Global Ports Investments Plc

MANAGEMENT REPORT AND PARENT COMPANY FINANCIAL STATEMENTS 31 DECEMBER 2020

Global Ports Investments Plc

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Global Ports Investments Plc

BOARD OF DIRECTORS AND OTHER OFFICERS

Board of Directors

Mr. Soren Jakobsen (appointed 02 March 2018)
(Mr. Mogens Petersen is the alternate to Mr. Soren Jakobsen)
Chairman of the Board of Directors since 24 April 2020, Non-Executive Director, Member of Nomination and Remuneration and Strategy Committees

Mrs. Britta Dalunde (appointed 12 May 2017)
Senior Independent Non-Executive Director, Chairwoman of Audit and Risk Committee

Mr. Kristian Bai Hollund (appointed 29 May 2020)
(Mr. Soren Jakobsen is the alternate to Mr. Kristian Bai Hollund)
Non-executive Director

Ms. Alexandra Fomenko (appointed 18 June 2019)
Non-Executive Director, Member of Nomination and Remuneration Committee

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

Mr. Demos Katsis (appointed 14 May 2018)
Non-Executive Director

Mrs. Inna Kuznetsova (appointed 01 January 2018)
Independent Non-Executive Director, Chairwoman of Nomination and Remuneration Committee
Member of Audit and Risk Committee

Mr. Lambros Papadopoulos (appointed 01 January 2018)
Independent Non-Executive Director, Member of Audit and Risk and Strategy Committees

Mr. Mogens Petersen (appointed 18 June 2019)
(Mr. Soren Jakobsen is the alternate to Mr. Mogens Petersen)
Non-Executive Director, Member of Audit and Risk and Strategy Committees

Mr. Sergey Shishkarev (appointed 14 May 2018)
(Ms. Alexandra Fomenko is the alternate to Mr. Sergey Shishkarev)
Non-executive Director, Chairman of Strategy Committee

Mr. Andrey Yashchenko (appointed 16 April 2020)
Non-executive Director, Member of Audit and Risk and Strategy Committees

Mr. Morten Henrick Engelstoft resigned 29 May 2020

Mr. Ivan Besedin resigned 16 April 2020

Global Ports Investments Plc

Board of Directors and other officers (continued)

Registered office

20 Omirou Street
Ayios Nicolaos
CY-3095 Limassol
Cyprus

Secretary

Team Nominees Limited
20 Omirou Street
Ayios Nicolaos
CY-3095 Limassol
Cyprus

Global Ports Investments Plc

MANAGEMENT REPORT

1. The Board of Directors presents its report together with the audited financial statements of Global Ports Investments Plc (hereafter also referred to as “GPI” or the “Company” or “Global Ports”) for the year ended 31 December 2020. The Company’s’ financial statements have been prepared in accordance with International Financial Reporting Standards (hereafter also referred as “IFRS”) as adopted by the European Union (“EU”) and the requirements of Cyprus Companies Law, Cap. 113.

Principal activities and nature of operations of the Company

2. The principal activities of the Company, which are unchanged from the previous year, is the holding of investments including any interest earning activities. The subsidiaries and joint-ventures of the Company (together with the Company the “Group”) are engaged in the operation of container and general cargo terminals in Russia and Finland. The Group offers its customers a wide range of services for their import and export logistics operations. There were no changes in principal activities of the Group in current year.

Results

3. The Company’s results for the year are set out on page 27.

Changes in group structure

4. The management continues the optimization of the Group structure and elimination of the excess companies from the Group. As a part of simplification and streamlining of Group structure the following steps were implemented in 2020.
    a. On 30.01.2020 NCC Pacific Investments Ltd transferred to Global Ports Investments Plc 99.98% in Global Ports (Finance) PLC and Intercross Investments B.V. sold one share of Global Ports (Finance) PLC to LLC Global Ports Management.
    b. On 19.05.2020 Intercross Investments B.V. was dissolved.
    c. On 10.07.2020 Arytano Holdings Limited, Cormarys Investments Ltd and NCC Group Limited transferred their shares of Global Ports (Finance) PLC to Vostochnaya Stevedoring LLC, JSC Petrolesport and First Container Terminal Incorporated respectively (each one share).
    d. On 25.09.2020 Global Ports Investments Plc purchased 4.76% in Alocasia CO.Ltd from NCC Group Limited.
    e. Container Services LLC was merged into Farvater LLC on 03.12.2020.
    f. On 04.12.2020 a legal merger of Arytano Holdings Limited, Cormarys Investments Ltd and NCC Pacific Investments Ltd into National Container Holding Company Ltd was completed. As a result of the reorganisation, National Container Holding Company Ltd directly holds 100% in Vostochnaya Stevedoring Company LLC, JSC Petrolesport, Farvater LLC and Shakhovo-18 LLC and indirectly owns 100% in First Container Terminal Inc and 80% in Ust-Luga Container Terminal JSC.
    g. A members’ voluntary liquidation of NCC Group Limited was initiated in late 2020.

    These reorganisations did not have an impact on the underlying assets/liabilities and overall activities of the Group.
5. There were no other material changes in the group structure. However the Board of Directors is regularly reviewing the Group structure and the possibilities to optimize it and will continue its efforts in the following years.

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

6. The Russian container market demonstrated resilience in 2020 declining by only 0.8%, supported by continuing growth in containerised export by 5.2%. However this growth was not sufficient to offset the decline of containerised import by a moderate 1.8% due to the global and local macroeconomic impact of COVID-19.
7. Outperforming the market in both export and import, the Group's Consolidated Marine Container Throughput increased by 6.6% to 1,553 thousand TEU with growth of full export containers of 16.8% and full import containers of 3.6%. As a result, share of full export containers in the Groups' Consolidated Marine Container Throughput increased from 40% in 2019 to 44% in 2020.
8. Consolidated Marine Bulk Throughput increased by 38.7% y-o-y, driven by strong growth in coal handling at VSC and ULCT as well as growth of fertilisers and steel handling at PLP.
9. Consolidated revenue increased by 6.2% to USD 384.4 million. Excluding the impact of VSC transportation services, like-for-like revenue declined by 8.2% driven by a decrease in both Consolidated Container and Non-Container Revenue.
10. Like-for-like Revenue per TEU decreased by 13% to USD 155.1 million as a result of depreciation of the Russian Rouble against US dollar, the growing share of full export containers in Group throughput and additional free storage days and other incentives provided by the Group to its clients in order to support them on the back of the global and local macroeconomic turmoil following the COVID-19 outbreak. Like-for-like Revenue per TEU adjusted for FX decreased by 2.7%.
11. Operating profit increased by 8.7% to USD 157.4 million.
12. In response to COVID-19 conditions, cost control measures were implemented to manage and reduce the Group's cost base. Like-for-like Total Operating Cash Costs were successfully and safely reduced by 9.7% to USD 113.2 million despite the healthy growth in both container and non-container throughput.
13. Adjusted EBITDA decreased by 7.6% to USD 209.7 million as cost control improvements and volume growth could not offset the decline in Revenue per TEU and US dollar equivalent of Russian Rouble nominated bulk handling tariffs due to the depreciation of the Russian Rouble as a result of COVID-19. Profitability was nonetheless maintained with like-for-like Adjusted EBITDA Margin of 65.2%.
14. The Group's capital expenditure in 2020 was USD 33.9 million and focused on planned maintenance projects, scheduled upgrades of existing container handling equipment and customer service improvement initiatives.
15. The Group generated a healthy USD 157.1 million of Free Cash Flow (-1.1% compared to 2019) demonstrating the resilience of the business model.
16. The Group reduced Net Debt by USD 134.9 million over the year and continues to prioritise deleveraging over dividend distribution.
17. In line with the Group's focus on deleveraging, Net Debt to Adjusted EBITDA decreased from 3.3x as of 31 December 2019 to 2.9x as at the end of the reporting period, achieving the lowest level since 2012.

Terms used above are defined as follows:

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

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

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

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

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

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

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

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

Free Cash Flow (a non-IFRS financial measure) is calculated as Net cash from operating activities less Purchase of property, plant and equipment.

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

Future Developments of the Group/Company

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

Risk Management Process, Principal Risks and Uncertainties

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

Risk factor	Risk management approach
Strategic risks	
<u>Market conditions:</u> Global Ports' operations are dependent on the global macroeconomic environment and resulting trade flows, including in particular container volumes. Container market throughput is closely correlated to the volume of imported goods, which in turn is driven by domestic consumer demand, and influenced by RUB currency fluctuations against USD/Euro, and exported goods, which in their turn correlate with the Russian rouble exchange rate fluctuations and global commodity markets` trends. The Group remains exposed to the risk of contraction in the Russian and world economy which, if it were to occur, could further dampen consumer demand and lead to a deterioration in the container market which could have a materially adverse impact on the Group.	The Group has responded to throughput volatility in the container market by: • Focusing on quality and value-driven services (getting closer to the customer); • Greater focus on balancing export and import container flows; • Offering operational flexibility to all clients; • Effective cost containment; • Development of IT solutions; • Adopting new revenue streams and attracting new cargoes.
<u>Competition:</u> Barriers to entry are typically high in the container terminal industry due to the capital-intensive nature of the business. However, challenging market trading conditions mean that competition from other container terminals continues to be a significant factor, which is also supported by the existing excess capacity in the market, i.e. in the North-West of Russia. Further consolidation between container terminal operators and container shipping companies, the creation of new strategic alliances, the introduction of new/upgraded capacity and carrier consolidation could result in greater price competition, lower utilisation and a potential deterioration in profitability. Strategic international investors may develop or acquire stakes in existing competitor Russian container terminals, which could bring new expertise into the market and divert clients and cargoes away from the Group. Also Beneficial Cargo Owners may optimise their logistics chains and decide to control them, which may lead to changes in the competitive environment. Given the historically high margins in the Russian container handling industry, this trend may continue.	The Group actively monitors the competitive landscape and adjusts its strategy accordingly, i.e. the Group prioritises building close long-term strategic relationships with its leading customers (locally, regionally and with headquarters). The Group's focus on service quality is a key differentiator from its competition and the Group believes this is one of its key competitive advantages. The Group continues to invest in its terminals and infrastructure to ensure competitive levels of service. It takes a long-term approach to managing its network of terminals that represent core infrastructure assets in Russia with an expected operating lifespan of 10 to 20 years and beyond. The Group owns a significant land bank giving it flexibility should market conditions require it. The Group maintains level of capital expenditure in line with the requirements needed to maintain effective development of its existing capacity. The Group has developed long-term operating masterplans for each of its terminals that enable it to react quickly in the case of additional market demands being placed on its facilities' infrastructure and equipment. The Group's healthy cash flow generation and decreasing leverage allows financial flexibility in terms of timing and size of required capital expenditure program.

