil thousand (2020: US\$47 thousand) and other non-audit services amounted to US\$Nil thousand (2020: US\$4 thousand).

Notes to the financial statements (continued)

7. Other gains/(losses) – net

(in thousands of US dollars)

For the year ended 31 December

	2021	2020
Net foreign exchange transaction (losses)/gains on non-financing activities	32	(87)
Loss on remeasurement of financial guarantee (Note 21 (d) and (k))	(4 691)	(13 371)
Amortisation and derecognition of financial guarantee (Note 21 (d) and (k))	1 375	1 269
Other gains/(losses) – net	4	130
Total	(3 280)	(12 059)

8. Staff costs

(in thousands of US dollars)

For the year ended 31 December

	2021	2020
Salaries	1 460	1 264
Social insurance costs	133	136
Other staff costs	7	8
Total	1 600	1 408
Average number of staff employed during the year	5	6

9. Finance costs

(in thousands of US dollars)

For the year ended 31 December

	2021	2020
Interest expense on loans from related parties (Note 21 (c))	3 043	1 211
Interest expense on lease liabilities	–	9
Net foreign exchange (gains)/losses on related parties borrowings	–	(69)
Total	3 043	1 151

10. Income tax expense

(in thousands of US dollars)

For the year ended 31 December

	2021	2020
Withholding tax on dividends	–	30
Income tax	(1)	–
Defence contribution	–	–
Total income tax	(1)	30

Notes to the financial statements (continued)

10. Income tax expense (continued)

The tax on the Company's profit before tax differs from the theoretical amount that would arise using the applicable tax rate as follows:

(in thousands of US dollars)	For the year ended 31 December	
	2021	2020
Profit/(loss) before tax	119 245	(16 935)
Tax calculated at the applicable corporation tax rate of 12.5%	14 906	(2 117)
Tax effect of expenses not deductible for tax purposes	1 281	2 861
Tax effect of allowances and income not subject to tax	(16 188)	(740)
Withholding tax on dividends	–	30
Tax effect of group relief	–	(4)
Tax charge	(1)	30

The Company is subject to corporation tax on taxable profits at the rate of 12.5%.

Brought forward losses of only five years may be utilized.

11. Financial instruments by category

(in thousands of US dollars)	As at 31 December	
	2021	2020
Financial assets at amortised cost		
Financial assets as per balance sheet		
Other receivable ¹	1 703	2 363
Cash and bank balances	1 371	580
Total financial assets	3 074	2 943
Financial liabilities measured at amortised cost		
Financial liabilities as per balance sheet		
Other payables (excluding accrued expenses)	496	489
Borrowings (Note 21 (h))	136 727	19 099
Total financial liabilities	137 223	19 588

¹ Other receivables do not include prepayments.

Notes to the financial statements (continued)

12. Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available).

Cash at bank and short-term bank deposits:

(in thousands of US dollars)	As at 31 December	
Cash and bank	2021	2020
A3 (Moody's)	149	367
Aa3 (Moody's)	1 173	191
B1 (Moody's)	49	-
B3 (Moody's)	-	22
Total	1 371	580

Other receivables amounting to US\$ 1,300 thousand are related to highly reputable counterparties with Aa1 credit rating by Moody's Investors Service as at 31 December 2021 (31 December 2020: US\$ 1,300 thousand).

13. Property, plant and equipment

(in thousands of US dollars)	Motor vehicles and other equipment
At 1 January 2020	
Cost	132
Accumulated depreciation	(57)
Net book amount	75
Additions	-
Depreciation charge for 2020	(50)
Closing net book amount at 31 December 2020	25
At 31 December 2020/ 1 January 2021	
Cost	132
Accumulated depreciation	(107)
Net book amount	25
Merger with subsidiary	18
Depreciation charge for 2021	(15)
Closing net book amount at 31 December 2021	28
At 31 December 2021	
Cost	189
Accumulated depreciation	(161)
Net book amount	28

Notes to the financial statements (continued)

14. Investments in subsidiaries

(in thousands of US dollars)