Risk factor	Risk management approach
Political, economic and social stability: Instability in the Russian economy as well as social and political instability could create an uncertain operating environment and affect the Group's ability to sell its services due to significant economic, political, legal and legislative risks. Certain government policies or the selective and arbitrary enforcement of such policies could make it more difficult for the Group to compete effectively and/or impact its profitability. The Group may also be adversely affected by US, EU and other jurisdictions sanctions against Russian business/companies whose measures have had and may continue to have an adverse effect on the Russian economy and demand for commodities. Ongoing sanctions could also adversely impact the Group's ability to obtain financing on favourable terms and to deal with certain persons and entities in Russia or in other countries.	In light of the macroeconomic challenges faced by the ports industry in recent years, the Group has focused on improving its resilience, in particular its ability to withstand short-term economic fluctuations in Russia, as well as the wider regional and global environment. This has included a strong focus on cost containment measures, and on strengthening its financial position by refinancing its debt, switching to longer maturities at fixed rates. In addition, the Group has developed its growth strategy to embrace exports and new revenue streams to counteract the impact of any fall in consumer sentiment or any macro-economic downturn. The Group has strengthened its system to monitor compliance with restrictions posed by international sanctions and fend off the risk of secondary sanctions. The Group continues to maintain an international base of shareholders, bondholders and business partners. The Group is not aware of any specific sanctions' risks related to its ownership or operations.
Coronavirus (COVID-19): The global coronavirus (COVID-19) pandemic that emerged during 2020 impacted the container ports industry and Global Ports own operations, resulting in significant interruption to global trade, disruption to supply chains, reshuffling of vessel calls and high FX volatility. Despite the introduction of vaccination programmes, visibility remains low and there remains a risk of future outbreaks and disruptions to business operations. Risks include: -personnel shortages due to COVID-19 related illness - inability to deliver contracted services due to regulatory or safety requirements -loss of revenue due to business interruption, loss of customer volumes or customer withdrawals - additional process steps or safety measures - liquidity issues associated with delays in customer payments, potential customer failures or availability of financing.	There are no restrictions imposed by the governments on the operations of ports, since they are considered to be the core transport infrastructure servicing the inbound and outbound traffic from the country. Group measures to mitigate risk are grouped under/focused on four main priorities: • *Protecting all employees (operations and admin) and communities*: including medical examinations, restrictions on travelling and external/internal meetings, social distancing, additional disinfection according to the schedule, personal protective equipment provided for personnel, improved cleaning, purchasing protective masks, gloves and COVID-19 tests for the local hospital in Nakhodka, Far East; Administrative staff had been moved to work from home. The Group tried to establish the maximum comfort for its employees during remote work. The IT infrastructure was adapted to new challenges and was working without major failures. As of the date of signing the financial statements, the employees were not fully returned from working from home. The Group has not taken final decision, whether some of the employees shall continue working from home going forward. Any return to the office is and will be accompanied by following the strict safety protocols including

Risk factor	Risk management approach
	social distancing, disinfection, use of masks, limitation of external contacts. • *Supporting customers*: uninterrupted 24/7 round the clock operations (quay, yard and gates), to support and protect customers' supply chains in Russia, improved commercial and operational flexibility; • *Strengthening online channels*, including maximum digitalisation of documentation and customer integration, further development of online-solutions to decrease necessity of client's presence at the terminal, improvement of resilience of IT systems to external shocks and cyber attacks; • *Ensuring financial stability and cash preservation*, including pro-active management of costs, receivables and capacity for effective adaptation to crisis and its consequences, Stress testing of financial performance and liquidity position, revisiting financial plans. All these measures implemented ensured that the terminals of the Group (quay, yard and gates) remained 100% operational to service vessels/handle cargoes throughout the pandemic as well as the call and service centers of the Group were working without interruption.
Operational risks	
Leases of terminal land: The Group leases a significant amount of the land and quays required to operate its terminals from government agencies and to a lesser extent from private entities. Any revision or alteration to the terms of these leases or the termination of these leases, or changes to the underlying property rights under these leases, could adversely affect the Group's business.	The Group believes it has a stable situation at present regarding its land leases and its terminals have been in operation for a number of years. The Group owns the freehold on 66% of the total land of its terminals and 70% of the land of its container and inland terminals in Russia. The remainder is held under short and long-term leases routinely renewable at immaterial costs.
Customer Profile and Concentration: The Group is dependent on a relatively limited number of major customers (shipping lines, freight forwarders etc.) for a significant portion of its business. These customers are affected by conditions in their market sector which can result in contract changes and renegotiations as well as spending constraints, and this is further exacerbated by carrier consolidation.	The Group conducts extensive and regular dialogue with key customers and actively monitors changes that might affect our customers' demand for our services. The Group has a clear strategy to reduce its dependence on its major customers, by targeting new customers, increasing the share of business from other existing global customers, and new cargo segments. The Group is also relying on the contribution from non-container revenues through building its presence in marine bulk cargoes like coal and scrap metal (share of non-container revenue was 26% and 22% in 2019 and 2020 respectively).

Risk factor	Risk management approach
Reliance on third parties: The Group is dependent on the performance of services by third parties outside its control, including all those other participants in the logistics chain, such as customs inspectors, supervisory authorities, railway and others, and the performance of security procedures carried out at other port facilities and by its shipping line customers.	The Group strives to maintain a continuous dialogue with third parties across the supply chain. In addition, its geographic diversification provides it with some flexibility in its logistics, should bottlenecks develop in one area.
Tariff regulation: Tariffs for certain services at certain of the Group's terminals have in the past, been regulated by the Russian Federal Antimonopoly Service (FAS). As a result, the tariffs charged for such services were, and may potentially in the future be, subject to a maximum tariff rate and/or fixed in Russian roubles as PLP, VSC, and FCT, like many other Russian seaport operators, are classified as natural monopolies under Russian law.	All tariffs are set in Russian roubles. To the best of the knowledge of the Group's management, the Group is in full compliance with the tariff legislation. The Group continues to monitor for any legislative proposals and regulatory actions that could lead to changes to the existing tariff regulations. It seeks a proactive dialogue with the relevant Russian federal authorities. It believes it is as well placed as any market participant to adapt to any future changes in tariff regulation.
Human resources management: The Group's competitive position and prospects depend on the expertise and experience of its key management team and its ability to continue to attract, retain and motivate qualified personnel. Industrial action or adverse labour relations could disrupt the Group's operating activities and have an adverse effect on performance results.	The Group annually reviews labour market trends and aligns employee salaries and benefits at all levels to foster and retain skilled labour. The Group invests in the professional development of its staff, including international best practices implementation and internal development/ training programmes. The Group engages in socially responsible business practices and support of local communities. The Group strives to maintain a positive working relationship with labour unions at its facilities. Moreover, it pursues overall labour policies designed to provide a salary and benefit package in line with the expectations of our employees.
Health, safety, security and environment: Accidents involving the handling of hazardous materials at the Group's terminals could disrupt its business and operations and/or subject the Group to environmental and other liabilities. The risk of safety incidents is inherent in the Group's businesses. The Group's operations could be adversely affected by terrorist attacks, natural disasters or other catastrophic events beyond its control.	The Group has implemented clear safety policies designed around international best practices and benchmarks using such measures as GPI Global Minimum Requirements. Safety is one of the Group's top priorities. A safety strategy and annual action plans have been developed, to build a sustainable safety culture across the whole Group. The detailed roadmap is designed to ensure sustainable implementation of safety culture over the medium term.

Risk factor	Risk management approach
	GPI is constantly improving its safety practices by involving the employees in identifying and mitigating potential safety risks. Similarly, GPI works with all its stakeholders to maintain high levels of environmental security around port facilities and vessel operations to minimise the risk of terrorist attack.
Information technology and security: The Group's container terminals rely on IT and technology systems to keep their operations running efficiently, prevent disruptions to logistic supply chains, and monitor and control all aspects of their operations. Any IT glitches or incidents can create major disruptions for complex logistic supply chains. Any prolonged failure or disruption of these IT systems, whether a result of a human error, a deliberate data breach or an external cyber threat could create major disruptions in terminal operations. This could dramatically affect the Group's ability to render its services to customers, leading to reputational damage, disruption to business operations and an inability to meet its contractual obligations.	The Group has centralised its IT function in recent years which is an important step in ensuring both the efficiency and consistency of the Group's security protocols implementation. We are continuing to align our IT strategy with the business objectives. We regularly review, update and evaluate all software, applications, systems, infrastructure and security. All software and systems are upgraded or patched regularly to ensure that we minimise vulnerabilities. Each of our business units has an IT disaster recovery plan. Our security policies and infrastructure tools are updated or replaced regularly to keep pace with changing and growing threats. Our security infrastructure is updated regularly and employs multiple layers of defence. Connectivity to our partners' systems is controlled, monitored and logged.
Regulatory and compliance risks	
Regulatory compliance: The Group is subject to a wide variety of regulations, standards and requirements and may face substantial liability if it fails to comply with existing regulations applicable to its businesses. The Group's terminal operations are subject to extensive laws and regulations governing, among other things, the loading, unloading and storage of hazardous materials, environmental protection and health and safety.	The Group strives to be in compliance at all times with all regulations governing its activities and devotes considerable management and financial resources to ensure compliance.

Management Report (continued)

Risk factor	Risk management approach
Changes in regulations: Changes to existing regulations or the introduction of new regulations, procedures or licensing requirements are beyond the Group's control and may be influenced by political or commercial considerations not aligned with the Group's interests. Any expansion of the scope of the regulations governing the Group's environmental obligations, in particular, would likely involve substantial additional costs, including costs relating to maintenance and inspection, development and implementation of emergency procedures and insurance coverage or other financial assurance of its ability to address environmental incidents or external threats.	The Group maintains a constructive dialogue with relevant federal, regional and local authorities regarding existing and planned regulations. The Group does not have the power to block any or all regulations it may judge to be harmful, but this dialogue should ensure it has time to react to changes in the regulatory environment.
Conflict of interests: The Group's controlling beneficial shareholders may have interests that conflict with those of the holders of the GDRs or notes. The major implications of this risk are that (i) co-controlling shareholders pursue other businesses not related to GPI and hence may not be deeply involved with developing GPI and (ii) one of the major shareholders is also a major customer of the Group. The employees of the Group may have interests in the companies that may or potentially may have the business with the Group.	The Group's corporate governance system is designed to maximise the company's value for all shareholders and ensure the interests of all stakeholders are taken into account. The Group's LSE listing ensures our compliance with the highest international standards. In addition, the Board consists of highly experienced individuals including strong independent directors. In 2020 the Group adopted the Policy on Conflicts of Interest regulating the potential conflicts of interest by the employees of the Group.
Legal and tax risks: Adverse determination of pending and potential legal actions involving the Group's subsidiaries could have an adverse effect on the Group's business, revenues and cash flows and the price of the GDRs. Weaknesses relating to the Russian legal and tax system and appropriate Russian law create an uncertain environment for investment and business activity and legislation may not adequately protect against expropriation and nationalisation. The lack of independence of certain members of the judiciary, the difficulty of enforcing court decisions and governmental discretion claims could prevent the Group from obtaining effective redress in court proceedings. The UK left the EU on 31 January 2020 with the prior conclusion of the EU-UK Trade and Cooperation Agreement. Although the Agreement covers the financial services in general, it is expected that the parties further will establish a framework for regulatory cooperation on financial services.	The Group maintains a strong and professional legal function designed to monitor legal risks, avoid legal actions where possible and carefully oversee any changes in applicable legislation that may occur. The Group performs ongoing monitoring of changes in relevant tax legislation and court practice in the countries where its companies are located and develops the Group's legal and tax position accordingly.