	For the year ended 31 December	
	2021	2020
At beginning of year	618 994	624 347
Additions	-	44
Repayment of capital by subsidiaries	-	(2 205)
Merger with a subsidiary	530	-
Guarantees provided (Note 21 (k))	2 554	1 692
(Impairment charge)/reversal of impairment	132 206	(4 884)
At end of year	754 284	618 994

The Company's direct interests in subsidiaries, all of which are unlisted, were as follows:

Name	Principal activity	Country of incorporation	2021 % holding	2020 % holding
Vostochnaya Stevedoring Company LLC	Stevedoring services and container handling	Russia	100	-
Farvater LLC	Ownership of land	Russia	100	-
JSC Petrolesport	Stevedoring services and container handling	Russia	100	-
Shakhovo 18 LLC	Ownership of land	Russia	100	-
NCC Group Limited	Holding company	Cyprus	-	100
Global Ports (Finance) Plc	Provision of loans to related parties from the proceeds raised from issued Eurobonds	Cyprus	99.98	99.98
Global Ports Advisory Eesti OU	Consulting services	Estonia	100	100
Global Ports Management LLC	Management and consulting services	Russia	100	100
Rolis LLC	Software development and maintenance	Russia	100	100
Alocasia CO. Ltd ¹	Holding company	Cyprus	4.76	4.76
National Container Holding Company Limited	Holding company	Cyprus	-	100

¹ Alocasia CO. Ltd is accounted for as a subsidiary because the Company has indirect control, since its subsidiaries hold the remaining shareholding.

The principal activities of the indirect subsidiaries held by the direct subsidiaries listed above, are the operation of two container terminals in Russia (First Container Terminal (FCT) and Ust-Luga Container Terminal (ULCT)). All of the above terminals are 100% subsidiaries except ULCT (a subsidiary in which the Group controls 80%).

All of the above terminals represent separate CGUs, with the exception of PLP and FCT which work as one unit from commercial and operational standpoints and are considered as one CGU. The two terminals have a common managing director and common senior management team and the Group management and the Board of Directors of the Company look at PLP and FCT as one combined terminal and monitor its performance as a single unit, without being legally merged together and remaining two separate legal entities.

Notes to the financial statements (continued)

14. Investments in subsidiaries (continued)

In January 2020, the Company acquired 99.98% direct interest in Global Ports (Finance) Plc from its 100% direct subsidiary NCC Pacific Investments Limited for a total cash consideration amounting to US\$33 thousand. Upon the initial recognition of the investment in Global Ports (Finance) Plc, the Company transferred the amount of US\$4,749 thousand previously capitalised as part of the cost of the investment in NCC Pacific Investments Limited to the cost of the investment in Global Ports (Finance) Plc, with no impact on the total carrying amount of investments in subsidiaries. This amount represents the capitalised guarantees issued by the Company in prior years over the obligations of Global Ports (Finance) Plc under its issued Eurobonds and various forward contracts entered with financial institutions. At 31 December 2020, the investment in Global Ports (Finance) Plc was fully impaired as the subsidiary was in a net liability position at the year-end (Notes 4 and 21 (k)).

On 19 May 2020 Intercross Investments B.V. was dissolved and part of the distributions receivable from the subsidiary as part of the liquidation process in the amount of US\$901 thousand was accounted for as return of capital against the cost of the investment.

On 29 June 2020 the Board of Directors of the Company approved the legal merger of Arysano Holdings Limited (and its 100% subsidiary Cormarys Investments Ltd) and NCC Pacific Investments Ltd (the "Dissolving Companies") with National Container Holding Company Ltd (the "Absorbing Company") as the surviving entity. The Dissolving Companies transmitted by virtue of the Court Order which approved the Merger Plan (the "Plan"), the total of their assets and liabilities to the Absorbing Company and the Dissolving Companies were dissolved without going into liquidation. In exchange for the assets and liabilities transmitted to the Absorbing Company, the Absorbing Company issued shares to Global Ports Investments Plc, which became the sole shareholder of National Container Holding Company Ltd; previously the remaining shareholding in National Container Holding Company Ltd was held by GPI's direct subsidiary NCC Pacific Investments Ltd and the shares held by NCC Pacific Investments Limited in the share capital of the Absorbing Company were cancelled through a reduction of capital procedure as part of the merger. The merger did not affect the underlying activities and operations of the dissolving companies and the activities of the dissolving companies were continued by the Absorbing Company. The Legal Merger was completed on 4 December 2020. In accounting for the merger transaction, the Company transferred the carrying values of the investments in the Dissolving companies to the cost of the investment in National Container Holding Company Ltd, with no impact on the total carrying amount of investments in subsidiaries.