Risk factor	Risk management approach
Financial risks	
Foreign exchange risks: The Group is subject to foreign-exchange risk arising from various currency exposures, primarily the Russian rouble and the US dollar. Foreign-exchange risk is the risk of fluctuations in profits and cash flows of the Group arising from movement of foreign-exchange rates. Risk also arises from revaluation of assets and liabilities denominated in foreign currency.	As of 2020, all Group tariffs are denominated in Russian roubles, and part of the Group's debt is denominated in US Dollars. Most of the Group's operating expenses, on the other hand are and will continue to be denominated and settled in Russian roubles. In order to mitigate the possibility of foreign exchange risks arising from a significant mismatch between the currency of revenue and the currency of debt ('open FX position'), the Group is converting part of its existing USD debt into RUB, the currency of revenue. In order to further mitigate FOREX risk, between June and September 2019 the Group put in place forward hedges and currency options totalling USD231.4 million to convert part of USD denominated debt into RUB. During 2018-2020 the Group repurchased part of its USD denominated Eurobonds and currently/to date ~29% of the total issued Eurobonds have been canceled. New debt in 2020 was attracted/raised only in Russian rouble (VSC bonds in the amount of 5 billion RUB-USD equivalent of USD67,681 thousand). In addition, the Group has negotiated with some of its customers the right to change its Russian rouble tariffs in conjunction with RUB/USD exchange rate fluctuations within a range of +/-15% each time when average RUB/USD exchange rate for a given month falls beyond 5% from the base exchange rate used for translating original USD tariffs to RUB, however the risk above the levels of these currency moves remains.
Credit risk: The Group may be subject to credit risk, arising primarily from trade and other receivables, loans receivable and cash and cash equivalents and derivative financial instruments. The Group's business is also dependent on several large key customers.	The Group closely tracks its accounts receivables overall and the creditworthiness of key customers and suppliers.
Debt, leverage and liquidity: The Group's indebtedness or the enforcement of certain provisions of its financing arrangements could affect its business or growth prospects. Failure to promptly monitor and forecast compliance with loan covenants both at the Group and individual terminal levels may result in covenant breaches and technical defaults. If the Group is unable to access funds (liquidity) it may be unable to meet financial obligations when they fall due, or on an ongoing basis, to borrow funds in the market at an acceptable price to fund its commitments.	The Group has been able to reduce its total debt level. During 2018-2020 the Group repurchased USD203.5 million nominal value of 2022 and 2023 Eurobonds of which USD69.5 million were refinanced via a 5 year/60 month RUB bank loan in 2019. FCT Series 1 Bonds were repaid in 2020 using the proceeds from VSC bonds issued in December 2020 with maturity over 5 years and lower interest rate than FCT bonds. Debt reduction beyond minimum repayment requirements remains a management priority in 2021.

Risk factor	Risk management approach
	Liquidity risk is carefully monitored, with regular forecasts prepared for the Group and its operating entities. The risk of liquidity shortfalls within the following 18-24 months has been significantly reduced via extensions of debt maturities through public debt issuance in 2020: VSC issued Russian Rouble bonds in the amount of 5 billion RUB - USD equivalent of USD67,681 thousand, which is a part of the Rouble-denominated Bond Program of VSC with Moscow Exchange which provides VSC with the potential to issue additional bonds of RUB25 billion - USD equivalent of USD338,406 thousand over an unlimited period of time with a maturity of up to 10 years. FCT has a similar Bond Program for RUB50 billion - USD equivalent of USD676,813 thousand. In addition the Group has over US Dollars 300 million of open uncommitted limits for credit line facilities from the banks which in combination with VSC and FCT bonds can facilitate financial flexibility and diversification of the debt portfolio of the Group and the refinancing of the existing debt of the Group and ensure all obligations of the Group falling due in the next 12 months are met. The Group regularly stress tests scenarios when different negative trends that could affect cash flows are identified. The liquidity position is carefully monitored in case of further deterioration of financial performance. Multi-Link Terminals Ltd Oy, a Finnish joint venture of the Group, secured a waiver from its financing bank confirming that the bank will not exercise its right for an early prepayment of the loan due to breach of financial covenants as 31.12.2020.

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

28. The internal control and risk management systems relating to financial reporting are designed to provide reasonable assurance regarding the reliability of financial reporting and to ensure compliance with applicable laws and regulations.
29. Financial reporting and supervision are based on approved budgets and on monthly performance reporting.
30. The Audit and Risk Committee of the Board of directors of the Company reviews certain high-risk areas at least once a year, including the following:

    - Significant accounting estimates;

    - Material changes to the accounting policies;

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

Use of financial instruments by the Company

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

The Role of the Board of Directors

33. The Company is governed by its Board of Directors (also referred as "the Board") which is collectively responsible to the shareholders for the short- and long-term sustainable success of the Group, generating value to shareholders and contributing to the wider society as a whole. Its responsibility is to promote adherence to best-in-class corporate governance.
34. The Board of Directors' role is to provide entrepreneurial leadership to the Group through establishing the Group's purpose, values and strategy, setting out the corporate governance standards, satisfying itself that these and its culture are aligned, ensuring that the necessary financial and human resources are in place for the Group to meet its objectives and reviewing management performance. The Group seeks directors who bring strong track records and a deep understanding of the industry. The Board sets the Group's values and standards and ensures all obligations to shareholders are understood and met. The Board ensures the Group establishes a framework of prudent and effective controls, which enables risk to be assessed and managed and maintains a sound system of internal control, corporate compliance and enterprise risk management to safeguard the Group's assets and shareholders' investments in the Group.
35. The roles and responsibilities of the Chairman, Senior Independent Director, Board and committees' members are set out in writing in the Terms of Reference of the Board and committees. The latest version of the Terms of Reference of the Board of Directors was approved by the shareholders on 18 June 2019. It is available on the Company`s website.

Members of the Board of Directors

36. The Board of Directors leads the process in making new Board member appointments and makes recommendations on appointments to shareholders. In accordance with the Terms of Reference of the Board, all Directors are subject to election by shareholders at the first Annual General Meeting after their appointment, and to re-election at intervals of no more than one year. Any term beyond six years for a Non-Executive Director is subject to particularly rigorous review, and takes into account the need to refresh the Board on a regular basis.
37. The Board currently has 11 members and they were appointed as shown on page 1.
38. On 16 April 2020 Mr. Ivan Besedin resigned from the Board and Mr. Andrey Yashchenko replaced him on the same date. Mr. Morten Henrick Engelstoft resigned from the Board on 29 May 2020 and Mr. Kristian Bai Hollund was appointed on the same date. Both new Board members were reviewed and recommended for appointment by the Nomination and Remuneration Committee.
39. All other Directors were members of the Board throughout the year ended 31 December 2020, including the independent directors: Mrs. Britta Dalunde, Mrs. Inna Kuznetsova and Mr. Lambros Papadopoulos.
40. Mr. Soren Jakobsen was elected the Chairman of the Board of Directors on 24 April 2020. There were no significant changes in the responsibilities of the Directors during 2020 except for membership in the committees as described below.
41. There is no provision in the Company's Articles of Association for the retirement of Directors by rotation. However, in accordance with the Terms of Reference of the Board of Directors and the resolutions adopted by the Shareholders at the Annual General Meeting held on 16 April 2020 and Extraordinary General Meeting held on 29 May 2020 all present directors are subject to re-election at the next Annual General Meeting of the Shareholders of the Company, which will take place in 2021.

Directors' Interests

42. The interests in the share capital of Global Ports Investments Plc, both direct and indirect, of those who were Directors as at 31 December 2020 and 31 December 2019 are shown below:

Name	Type of holding	Shares held at 31 December 2020	Shares held at 31 December 2019
Britta Dalunde	Through holding of the GDRs	7,000 GDRs representing 21,000 ordinary shares	7,000 GDRs representing 21,000 ordinary shares
Sergey Shishkarev	Through shareholding in LLC Management Company "Delo" and other related entities	88,769,817 ordinary shares	88,769,817 ordinary shares
		34,605,183 ordinary non-voting shares	34,605,183 ordinary non-voting shares

Chairman of the Board of Directors

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

44. The role of the Chairman of the Board of Directors is to ensure that Board meetings are held as and when necessary, lead the directors, ensure their effectiveness and review the agenda of Board meetings. The Chairman together with the Secretary of the Board review Board materials before they are presented to the Board and ensure that Board members are provided with accurate, timely and clear information. The members of the management team who have prepared the papers, or who can provide additional insights into the issues being discussed, are invited to present papers or attend the Board meeting at the relevant time. Board members regularly hold meetings with the Group's management to discuss their work and evaluate their performance.

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

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

Non-executive and Independent Directors

47. All of the Board members are non-executive directors.

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

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

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

The Board Committees

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

The Audit and Risk Committee

52. The Audit and Risk Committee comprises of five Non-Executive Directors, three of whom are independent, and meets at least four times a year. The Audit and Risk Committee is chaired by Mrs. Britta Dalunde (an Independent Non-Executive Director), re-elected on 24 April 2020, and its other members are Mrs. Inna Kuznetsova (an Independent Non-Executive Director appointed as of 01 January 2018, re-elected on 24 April 2020), Mr. Lambros Papadopoulos (an Independent Non-Executive Director appointed as of 01 January 2018, re-elected on 24 April 2020), Mr. Mogens Petersen (appointed as of 18 June 2019, re-elected on 24 April 2020) and Mr. Andrey Yashchenko (appointed as of 24 April 2020). Ms. Alexandra Fomenko resigned from the Audit and Risk Committee on 24 April 2020.