On 25 September 2020 the Company purchased 4.76% direct interest in Alocasia CO. Ltd from subsidiary NCC Group Limited for a total cash consideration of US\$11 thousand.

A members' voluntary liquidation of NCC Group Limited was initiated in late 2020. The Company recognised distributions receivable by NCC Group Limited as part of the liquidation process in the total amount of US\$1,304 thousand as return of capital against the cost of the investment in NCC Group Limited and the remaining carrying amount of the investment of US\$101 thousand was fully impaired.

On 25 May 2021 the Board of Directors of the Company approved the legal merger of National Container Holding Company Ltd (the "Dissolving Company") with the Company (the "Absorbing Company") as the surviving entity. The Dissolving Company transmitted by virtue of the Court Order which approved the Merger Plan (the "Plan"), the total of its assets and liabilities to the Absorbing Company and the Dissolving Company was dissolved without going into liquidation. The merger did not affect the underlying activities and operations of the Dissolving Company which were continued into the Absorbing Company. The Legal Merger was completed on 11 October 2021. In accounting for the merger transaction, the Company derecognised the carrying value of the investment into the Dissolving Company and recognised cost of the investments into Vostochnaya Stevedoring Company LLC, Farvater LLC, JSC Petrolesport and Shakhovo 18 LLC with a resulting merger reserve of US\$(111,970).

15. Investments in joint ventures

(in thousands of US dollars)

	For the year ended 31 December	
	2021	2020
At beginning of year	24 847	24 847
Additions	9	-
Impairment charge (Note 4)	(4 277)	-
At end of year	20 579	24 847

Notes to the financial statements (continued)

15. Investments in joint ventures (continued)

The Company's interests in joint ventures, all of which are unlisted, are as follows:

Name	Principal activity	Country of incorporation	2021 % holding	2020 % holding
CD Holding OY	Holding company	Finland	75	75
Multi-Link Terminals Limited	Holding company	Ireland	75	75
M.L.T Container Logistics Ltd	Holding company	Cyprus	75	75

The principal activities of the joint ventures listed above are the operation of two container terminals in Finland (MLT OY CGU) and a container terminal in the vicinity of St. Petersburg (Moby Dik CGU) which are held through Multi-Link Terminals Limited and an inland container terminal in the vicinity of St. Petersburg (Yanino Logistics Park CGU (YLP)) which is held through CD Holding OY.

16. Other receivables

(in thousands of US dollars)	As at 31 December	
	2021	2020
Other receivables	1 703	2 363
Prepayments – third parties	92	211
Prepayments – related parties	4	-
Other receivables	1 799	2 574
Less non-current other receivables	-	(403)
Other receivables	1 799	2 171

The fair values of other receivables approximate their carrying amounts as the impact of discounting is not significant. The carrying amount of the Company's other receivables denominated in US dollars amount to US\$ 1,759 thousand (31 December 2020: US\$2,472 thousand). The carrying amount of the Company's other receivables denominated in Euros amount to US\$40 thousand (31 December 2020: US\$102 thousand).

17. Cash and bank balances

(in thousands of US dollars)	As at 31 December	
	2021	2020
Cash at bank	1 371	580
Total	1 371	580

Cash and cash equivalents are denominated in the following currencies:

(in thousands of US dollars)	As at 31 December	
	2021	2020
Currency:		
US dollar	1 228	427
Euro	143	153
Total	1 371	580

Notes to the financial statements (continued)

17. Cash and bank balances (continued)

Non-cash transactions

The following non-cash transactions were made in 2021:

1. Transfer of the following assets and liabilities due to merger with subsidiary (Note 14):
 - a. Investments in subsidiaries in amount of US\$530 thousand (Note 14);
 - b. Property, plant and equipment in amount of US\$18 thousand (Note 13);
 - c. Borrowings from related parties in amount of US\$112,854 thousand (Note 21 (h));
 - d. Trade and other payables in amount of US\$58 thousand.

The following non-cash transactions were made in 2020:

1. Set-off of distributions receivable from Intercross Investments B.V. against borrowings of GPI in amount of US\$3,409 thousand (Note 21 (h)); and
2. Set-off of distributions receivable from NCC Group Limited against consideration payable by GPI for assignment of third party receivable in amount of US\$1,393 thousand.

18. Share capital and dividends

(in thousands of US dollars)	Share capital	Share premium	Total
At 1 January 2020/31 December 2020/31 December 2021	57 317	923 511	980 828

Authorised share capital

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

Issued share capital

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

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

Dividends

There were no dividends declared or paid in 2021 and 2020.

Notes to the financial statements (continued)

19. Other payables

(in thousands of US dollars)	As at 31 December	
	2021	2020
Other payables	140	182
Accrued expenses	485	225
Payroll payable	356	307
Total trade and other payables	981	714

The fair value of trade and other payables which are due within one year approximates their carrying amount at the balance sheet date as the impact of discounting is not significant. The carrying amount of the Company's other receivables are denominated in the following currencies:

(in thousands of US dollars)	As at 31 December	
	2021	2020
US dollar	485	-
Euro	478	714
Russian rouble	18	-
Total trade and other payables	981	714

20. Contingencies and commitments

Operating environment

The Group's operations are primarily located in the Russian Federation. Consequently, the Group is exposed to the economic and financial markets of the Russian Federation, which display the characteristics of an emerging market. The legal, tax and regulatory frameworks continue development, but are subject to varying interpretations and frequent changes which contribute together with other legal and fiscal impediments to the challenges faced by entities operating in the Russian Federation.

Starting in 2014, the United States of America, the European Union and some other countries have imposed and gradually expanded economic sanctions against a number of Russian individuals and legal entities. The imposition of the sanctions has led to increased economic uncertainty, including more volatile equity markets, a depreciation of the Russian rouble, a reduction in both local and foreign direct investment inflows and a significant tightening in the availability of credit. As a result, some Russian entities may experience difficulties accessing the international equity and debt markets and may become increasingly dependent on state support for their operations.

In February 2022, following commencement of military operations in Ukraine by the Russian Federation, additional sanctions were introduced by the United States of America, the European Union and some other countries against Russia. Moreover, there is an increased risk that even further sanctions may be introduced. This may have significant adverse impact on Russia's economy. These events have led to depreciation of the Russian rouble, increased volatility of financial markets and significantly increased the level of economic uncertainty in the Russian business environment.

Though there is increased risk that new sanctions may be introduced, their nature and duration and hence the ultimate impact that these will have on the Russian economy in general and the operations of the Group in particular and by implication the ultimate impact on the operations of the Company cannot at present be foreseen.

Finland represents established market economy with more stable political systems and developed legislation based on EU directives and regulations.

The COVID-19 coronavirus pandemic has continued to create additional uncertainty in the business environment.

The consolidated financial statements reflect management's assessment of the impact of the Russian business environment on the operations and the financial position of the Group. The future business environment may differ from management's assessment.

Notes to the financial statements (continued)

20. Contingencies and commitments (continued)

Guarantees granted to subsidiaries

Refer to Note 21(k) for details of guarantees granted to direct and indirect subsidiaries.

Commitments

There were no material commitments as of 31 December 2021 and 31 December 2020.

21. Related party transactions

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

For the purposes of these financial statements, parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operational decisions as defined by IAS 24 "Related Party Disclosures". In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form.