53. The Committee is responsible for:

- monitoring the integrity of the financial statements of the company and any formal announcements relating to the company's financial performance, and reviewing significant financial reporting judgements contained in them;

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

54. In 2020 the Audit and Risk Committee met 10 times (2019: 13 times) to review and discuss inter alia the following significant issues and matters in addition and on top of those listed above, among others:

- Meetings with internal auditors to discuss the results of their audits and ad-hoc reviews, working plans and progress in execution of internal audit recommendations;
- Meetings with external auditors to discuss the matters related to the audit work done by them and any issues arising from their audits reviews;
- Discussion of the level of clarity and completeness of disclosures in financial statements with the management and external auditors and making the recommendations to the Board;
- Assessment of efficiency of external auditor by discussing the audit approach and audit plan, monitoring of compliance with the plan, receiving the feedback from the members of the management team, involved in the audit process, assessing the internal resources allocated by the external auditor, the key risks to the audit process and their mitigation measures, review of the auditor`s management letter, consideration of the level and quality of communication between the external auditor and Committee during the audit process.
- Consideration and approval of audit schedules and review of the impairment models and the impact of the new IFRS standards on the Company`s financial statements. The Committee`s task is to align the impairment models with the short-, mid- and long-term forecasts and to understand what impact the new standards would have on the financial statements and Group`s compliance with the covenants;
- Consideration and approval of the engagement of external auditors for rendering of non-audit services. In each particular case the Committee was assessing the impact of non-audit services on the independence and objectivity of the external auditor. The Committee reviewed the scope of services on compliance with the list of permitted non-audit services, the potential impact of the services on the audit work and financial statements and discussed with the external auditor how their internal compliance procedures were performed and whether all internal compliance requirements were met. The Committee monitors the share of non-audit service in relation to its compliance with the standards;
- Review of the public materials containing financial information in relation to compliance with the financial statements, the disclosure and transparency requirements and Board`s view on mid and long-term development of the Group;
- Consideration of various reports from the management;
- Review of the major risks. The Committee had meetings with Risk Management of GPM to discuss the Key Risks, Risk Management approach, Risk Appetite Statements and control matrices;
- COVID-19 risks evaluation and management action plan;
- Review of dangerous cargoes handling processes and procedures and management suggestions on improvements;
- Review of tax related matters;

- Review of Charity activity in 2020 and budget 2021;
- Review various other compliance related matters;
- Consideration and giving the recommendations to the Board of Director for the approval of the Conflicts of Interest Policy, Procurement standard of the Company, Related Parties Transaction Policy, amended and restated Charity Policy.

The Nomination and Remuneration Committee

55. The Nomination and Remuneration Committee was established in June 2019 following the merger of Nomination Committee and Remuneration Committee in order to simplify the work of the committees and Board members.
56. The Nomination and Remuneration Committee as of the date of this report comprises three Directors, one of whom is independent. The Committee meets at least once each year. Currently the Nomination and Remuneration Committee is chaired by Mrs. Inna Kuznetsova (an Independent Non-Executive Director appointed as the Chairwoman of the merged Nomination and Remuneration Committee as of 18 June 2019, Chairwoman of both former committees as of 14 May 2018, re-elected on 24 April 2020). The other members are Ms. Alexandra Fomenko (appointed as a member of the committee on 11 November 2019, re-elected on 24 April 2020) and Mr. Soren Jakobsen (appointed as a member of the committee on 24 April 2020). Mr. Morten Henrick Engelstoft resigned from the committee on 24 April 2020.
57. The Committee is a committee of the Board of Directors which assists the Board in discharging its corporate governance responsibilities in relation to nomination, appointment and remuneration of all Directors and the Chairman / Chairwoman of the Board of Directors and of the senior executive management of the Company and its subsidiaries and joint venture companies, and oversee the development of a diverse pipeline for succession as well as to evaluate the performance of the Board of Directors, its committees, the Chairman / Chairwoman of the Board of Directors and individual directors. The main objective of the Committee is to determine the framework and policy for the nomination and remuneration of Independent Non-Executive Directors, Executive Directors, the Chairman / Chairwoman of the Board of Directors, and senior company executives ensuring the consistency with the company talent strategy, remuneration policy and market trends.
58. In the year 2020 the key focus of Nomination and Remuneration Committee was on the transition of Chief Executive Officer of Global Ports Management LLC, talent management, new principles and guidelines for setting the targets and evaluation of the annual performance of the management team and Board performance evaluation.
59. In 2020 the Nomination and Remuneration Committee met 16 times (15 times in 2019):

- to discuss and recommend the candidates to be elected to the Board;
- to discuss and recommend the composition of the Board Committees;
- to lead the process of transition of the Chief Executive Officer of Global Ports Management LLC;
- to review and amend the Key Rules of Awarding and Payment of Performance Based Bonuses of GPI Group and terms of separation of the management from the Group;
- to discuss and recommend to the Board the appointment of new Chief Operations Officer of Global Ports Management LLC, Chief Strategy and Development Officer of the Group, new Chief Executive Officer of Moby Dik LLC as well as remuneration of the Key Management team members of the Group companies. In determining the level of remuneration of the key senior management of the Group the Committee referred to the level of skills and expertise, the position and scope of work and responsibilities as well as to the market levels for similar positions.

The Strategy Committee

60. The Strategy Committee was established in June 2019. As per its terms of reference, the Committee meets at least once each year. The Strategy Committee as of the date of this report comprises five Directors, one of whom is independent. Currently the Strategy Committee is chaired by Mr. Sergey Shishkarev (appointed as of 18 June 2019 and re-elected on 24 April 2020). The other members are Mr. Mogens Petersen, Mr. Soren Jakobsen and Mr. Lambros Papadopoulos (an Independent Non-Executive Director), all appointed as of 18 June 2019 and re-elected on 24 April 2020, and Mr. Andrey Yashchenko (appointed as of 24 April 2020).

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

62. In 2020 the Strategy Committee met 8 times (5 times in 2019) to consider and give recommendations for approval to the Board of :

- Vision statement of the Group,
- the new operating model of Moby Dik to be implemented in 2021;
- Treasury policy principles,
- various investment proposals,
- optimization of Group structure,
- Group refinancing plan, and
- the Group Consolidated budget 2021.

In addition Strategy Committee reviewed and discussed he functional strategies, business model of the Group, strategic priorities, and corporate strategic targets and COVID-19 resilience plan.

Board Performance

63. The Board meets at least five times a year. Fixed meetings are scheduled at the start of each year. Ad hoc meetings are called when there are pressing matters requiring the Board's consideration and decision in between the scheduled meetings. In the year of COVID-19 and the transition of the Chief Executive Officer of Global Ports Managements LLC the Board had more reasons than usual for ad-hoc meetings.

64. In 2020 the Board met formally 13 times (2019: 18) to review current performance and to discuss and approve important business decisions.

65. In 2020 the Board met to discuss and approve important business decisions, which included among others:

- FY2019 financial statements, 1H2020 interim financial statements and Annual Report;
- Review of segments financial and operational performance;
- Consideration of 2021 financial budget, major risks and uncertainties, commercial strategy, corporate social responsibility matters, internal control framework;
- Changes in Group management and the Board of Directors;
- Revision and adoption of various group wide policies and regulations, namely the Code of Corporate Ethics, Treasury Policy, the Charity and Sponsorship Policy of the Company, Conflicts of Interest Policy, Procurement Standard of the Company, Operational Efficiency Improvements Project Charter; Key Rules of Awarding and Payment of Performance based Bonuses of the Group.
- Consideration of various compliance matters;
- Consideration and approval of the revision of external and internal financing arrangements and organizational restructurings;
- Consideration and approval of new financing arrangements, e.g., issue of VSC bonds, repurchase of additional Eurobonds in 2020 and cancellation of repurchased Eurobonds;

- Consideration and approval of major capital expenditures and investment projects; and
- Consideration and approval of various resolutions related to the operations of the Company`s subsidiaries and joint ventures.

66. The number of Board and Board Committee meetings held in the year 2020 and the attendance of directors during these meetings was as follows:

	Board of Directors		*Nomination and Remuneration Committee*		*Strategy Committee*		*Audit and Risk Committee*	
	A	*B*	*A*	*B*	*A*	*B*	*A*	*B*
Britta Dalunde	13	13	-	-	-	-	10	10
Kristian Bai Hollund	8	8	-	-	-	-	-	-
Alexandra Fomenko	13	13	16	16	-	-	3	3
Soren Jakobsen	13	13	11	11	8	8	-	-
Demos Katsis	13	13	-	-	-	-	-	-
Inna Kuznetsova	13	13	16	16	-	-	10	10
Shavkat Kary Niyazov	13	13	-	-	-	-	-	-
Lambros Papadopoulos	13	13	-	-	8	8	10	10
Mogens Petersen	13	13	-	-	8	8	10	10
Sergey Shishkarev	13	13	-	-	8	8	-	-
Andrey Yashchenko	10	10	-	-	6	6	7	7
Ivan Besedin	3	3	-	-	-	-	-	-
Morten Henrick Engelstoft	5	5	5	5	-	-	-	-

A = Number of meetings attended

B = Number of meetings eligible to attend during the year

67. The operation of the Board, its Committees and individual Directors is subject to regular evaluation. The evaluation of the Board and individual Directors' performance can be conducted through self-assessment, cross-assessment or by an external third party. The Non-Executive Directors, led by the Senior Independent Director, are responsible for the performance evaluation of the Chairman of the Board. The Board did not engage any external advisors for evaluation of its performance in the years 2019 and 2020.

68. In 2020 the Board conducted the self-evaluation, which results were discussed in December 2020.

Board Diversity

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

70. As of the date of publication of these financial statements the Board has 3 females representing 27% from the total number of directors. The average age of directors is 50 years ranging from 32 to 62 years. The Board has a necessary balance of skills and expertise to run the Company and the Group. The Board members have the following educational backgrounds: port and transportation industry, accounting and financial, banking sector and legal. There are 6 nationalities present in the Board. The Board members reside in 7 countries.