The following transactions were carried out with related parties:

a. Revenue

(in thousands of US dollars)	For the year ended 31 December	
	2021	2020
Management fees from:		
Subsidiaries	62	103
Total	62	103

b. Dividend income

(in thousands of US dollars)	For the year ended 31 December	
	2021	2020
Subsidiaries	-	3 291
Total	-	3 291

During 2020 the dividends receivable from Intercross Investments B.V. in amount of US\$2,685 thousand were set-off against borrowings of GPI (Note 21(h)).

c. Interest expenses

(in thousands of US dollars)	For the year ended 31 December	
	2021	2020
Interest expense:		
Subsidiaries	3 043	1 211
Total interest expenses	3 043	1 211

Notes to the financial statements (continued)

21. Related party transactions (continued)

d. Other gains/(losses) – net

(in thousands of US dollars)	For the year ended 31 December	
	2021	2020
Subsidiaries (Note 7 and 21(k))	(3 316)	(12 102)
Total	(3 316)	(12 102)

e. Purchases of services

(in thousands of US dollars)	For the year ended 31 December	
	2021	2020
Subsidiaries	227	220
Total	227	220

f. Acquisitions/disposals of subsidiaries/joint ventures

(in thousands of US dollars)	For the year ended 31 December	
	2021	2020
Additions/contributions:		
Subsidiaries	–	44
Joint ventures	9	–
Total	9	44
Distributions of equity/repayment of capital:		
Subsidiaries	–	2 205
Total	–	2 205

g. Key management personnel compensation

The compensation of key management personnel and the total remuneration of the Directors (included in the key management personnel compensation) were as follows:

(in thousands of US dollars)	For the year ended 31 December	
	2021	2020
Key management compensation:		
Salaries, fees, payroll taxes and other short-term employee benefits	1 330	1 029
Directors' remuneration:		
Fees	278	244
Total	278	244

Notes to the financial statements (continued)

21. Related party transactions (continued)

h. Borrowings from related parties

Loans from subsidiaries: (in thousands of US dollars)	For the year ended 31 December	
	2021	2020
At beginning of year	19 099	20 381
Loans advanced during the year	5 073	15 921
Principal and interest repaid during the year	(3 342)	(14 936)
Interest charged	3 043	1 211
Set-off against distributions receivable from subsidiary (Notes 14, 17 and 21 (b))	-	(3 409)
Merger with a subsidiary (Note 14)	112 854	-
Foreign exchange differences	-	(69)
At end of year	136 727	19 099

The borrowings from related parties at 31 December 2021 are USD-denominated (2020: USD-denominated), bear effective interest at the rate 7%-7.125% (2020: 7%), are unsecured and repayable in 2024-2026 (2020: in 2024).

The fair values of borrowings as at 31 December 2021 and 2020 approximate their carrying value.

As of 31 December 2021, the Company had undrawn loan facilities in the total amount of US\$5,838 thousand (2020: US\$10,360 thousand).

i. Other receivables and prepayments

(in thousands of US dollars)	As at 31 December	
	2021	2020
Entities under control of owners of controlling entities (Note 16)	4	-
Total	4	-

The carrying amount of the Company's other receivables from and prepayments to related parties denominated in Euros amount to US\$4 thousand (31 December 2020: US\$nil).

j. Other payables

(in thousands of US dollars)	As at 31 December	
	2021	2020
Payroll payable (Note 19)	340	284
Total	340	284

The carrying amount of the Company's other payables to related parties denominated in Euros amount to US\$340 thousand (31 December 2020: US\$284 thousand).

Notes to the financial statements (continued)

21. Related party transactions (continued)

k. Guarantees granted to subsidiaries

During 2015 and 2016 the Company granted an irrevocable public offer to purchase bonds issued by an indirect subsidiary of the Company, in the event a default occurs in respect of those bonds. These bonds had a balance of US\$9,477 thousand (including interest accrued) as at 31 December 2021 (31 December 2020: US\$148,967 thousand). At inception the fair value of these guarantees was US\$2,575 thousand. As at 31 December 2021 the unamortised balance of this guarantee was US\$115 thousand (31 December 2020: US\$247 thousand).