Board and Management Remuneration

71. Non-Executive Directors serve on the Board pursuant to the letters of appointment. Such letters of appointment specify the terms of appointment and the remuneration of Non-Executive Directors. Only Independent Non-Executive Directors receive remuneration.
72. Levels of remuneration for the Independent Non-Executive Directors reflect the time commitment, responsibilities of the role and membership of the respective committees of the Board. Directors are also reimbursed for expenses associated with discharge of their duties. Directors are not eligible for bonuses, retirement benefits or to participate in any incentive plans operated by the Group. Additional remuneration is paid for membership and chairmanship of the committees by the Independent Non-Executive Directors.
73. The shareholders of the Company approved the remuneration of the members of the Board on 29 June 2018, 30 December 2019, 16 April 2020 and 29 May 2020.
74. Neither the Board members, nor the management have long-term incentive schemes. However, the performance-based part of remuneration of the senior management is aligned to the strategic goals and initiatives approved by the Board.
75. The performance-based part of the remuneration of the Key Management is based on the Key Rules of Awarding and Payment of Performance Based Bonuses of GPI Group adopted by the Board on 15 June 2016 and regularly updated with the last update on 29 October 2020. The Nomination and Remuneration Committee monitors the efficiency of the Rules and makes the recommendations to the Board on their amendment and revision.
76. Refer to Note 21(g) to the financial statements for details of the remuneration paid to the members of the Board and key management.

General Manager

77. Mr. Alexander Iodchin occupies the position of General Manager and the Board granted him the powers to carry out all business related to the Company`s operation up to a total value as established by the Authority Matrix. It has also granted him powers to discharge other managerial duties related to the ordinary course of business of the Company, including representing the Company before any government or government-backed authority.
78. The decisions for all other matters are reserved for the Board. The Authority Matrix contains the list of such reserved matters.
79. Mr. Iodchin is also acting as the Board Secretary since December 2008 and as the Chief Strategy and Business Development Officer at Global Ports Group pursuant to Board’s decision on 29 October 2020.

Company Secretary

80. The Group maintains a company secretary, who is responsible for safeguarding the rights and interests of shareholders, including the establishment of effective and transparent arrangements for securing the rights of shareholders.
81. Team Nominees Limited has been acting as the company secretary since the Group’s incorporation in February 2008.
82. The company secretary’s responsibilities include ensuring compliance by the Group, its management bodies and officers with the law and the Group’s charter and internal documents. The company secretary organises the communication process between the parties to corporate relations, including the preparation and holding of general meetings; storage, maintenance and dissemination of information about the Group; and review of communications from shareholders.

Corporate Governance

83. The Group has a diverse set of stakeholders, from international institutions holding our shares and bonds and bank financial institutions which provided bank borrowings to the Group, to our customers, employees, regulators and communities. Made up of seasoned industry professionals, the Board of Directors is committed to acting in the best interest of all stakeholders. The Company is not subject to the provisions of UK Corporate Governance Code, but follows internationally recognised best practices customary to the public companies having GDRs with standard listing and admitted to trading at London Stock Exchange.

84. Improving its corporate governance structure in accordance with the internationally recognised best practices the Company adopted important policies and procedures. The Group is regularly reviewing and updating its policies and procedures.
85. On 18 June 2019 a new Terms of Reference of the Board of Directors were adopted. As of the same date the Board merged Nomination and Remuneration Committees and established Strategy Committee. Consequently, the terms of reference of the new committees were adopted in June 2019.
86. The Company's corporate governance policies and practices are designed to ensure that the Company is focused on upholding its responsibilities to the shareholders. They include, inter alia:
    - Appointment policy;
    - Terms of reference of the Board of Directors;
    - Terms of reference of the Audit and Risk, Nomination and Remuneration and Strategy Committees;
    - Code of Ethics and Conduct;
    - Antifraud policy;
    - Policy on Reporting of Improper Activities;
    - Investigation policy;
    - Anti-Corruption Policy;
    - Foreign Trade Controls Policy;
    - Insurance Standard;
    - Charity and Sponsorship Policy;
    - Group Securities Dealing Code;
    - Conflicts of Interest Policy adopted on 29 June 2020;
    - Treasury Policy adopted on 23 April 2020; and
    - Procurement Standard of the Company adopted on 18 August 2020.
87. In order to further strengthen the corporate governance and clearly set the management authority limits within the Group the Board of Directors approved the Authority Matrix framework at the end of the year 2016, which was revised in June 2019 providing extended authorities to the Group management in order to simplify the decision making process. The implementation of this revised framework in the operating units was finalised in 2020.

Whistle Blower function

88. In the course of the year ended 31 December 2017 in order to streamline the reporting of negligence, non-compliance or any other kind of wrongdoing, the Group established a hotline email and telephone line. It is an important mechanism enabling staff and other members of the Group as well as third parties to voice concerns in a responsible and effective manner. Throughout 2019 and 2020 the Board together with the management worked on raising the awareness about the hotline among the Group workforce and stakeholders.

Code of ethics and conduct

89. The new Code of Ethics was approved by the Board of Directors on 08 December 2016 and was introduced in the companies of the Group in the course of the year 2017. The 3rd revision of the Code of Ethics was adopted by the Board of Directors on 18 August 2020, aimed at simplifying and updating Group' mission, values and standards of corporate engagement.
90. Global Ports' code of ethics and conduct outlines the general business ethics and acceptable standards of professional behaviour that we expect of all our directors, employees and contractors. This code, given to all new staff as part of their induction, means that everyone at Global Ports is accountable for their own decisions and conduct. As well as general standards of behaviour, the code covers fraud and corruption, ethics and conflicts of interest principles with reference to detailed policies. Employees and external parties are encouraged to report any suspected breaches, via various channels including the dedicated hotline.

91. The code is available to all staff on Global Ports' website (in the Corporate Governance section) and in the HR department at every operating facility. There are also other more detailed rules concerning our anti-fraud and whistleblowing policies.
92. The Board is updated on a regular basis on any breaches various policies with the specific focus on the fraud incidents and resulting actions, although significant breaches have to be reported to the Board immediately. A colourful booklet reflecting the provisions of Code of Ethics was prepared and the first testing on the knowledge of Code of Ethics was undertaken in November-December 2020 with the purpose of raising the awareness.

Dividends

93. Pursuant to the Articles of Association the Company may pay dividends out of its profits. To the extent that the Company declares and pays dividends, owners of Global Depositary Receipts (hereafter also referred as "GDRs") on the relevant record date will be entitled to receive dividends payable in respect of Ordinary Shares underlying the GDRs, subject to the terms of the Deposit Agreement. The Company expects to pay dividends in US dollars. If dividends are not paid in US dollars, they will be converted into US dollars by the Depositary and paid to holders of GDRs net of currency conversion expenses.
94. The Company is a holding company and thus its ability to pay dividends depends on the ability of its subsidiaries and joint ventures to pay dividends to the Company in accordance with the relevant legislation and contractual restrictions (shareholder agreements, bank borrowings covenants, and terms of the issuance of the public debt instruments). The payment of such dividends by its subsidiaries and joint ventures is contingent upon the sufficiency of their earnings, cash flows and distributable reserves. The maximum dividend payable by the Company's subsidiaries and joint ventures is restricted to the total accumulated retained earnings of the relevant subsidiary or joint venture, determined according to the law applicable to each entity.
95. The Company has a Dividend Policy in place which provides for the payment of not less than 30% of any imputed consolidated net profit for the relevant financial year of the Group. Imputed profit is calculated as the consolidated net profit for the period of the Group attributable to the owners of the Company as shown in the Company's consolidated financial statements for the relevant financial year prepared under EU IFRS and in accordance with the requirements of the Cyprus Companies Law, Cap. 113, less certain non-monetary consolidation adjustments. The Company's dividend policy is subject to modification from time to time as the Board of Directors may deem appropriate.
96. In 2015 following the revision of current market situation, market prospects and prioritising the deleveraging strategy over dividend distribution, which should ensure the long-term robustness of the Group's finances, the Board suspended the payment of the dividends in the mid-term. The Board continues to monitor the market for recovery as well as for levels of volatility in order to identify the appropriate timing for a resumption of the payment of a dividend, subject to maintaining conservative leverage ratios.
97. During the years 2019 and 2020 the Company did not declare or pay any dividends.
98. The Board of Directors of the Company does not recommend the payment of a final dividend for the year 2020.

Share Capital

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

99. The information on significant direct and indirect shareholders is available at http://www.globalports.com/globalports/investors/shareholder-information/major-shareholders.
100. There are no special titles that provide special control rights to any of the shareholders. There are restrictions in exercising of voting rights of shares (please refer to paragraph 103 below).

Authorised share *capital*

101. 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*

102. 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.

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

Rules for Amending Articles

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

Corporate Social Responsibility Report

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

Events after the balance sheet date

106. The events after the balance sheet date are disclosed in Note 22 to the financial statements.

Research and development activities

107. The Company is not engaged in research and development activities.

Branches

108. The Company did not have or operate through any branches during the year.

Treasury shares

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

Going Concern

110. Directors have access to all information necessary to exercise their duties. The Directors continue to adopt the going concern basis in preparing the parent company financial statements based on the fact that, after making enquiries and following a review of the Company's and Group's principle risks and uncertainties, budget for 2021 financial perspectives in the mid-term and the latest forecasts over a period of 5-10 years reflecting its business and investment cycles, including cash flows and borrowing facilities, the Directors consider that the Group has adequate resources to meet its liabilities as they fall due and to continue in operation for the foreseeable future.

Internal audit

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

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

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

External auditors

113. An external auditor is appointed at the Global Ports AGM on an annual basis to review the Group's financial and operating performance.
114. This follows proposals drafted by the Audit and Risk Committee for the Board of Directors regarding the reappointment of the external auditor of the Group.
115. In 2020, the shareholders of Global Ports re-appointed the Independent Auditors, PricewaterhouseCoopers as the external auditor for the purposes of auditing the Group's IFRS financial statements for 2020.
116. Starting from the year 2021, following the results of the external audit tender performed, KPMG Ltd will take over PricewaterhouseCoopers Limited. A resolution approving the appointment of KPMG as the external auditor for the purposes of auditing the Group's IFRS financial statements for 2021 and giving authority to the Board of Directors to fix their remuneration will be proposed at the next Annual General Meeting of the Shareholders of the Company, which will take place in 2021.

By Order of the Board

……..	……..
Soren Jakobsen	**Alexander Iodchin**
Chairman of the Board	**Secretary of the Board**

5 March 2021

Global Ports Investments Plc

DIRECTORS' RESPONSIBILITY STATEMENT

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

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

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

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

The Board of Directors' confirmations

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

(a) the financial statements, which are presented on pages 28 to 54, which have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap.113, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company; and

(b) the management report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that it faces.

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

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

By Order of the Board

……..	……..
Soren Jakobsen	**Alexander Iodchin**
Chairman of the Board	**Secretary of the Board**

Limassol

05 March 2021

Global Ports Investments Plc

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2020

(in thousands of US dollars)

	Note	For the year ended 31 December 2020	2019
Revenue	21(a)	103	106
Other income		1 300	1 773
Dividend income	21(b)	3 291	5 431
Finance income - net	5	4	(37)
Administrative expenses	6	(3 539)	(4 043)
Other gains/(losses) - net	7	(12 059)	1 317
Impairment of investments in subsidiaries and joint ventures	4,14	(4 884)	-
Operating profit/(loss)		**(15 784)**	**4 547**
Finance costs	9	(1 151)	(1 114)
Profit/(loss) before income tax		**(16 935)**	**3 433**
Income tax expense	10	(30)	-
Profit/(loss) for the year		**(16 965)**	**3 433**
Other comprehensive income		-	-
Total comprehensive income/(loss) for the year		**(16 965)**	**3 433**

The notes on pages 31 to 54 are an integral part of these financial statements.

Global Ports Investments Plc

BALANCE SHEET AS AT 31 DECEMBER 2020

(in thousands of US dollars)

	Note	At 31 December 2020	2019
ASSETS			
Non-current assets			
Property, plant and equipment	13	25	75
Right-of-use assets		-	92
Investments in subsidiaries	14	618 994	624 347
Investments in joint ventures	15	24 847	24 847
Trade and other receivables	16	403	-
Total non-current assets		**644 269**	**649 361**
Current assets			
Trade and other receivables	16	2 171	2 429
Cash and cash equivalents	17	580	150
Total current assets		**2 751**	**2 579**
TOTAL ASSETS		**647 020**	**651 940**
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	18	57 317	57 317
Share premium	18	923 511	923 511
Capital contribution		101 300	101 300
Retained earnings/(accumulated losses)		(471 615)	(454 650)
Total equity		**610 513**	**627 478**
Non-current liabilities			
Borrowings	21(h)	19 099	16 809
Guarantee liabilities	21(k)	16 152	1 651
Total non-current liabilities		**35 251**	**18 460**
Current liabilities			
Borrowings	21(h)	-	3 572
Lease liabilities		-	81
Guarantee liabilities	21(k)	542	1 249
Trade and other payables	19	714	1 100
Total current liabilities		**1 256**	**6 002**
Total liabilities		**36 507**	**24 462**
TOTAL EQUITY AND LIABILITIES		**647 020**	**651 940**

The Board of Directors of Global Ports Investments Plc authorised these financial statements for issue on 5 March 2021.

Soren Jakobsen, Director

Britta Dalunde, Director

The notes on pages 31 to 54 are an integral part of these financial statements.

Global Ports Investments Plc

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2020

(in thousands of US dollars)

	Share capital	Share premium	Capital contribution	Retained earnings/ (accumulated losses) *	Total
Balance at 1 January 2019	**57 317**	**923 511**	**101 300**	**(458 083)**	**624 045**
Comprehensive income					
Profit for the year	-	-	-	3 433	3 433
Balance at 31 December 2019 / 1 January 2020	**57 317**	**923 511**	**101 300**	**(454 650)**	**627 478**
Comprehensive loss					
Loss for the year	-	-	-	(16 965)	(16 965)
Balance at 31 December 2020	**57 317**	**923 511**	**101 300**	**(471 615)**	**610 513**

(*) Retained earnings is the only reserve that is available for distribution.

The notes on pages 31 to 54 are an integral part of these financial statements.

Global Ports Investments Plc

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2020

(in thousands of US dollars)

	Note	For the year ended 31 December 2020	2019
Cash flows from operating activities			
Profit/(loss) before tax		(16 935)	3 433
Adjustments for:			
Depreciation of property, plant and equipment and right-of-use assets	6,13	142	167
Impairment of investments in subsidiaries and joint ventures	14,15	4 884	-
Loss on remeasurement of financial guarantee	7	13 371	-
Dividend income	21(b)	(3 291)	(5 431)
Finance income	5	(1)	(2)
Finance costs	9	1 220	1 103
Amortisation and derecognition of financial guarantee	7	(1 269)	(1 284)
Foreign exchange (gains)/losses and other non-monetary items		(58)	49
Operating cash flows before working capital changes		(1 937)	(1 965)
Changes in working capital:			
Trade and other receivables		823	(1 696)
Trade and other payables		(387)	(633)
Cash used in operating activities		(1 501)	(4 294)
Tax paid		-	-
Net cash used in operating activities		**(1 501)**	**(4 294)**
Cash flows from investing activities			
Purchase of investments in subsidiaries	14	(44)	(1 861)
Repayment of original cost of subsidiaries	14	513	3 242
Purchase of investments in joint ventures	15	-	(9)
Purchase of property, plant and equipment		-	(1)
Interest received		1	2
Dividends received		563	5 431
Net cash from investing activities		**1 033**	**6 804**
Cash flows from financing activities			
Proceeds from loans from related parties	21(h)	15 921	7 078
Repayments of loans from related parties	21(h)	(12 292)	(9 250)
Lease principal and interest paid		(90)	(158)
Interest paid to related parties	21(h)	(2 644)	(735)
Net cash from/(used in) financing activities		**895**	**(3 065)**
Net increase/(decrease) in cash and cash equivalents		427	(555)
Cash and cash equivalents at beginning of the year		150	744
Exchange gains/(losses) on cash and cash equivalents		3	(39)
Cash and cash equivalents at end of the year	**17**	**580**	**150**

The notes on pages 31 to 54 are an integral part of these financial statements.

Global Ports Investments Plc

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 financial statements were authorized for issue by the Board of Directors on 05 March 2021.

Principal activities

The principal activity of the Company, which is unchanged from last year, is the holding of investments, including any interest earning activities.

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 2020 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.

2. Summary of significant accounting policies (continued)

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 2020 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 2020. 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 2020, 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 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 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".

2. Summary of significant accounting policies (continued)

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 in 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 depreciation. 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.

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 whom the Company is exposed to, or has the rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In its parent company financial statements, the Company carries the investments in subsidiaries at cost less any impairment. Investments in subsidiaries 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 income statement 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.

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.

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. In its parent company financial statements the Company carries its investments in joint ventures 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. 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.

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 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 flows (cash generating units). Non-financial assets, other than goodwill, that have suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

Financial assets

a. Classification

The Company classifies its financial assets into those to be measured at amortised cost.

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

2. Summary of significant accounting policies (continued)

Financial assets (continued)

b. Recognition and measurement

Financial assets are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

At initial recognition, the Company measures a financial asset at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset. For loans provided to related parties other than the Company's direct subsidiaries, the difference between the fair value of the loans and their carrying amount on inception is recognized in profit or loss.

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. Interest income from these financial assets is calculated using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in 'finance income - net', together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss. Financial assets measured at amortised cost comprise cash and cash equivalents, loans receivable and trade and other receivables.

c. Impairment of financial assets

The Company assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost 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 assets'.

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').

Transactions with equity owners and subsidiaries

The Company enters into transactions with shareholders and subsidiaries. When consistent with the nature of the transaction, the Company's accounting policy is to recognise (a) any gains or losses with equity owners and other entities which are under the control of the ultimate shareholder, directly through equity and consider these transactions as the receipt of additional capital contributions or the payment of dividends; 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.

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.

2. Summary of significant accounting policies (continued)

Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are 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 approved 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.

Leases

Leases under IFRS 16 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 Company.

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.

Leases (continued)

Assets and liabilities arising from a lease are initially measured on a present value basis. 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.

The lease payments are to be 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.

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.

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.

2. Summary of significant accounting policies (continued)

Provisions and contingent liabilities (continued)

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.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. 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 draw-down occurs. To the extend 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 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 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, unless the economic substance of the difference in carrying values is attributed to a capital transaction with owners and is recognised directly to equity.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss within ‘finance income/(costs) - net’.

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, which is normally evidenced by the amount of fees received. This amount is amortised on a straight-line basis over the life of the guarantee in “other gains/(losses) – net” in profit or loss.

2. Summary of significant accounting policies (continued)

Financial guarantee contracts (continued)

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”.

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. 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.

Trade and other payables

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Cash and cash equivalents

In the statement of cash flows, cash and cash equivalents include cash in bank, cash in hand and deposits held at call with banks, with original maturities of three months or less.

Comparatives

Comparative figures have been adjusted to conform with changes in the presentation for the current year. Changes in comparatives relate to presentation of financial guarantees (Note 21(k))

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 trade and 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% (2019: 10%) against the US dollar and all other variables remained unchanged, the post-tax loss of the Company for the year ended 31 December 2020 would have increased/decreased by US$56 thousand (2019: post-tax profit would have decreased/increased by US$305 thousand). This is mainly due to foreign exchange gains and losses arising upon retranslation of borrowings, cash in bank, trade and 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 2020 and 31 December 2019 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.

3. Financial risk management (continued)

Financial risk factors (continued)

b. Credit risk

Financial assets, which potentially subject the Company to credit risk, consist principally of trade and other receivables and cash and cash equivalents. Financial liabilities, which potentially subject the Company to credit risk, consist principally of financial guarantees provided to the Company's direct and indirect subsidiaries.

At 31 December 2020 and 2019, 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 2020, issued financial guarantee liabilities with carrying amount of US$2,199 thousand are within Stage 1 of IFRS 9 general impairment model (2019: US$2,900 thousand). At 31 December 2020, issued financial guarantee liabilities with carrying amount of US$14,495 thousand 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 under IFRS 9 "Financial Instruments" (2019: nil).

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.

Finally, see Note 12 for credit quality of cash and cash equivalents and trade and other receivables.

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 2020					
Trade and other payables	714	-	-	-	714
Financial guarantee *	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**
As of 31 December 2019					
Trade and other payables	1 100	-	-	-	1 100
Financial guarantee *	848 285	8 454	132 441	-	989 180
Lease liabilities	90	-	-	-	90
Borrowings	3 869	14 020	4 500	-	22 389
Total	**853 344**	**22 474**	**136 941**	**-**	**1 012 759**

* 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.

3. Financial risk management (continued)

Financial risk factors (continued)

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	
	2020	2019
Total borrowings	19 099	20 381
Total capitalisation	629 612	647 859
Total borrowings to total capitalisation ratio (percentage)	3%	3%

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. Carrying amounts of trade and other receivables approximate their fair values. The fair values of borrowings as at 31 December 2020 and 2019 approximate their carrying value.

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 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).

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:

Estimated impairment of investments

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 2020. 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. 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 First Container Terminal (FCT), Petrolesport and Farvater (PLP), Ust-Luga Container Terminal (ULCT), Moby Dik (MD), Yanino Logistics Park (YLP). The Finnish ports consist of Multi-Link Terminals Ltd Oy (MLT OY).

The recoverable amounts of National Container Holding Company Limited (FCT/PLP, VSC and ULCT cash generating units ("CGUs")) 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). For the estimation of the recoverable amount of a component of Multi-Link Terminals Limited (Moby Dik CGU) the fair value less costs to sell method was used, based on the market approach based on recent sales of similar assets (Level 2) (refer to notes 14 and 15 for the definition of the underlying CGUs of the Company).