During 2016 the Company and its indirect subsidiaries granted guarantees to the indirect subsidiary (from 2020 a direct subsidiary) of the Company, which issued the Eurobonds, in the event of default in respect of those bonds with a balance of US\$507,679 thousand (including interest accrued) as at 31 December 2021 (31 December 2020: US\$507,679 thousand). At inception the fair value of the guarantee was US\$3,588 thousand. During 2019 the Company and its indirect subsidiaries granted additional guarantees to the indirect subsidiary (from 2020 a direct subsidiary) in respect of forward contracts to acquire US\$114,800 thousand as at 31 December 2021 (31 December 2020: US\$122,400 thousand). At inception the fair value of the guarantee was US\$1,162 thousand. At the end of 2020 these guarantees were remeasured based on 100% of the amount of the loss allowance determined in accordance with the IFRS 9 ECL model which was determined to be higher than the unamortised balance of the guarantees as of 31 December 2021 by US\$4,691 thousand (31 December 2020: US\$13,371 thousand) (Note 7). As at 31 December 2021 the aggregate unamortised balance of these guarantees was US\$18,406 thousand (31 December 2020: US\$14,495 thousand).

During 2019 the Company and its indirect subsidiaries granted guarantee to an indirect subsidiary of the Company in respect of a bank loan of a balance of US\$59,918 thousand (including interest accrued) as at 31 December 2021 (31 December 2020: US\$60,288 thousand). At inception the fair value of the guarantee was US\$355 thousand. As at 31 December 2021 the unamortised balance of this guarantee was US\$210 thousand (31 December 2020: US\$280 thousand).

During 2020 Company granted an irrevocable public offer to purchase bonds issued by an indirect subsidiary of the Company, in the event a default occurs in respect of those bonds. These bonds had a balance of US\$67,579 thousand (including interest accrued) as at 31 December 2021 (31 December 2020: US\$67,948 thousand). At inception the fair value of the guarantee was US\$1,692 thousand. As at 31 December 2021 the unamortised balance of this guarantee was US\$1,332 thousand (31 December 2020: US\$1,672 thousand).

During 2021 Company granted an irrevocable public offer to purchase bonds issued by a direct subsidiary of the Company, in the event a default occurs in respect of those bonds. These bonds had a balance of US\$101,956 thousand (including interest accrued) as at 31 December 2021. At inception the fair value of the guarantee was US\$2,554 thousand. As at 31 December 2021 the unamortised balance of this guarantee was US\$2,501 thousand.

22. Events after the balance sheet date

On 02 March 2022, the Board of Directors of the Company recommended to the members to approve the reduction of the share premium account of the Company by crediting the amount of US\$550 million to the retained earnings reserve. Any surplus remaining in the retained earnings reserve shall be available to be used as the Company deems appropriate from time to time. The share premium reduction is subject to ratification by the Cyprus Courts and shall become effective upon registration with the Cyprus registrar of companies.

Although 2021 has been a successful year for the Group and the Group experienced +20% volume growth in throughput in the first two months of 2022, the current geopolitical situation and conflict surrounding Russia and Ukraine (as explained in note 20) has the potential to affect operations of the Group and its financial position very adversely.

The management of the Group is aware of the fact that some shipping lines have announced that they temporarily suspend delivery/dispatch of various containerised cargoes to/from Russian Federation. It is possible that other shipping lines will follow with similar restrictions. This adversely affects operations of terminals of the Group in the short term, but in the long-term the Group believes fundamental undercontainerisation of Russian trade will support volumes and drives shipping lines desire to resume their services to Russia. In addition, based on the currently announced sanctions, the share of sanctioned goods is small, which should not significantly impact the throughput.

Notes to the financial statements (continued)

22. Events after the balance sheet date (continued)

Following already imposed sanctions on Russian Central Bank, its restrictions for capital movements outside Russian Federation and other related developments of the confrontation, there are significant uncertainties over the available options for refinancing in September 2023 when payment of Eurobonds 2023 falls due. On the other hand, the Group has a strong track record in promptly meeting all its debt obligations, successful refinancing and deleveraging and enjoys high credibility in local and international banking and capital markets that we expect should support the Group in its efforts to refinance in September 2023 or earlier. The Group also has US\$128 million of cash equivalent balances on 02 March 2022, most of which is denominated in US\$.

Total impact of sanctions in connection with the escalating confrontation and increase of tensions between Russia, and the United States, United Kingdom and the European Union remains uncertain, but the presence in Far Eastern basin should partially mitigate the impact of sanctions on the terminals located in the North-West of Russia.

The Group's management is doing everything possible to ensure sustainability of the Group's operations. The management understands what needs to be done under current circumstances and believes that it has required resources and ability to lead the Group through these difficult times.