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 a terminal growth rate of 3% has been applied (2019: 3%). The discount rate applied for Russian ports CGUs in projections prepared as at 31 December 2020 is 9.4% (2019: 8.8%). For projections prepared for MLT OY CGU a terminal growth rate of 2% has been applied (2019: 2%). The discount rate applied for MLT OY CGU in projections prepared as at 31 December 2020 is 9.7% (2019: 5.2%).

Key assumptions for Russian ports and Finish ports CGUs tested based on discounted future cash flows are throughput volume, price per unit, growth rates, and discount rates. The projected volumes reflect past experience adjusted by the management view on the prospective market developments. Volume growth is estimated to be in line with the long-term market development, position of each terminal on the market and its pricing power. For CGUs in the Russian ports segment, as supported by historical market performance and in view of relatively low containerisation level in Russia, the long-term average throughput growth rate for the Russian container market is higher than in developed markets.

Based on the results of the impairment tests carried out in respect of the above investments in subsidiaries and joint ventures, the Board of Directors did not identify any impairment losses as of 31 December 2020. For all of the above 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. Finally, the Board of Directors believes that there are no indications for reversal of impairments recognised in previous periods.

4. Critical accounting estimates and judgments (continued)

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 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 (see Note 14).

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	
	2020	2019
Interest income on cash balances	1	2
Total interest income calculated using effective interest rate method	1	2
Net foreign exchange gains/(losses) on cash and cash equivalents and loans receivable*	3	(39)
Total	**4**	**(37)**

* The total net foreign exchange loss recognised in the statement of comprehensive income amounted to US$15 thousand (2019: loss US$17 thousand). Refer also to Note 7 and Note 9.

6. Administrative expenses

(in thousands of US dollars)

	For the year ended 31 December	
	2020	2019
Legal, consulting and other professional services	1 044	966
Staff costs (Note 8)	1 408	1 824
Travelling expenses	141	136
Taxes other than on income	4	182
Auditors' remuneration	438	394
Advertising and promotion	-	28
Insurance	210	101
Bank charges	13	14
Depreciation of property, plant and equipment and right-of-use assets	142	167
Operating lease rentals	15	15
Other expenses	124	216
Total	**3 539**	**4 043**

The auditors' remuneration stated above include fees of US$234 thousand (2019: US$229 thousand) for statutory audit services and US$57 thousand (2019: US$56 thousand) for other assurance services.

The legal, consulting and other professional services stated above include fees of US$47 thousand (2019: US$39 thousand) for tax and vat consultancy services and US$4 thousand (2019: nil) for other non-audit services charged by the Company's statutory audit firm.

7. Other gains/(losses) – net

(in thousands of US dollars)

	For the year ended 31 December	
	2020	2019
Net foreign exchange transaction (losses)/gains on non-financing activities	(87)	33
Loss on remeasurement of financial guarantee (Note 21(d) and (k))	(13 371)	-
Amortisation and derecognition of financial guarantee (Note 21(d) and (k))	1 269	1 284
Other gains/(losses) - net	130	-
Total	**(12 059)**	**1 317**

8. Staff costs

(in thousands of US dollars)

	For the year ended 31 December	
	2020	2019
Salaries	1 264	1 690
Social insurance costs	136	120
Other staff costs	8	14
Total	**1 408**	**1 824**
Average number of staff employed during the year	6	6

9. Finance costs

(in thousands of US dollars)

	For the year ended 31 December	
	2020	2019
Interest expense on loans from related parties (Note 21(c))	1 211	1 079
Interest expense on lease liabilities	9	24
Net foreign exchange (gains)/losses on related parties borrowings	(69)	11
Total	**1 151**	**1 114**

10. Income tax expense

(in thousands of US dollars)

	For the year ended 31 December	
	2020	2019
Withholding tax on dividends	30	-
Defence contribution	-	-
Total income tax	**30**	**-**

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	
	2020	2019
Profit/(loss) before tax	(16 935)	3 433
Tax calculated at the applicable corporation tax rate of 12.5%	(2 117)	429
Tax effect of expenses not deductible for tax purposes	2 861	646
Tax effect of allowances and income not subject to tax	(740)	(1 075)
Withholding tax on dividends	30	-
Utilisation of carried forward losses	-	(4)
Tax effect of group relief	(4)	-
Tax charge	**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.

Under certain conditions, interest may be exempt from income tax and only subject to defence contribution at the rate of 30%.

In certain cases dividends received from abroad may be subject to defence contribution at the rate of 17%. In certain cases dividends received from other Cyprus tax resident Companies may also be subject to special contribution for defence.

Gains on disposal of qualifying titles (including shares, bonds, debentures, rights thereon, etc) are exempt from Cyprus income tax.

11. Financial instruments by category

(in thousands of US dollars)

	As at 31 December	
	2020	2019
Financial assets at amortised cost		
Financial assets as per balance sheet		
Trade and other receivables[(1)]	2 363	2 198
Cash and bank balances	580	150
Total financial assets	**2 943**	**2 348**
Financial liabilities measured at amortised cost		
Financial liabilities as per balance sheet		
Trade and other payables (excluding accrued expenses)	489	912
Borrowings (Note 21(h))	19 099	20 381
Total	**19 588**	**21 293**
Lease liabilities	-	81
Total financial liabilities	**19 588**	**21 374**

(1) Trade and other receivables do not include prepayments.

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	2020	2019
A3 (Moody's)	367	32
Aa3 (Moody's)	191	52
B3 (Moody's)	22	66
Total	**580**	**150**

Trade and 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 2020 (31 December 2019: US$1,773 thousand).

13. Property, plant and equipment

(in thousands of US dollars)

	Motor vehicles and other equipment
At 1 January 2019	
Cost	131
Accumulated depreciation	(14)
Net book amount	**117**
Additions	1
Depreciation charge for 2019	(43)
Closing net book amount at 31 December 2019	**75**
At 31 December 2019/1 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	
Cost	132
Accumulated depreciation	(107)
Net book amount	**25**

14. Investments in subsidiaries

(in thousands of US dollars)

	For the year ended 31 December	
	2020	2019
At beginning of year	**624 347**	**624 638**
Additions	44	1 861
Repayment of capital of subsidiaries	(2 205)	(3 668)
Guarantees provided (Note 21(k))	1 692	1 516
Impairment charge	(4 884)	-
At end of year	**618 994**	**624 347**

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

Name	Principal activity	Country of incorporation	2020 % holding	2019 % holding
Arytano Holdings Limited	Holding company	Cyprus	-	100
Intercross Investments B.V.	Holding company	Netherlands	-	100
NCC Pacific Investments Limited	Holding company	Cyprus	-	100
NCC Group Limited	Holding company	Cyprus	100	100
Global Ports (Finance) Plc	Provision of loans to related parties from the proceeds raised from issued Eurobonds	Cyprus	99.98	-
Global Ports Advisory Eesti OU	Consulting company	Estonia	100	100
Global Ports Management LLC	Management and consulting company	Russia	100	100
Rolis LLC	Software development and maintenance	Russia	100	100
Alocasia CO. Ltd *	Holding company	Cyprus	4.76	-
National Container Holding Company Limited *	Holding company	Cyprus	100	0.005

* Alocasia CO. Ltd (2019: National Container Holding Company Limited) 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 four container terminals in Russia (Petrolesport (PLP), First Container Terminal (FCT), Ust-Luga Container Terminal (ULCT) and Vostochnaya Stevedoring Company (VSC)). 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 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.

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

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

On 29 June 2020 the Board of Directors of the Company approved the legal merger of Arytano Holdings Limited (and its 100% subsidiary 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 thousands.

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.

15. Investments in joint ventures

(in thousands of US dollars)

	For the year ended 31 December	
	2020	2019
At beginning of year	**24 847**	**24 838**
Additions	-	9
At end of year	**24 847**	**24 847**

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	2020 % holding	2019 % 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. Peterburg (Moby Dik CGU) which are held through Multi-Link Terminals Limited and an inland container terminal in the vicinity of St. Peterburg (Yanino Logistics Park CGU (YLP)) which is held through CD Holding OY.

No impairment was identified in 2020.

16. Trade and other receivables

(in thousands of US dollars)

	As at 31 December	
	2020	2019
Other receivables	2 363	1 773
Repayment of capital from subsidiary (Note 21(i))	-	425
Prepayments	211	231
Total trade and other receivables	**2 574**	**2 429**
Less non-current other receivables	(403)	-
Total current trade and other receivables	**2 171**	**2 429**

The fair values of trade and other receivables approximate their carrying amounts as the impact of discounting is not significant. The carrying amount of the Company's other receivables amounting to US$2,472 thousand are denominated in US dollars (31 December 2019: US$1,773 thousand). The carrying amount of the Company's other trade and other receivables are denominated in Euros.

17. Cash and bank balances

(in thousands of US dollars)

	As at 31 December	
	2020	2019
Cash at bank	580	150
Total	**580**	**150**

Cash and cash equivalents are denominated in the following currencies:

(in thousands of US dollars)

	As at 31 December	
	2020	2019
Currency:		
US dollar	427	36
Euro	153	114
Total	**580**	**150**

17. Cash and bank balances (continued)

Non-cash transactions

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.

There were no principal non-cash transactions during 2019.

18. Share capital, share premium and dividends

(in thousands of US dollars)

	Share capital	Share premium	Total
At 1 January 2019/31 December 2019/31 December 2020	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 2020 and 2019.

19. Trade and other payables

(in thousands of US dollars)

	As at 31 December	
	2020	2019
Other payables	182	181
Other payables to related parties (Note 21(j))	-	207
Accrued expenses	225	188
Payroll payable	307	524
Total trade and other payables	**714**	**1 100**

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 trade and other payables are denominated in Euros.

20. Contingencies and commitments

Operating environment

Most of investments of the Company are related to the operations in Russia. The Russian Federation displays certain characteristics of an emerging market. Its economy is particularly sensitive to oil and gas prices. The legal, tax and regulatory frameworks continue to develop and are subject to frequent changes and varying interpretations. The Russian economy continues to be negatively impacted by ongoing political tension in the region and international sanctions against certain Russian companies and individuals. Further, on 12 March 2020, the World Health Organisation declared the outbreak of COVID-19 a global pandemic. In response to the pandemic, the Russian authorities implemented numerous measures attempting to contain the spreading and impact of COVID-19, such as travel bans and restrictions, quarantines, shelter-in-place orders and limitations on business activity, including closures. These measures have, among other things, severely restricted economic activity in Russia and have negatively impacted, and could continue to negatively impact businesses, market participants, clients of the Group, as well as the Russian and global economy for an unknown period of time.

Management is taking necessary measures to ensure sustainability of the Group's operations and support its customers and employees:

- Medical examinations have been reinforced at the terminals and offices. Restrictions on travelling and external/internal meetings, social distancing, additional disinfection according to the schedule, personal protective equipment provided for personnel, improved cleaning, purchasing protective masks, gloves and COVID-19 tests for the local hospital in Nakhodka, Far East;
- Only critical employees stay at the terminals and in offices. The Group tried to establish the maximum comfort for its employees during remote work. The IT infrastructure was adapted to new challenges and was working without major failures;
- A mobile application has been developed to monitor the health status of employees;
- Unhindered operational performances 24/7 (quay, yard and gates), to support and protect customers' supply chains in Russia;
- Improved commercial and operational flexibility to support customers;
- Maximum digitalisation of documentation and customer integration continued. Further development of online solution to decrease necessity of client's presence at the terminal;
- Discipline in spending: strict and careful management of funds, including pro-active management of costs, receivables and capacity for effective adaptation to crisis and its consequences, stress testing of financial performance and liquidity position, revisiting financial plans.

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

The future effects of the current economic situation and the above measures are difficult to predict and management's current expectations and estimates could differ from actual results.

Finland represents established market economy with more stable political systems and developed legislation based on EU directives and regulations. The Finnish authorities implemented numerous measures attempting to contain the spreading and impact of COVID-19. Management is taking necessary measures to ensure the safety of employees and ensure sustainability operations. Recommendation to use face masks has been given to employees. Separation of shifts was reinstated from October 2020.

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 2020 and 31 December 2019.

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. Related parties may enter into transactions, which unrelated parties might not, and transactions between related parties may not be effected on the same terms, conditions and amounts as transactions between unrelated parties.

The following transactions were carried out with related parties:

a. Revenue

(in thousands of US dollars)

	For the year ended 31 December	
	2020	2019
Management fees from:		
Subsidiaries	103	106
Total	**103**	**106**

b. Dividend income

(in thousands of US dollars)

	For the year ended 31 December	
	2020	2019
Subsidiaries	3 291	5 431
Total	**3 291**	**5 431**

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	
	2020	2019
Interest expense:		
Subsidiaries	1 211	1 079
Total interest expenses	**1 211**	**1 079**

d. Other gains/(losses) - net

(in thousands of US dollars)

	For the year ended 31 December	
	2020	2019
Subsidiaries (Note 7 and 21(k))	(12 102)	1 284
Total	**(12 102)**	**1 284**

21. Related party transactions (continued)

e. Purchases of services

(in thousands of US dollars)

	For the year ended 31 December	
	2020	2019
Subsidiaries	220	215
Total	**220**	**215**

f. Acquisitions/disposals of subsidiaries/joint ventures

(in thousands of US dollars)

	For the year ended 31 December	
	2020	2019
Additions/contributions:		
Subsidiaries	44	1 861
Joint ventures	-	9
Total	**44**	**1 870**
Distributions of equity/repayment of capital:		
Subsidiaries	2 205	3 668
Total	**2 205**	**3 668**

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	
	2020	2019
Key management compensation:		
Salaries, fees, payroll taxes and other short-term employee benefits	1 029	1 375
Directors' remuneration:		
Fees	244	248
Emoluments in their executive capacity	-	570
Total	**244**	**818**

21. Related party transactions (continued)

h. Borrowings from related parties

Loans from subsidiaries:

(in thousands of US dollars)	For the year ended 31 December	
	2020	2019
At beginning of year	**20 381**	**22 197**
Loans advanced during the year	15 921	7 078
Loan and interest repaid during the year	(14 936)	(9 985)
Interest charged	1 211	1 079
Set-off against distributions receivable from subsidiary (Notes 14, 17 and 21(b))	(3 409)	-
Foreign exchange differences	(69)	12
At end of year	**19 099**	**20 381**

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

At 31 December 2019, the borrowings from related parties in amount of US$3,466 thousand were EUR-denominated, bore effective interest at the rate of 3.82%, were unsecured and were fully settled during 2020 in the form of a set-off arrangement.

The fair values of borrowings as at 31 December 2020 and 2019 approximate their carrying value.

As of 31 December 2020, the Company had undrawn loan facilities in the total amount of US$10,360 thousand (2019: US$26,280 thousand).

i. Other receivables

(in thousands of US dollars)	As at 31 December	
	2020	2019
Repayment of capital from subsidiaries (Note 16)	-	425
Total	**-**	**425**

j. Other payables

(in thousands of US dollars)	As at 31 December	
	2020	2019
Payroll payable (Note 19)	284	470
Entities under control of owners of controlling entities (Note 19)	-	207
Total	**284**	**677**

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$148,967 thousand (including interest accrued) as at 31 December 2020 (31 December 2019: US$249,364 thousand). At inception the fair value of these guarantees was US$2,575 thousand. As at 31 December 2020 the unamortised balance of this guarantee was US$247 thousand (31 December 2019: US$618 thousand).

During 2016 the Company and its indirect subsidiaries granted guarantee to an 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 2020 (31 December 2019: US$518,916 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$122,400 thousand as at 31 December 2020 (31 December 2019: US$130,000 thousand). At inception the fair value of the guarantee was US$1,162 thousand. As at 31 December 2020 the aggregate unamortised balance of these guarantees was US$1,124 thousand (31 December 2019: US$1,930 thousand). At the year-end these guarantees were remeasured to US$14,495 thousand 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 2020 by US$13,371 thousand (Note 7).

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$60,288 thousand (including interest accrued) as at 31 December 2020 (31 December 2019: US$71,945 thousand). At inception the fair value of the guarantee was US$355 thousand. As at 31 December 2020 the unamortised balance of this guarantee was US$280 thousand (31 December 2019: US$352 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$67,948 thousand (including interest accrued) as at 31 December 2020. At inception the fair value of the guarantee was US$1,692 thousand. As at 31 December 2020 the unamortised balance of this guarantee was US$1,672 thousand.

22. Events after the balance sheet date

There were no material post balance sheet events which have a bearing on the understanding of these financial statements.

Independent Auditor's Report

To the Members of Global Ports Investments Plc

Report on the Audit of the Financial Statements

Our opinion

In our opinion, the accompanying parent company financial statements (the "financial statements") of Global Ports Investments Plc (the "Company") give a true and fair view of the financial position of the Company as at 31 December 2020, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113.

What we have audited

We have audited the financial statements which are presented in pages 27 to 54 and comprise:

- the balance sheet as at 31 December 2020;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Company throughout the period of our appointment in accordance with the *International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code)* together with the ethical requirements that are relevant to our audit of the financial statements in Cyprus and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

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Our audit approach

Overview
As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where the Board of Directors made subjective judgements, for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Materiality	Overall materiality: US$6,5 million, which represents approximately 1% of total assets.
Key audit matters	We have identified the impairment assessment of investments in subsidiaries and joint ventures as the key audit matter.

Materiality
The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Overall materiality	US$6,5 million
How we determined it	Approximately 1% of total assets
Rationale for the materiality benchmark applied	We chose total assets as the benchmark, because, in our view: • it is the benchmark against which the performance of the Company is commonly measured by the users, and • it is a generally accepted benchmark. We chose 1% which is within the range of acceptable quantitative materiality thresholds in auditing standards.

We agreed with the Audit and Risk Committee that we would report to them misstatements identified during our audit above US$0,5 million as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Key audit matters incorporating the most significant risks of material misstatements, including assessed risk of material misstatements due to fraud

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our audit addressed the Key Audit Matter
Impairment assessment of investments in subsidiaries and joint ventures Because of COVID-19 related uncertainties, the Company's Board of Directors considered that there are impairment indications and has performed an impairment test for all investments in subsidiaries and joint ventures that hold operating assets. We focused on this area due to: • the size of the Company's investments in subsidiaries and joint ventures holding operating assets, and • the assessment of the recoverable amounts of these subsidiaries and joint ventures involves complex and subjective judgements about the future results of the business and the applicable discount rates where value in use models were used and about the estimation of fair value less costs to sell. In particular, we focused our audit effort on the Board of Directors' test for impairment of the investments in subsidiary National Container Holding Company Limited and joint venture Multi-Link Terminals Limited (MLT), due to the fact that these are the material investments of the Company that hold operating assets and an impairment test was performed by the Board of Directors for their underlying cash-generating units ("CGUs") (see Note 4) due to identified impairment indications as a result of the COVID-19 outbreak. The recoverable amount of the investment in joint venture MLT was determined based on the recoverable amounts of Moby Dik (MD) and Multi-Link Terminals (MLT Oy) CGUs. The recoverable amount of MD CGU was determined by the Board of Directors based on the fair value	We evaluated the valuation inputs and assumptions, methodologies and calculations adopted by the Company's Board of Directors in determining the recoverable amounts of the Company's investments in subsidiaries and joint ventures. In order to assist us in our audit we involved valuation experts that have the knowledge and experience in the industry and country of operation of the underlying CGUs to assist us in evaluating the methodology, models and assumptions used in value in use calculations, as well as evaluating the fair value less cost to sell calculations. For MD CGU, we evaluated whether the fair value less costs to sell approach is more appropriate than value in use approach to determine the CGU's recoverable amount given the specific circumstances of the CGU. We further evaluated the work of the management's expert involved for the valuation of MD CGU's assets by assessing the competence, capabilities and objectivity of the independent appraiser and the methodology, models and inputs used by the management's expert. With respect to the value in use models used for the CGUs of National Container Holding Company Limited and MLT Oy, a component of MLT, we challenged and evaluated the composition of the future cash flow forecasts in the model including comparing them to the latest budgets approved by the Board of Directors.

Key Audit Matter	How our audit addressed the Key Audit Matter
less costs to sell approach. In determining the fair value of MD CGU, the Board of Directors involved an independent appraiser (the management's expert). The recoverable amount of MLT Oy CGU was determined based on value in use calculations. The recoverable amount of the investment in subsidiary National Container Holding Company Limited (FCT/PLP, VSC and ULCT CGUs) was determined based on value in use calculations for each CGU. The expected cash flows (budgets) for the year 2021 and the remaining assumptions used for each CGU's value in use calculations have been approved by the Company's Board of Directors. Certain assumptions made by the Board of Directors in the determination of the CGUs' value in use calculations were considered to be key assumptions (Note 4). Based on the results of the impairment tests carried out in respect of the above investments in subsidiaries and joint ventures, no impairment losses have been identified. Refer to Notes 4, 14 and 15 to the financial statements for the related disclosures.	We have also challenged and evaluated: • the Board of Directors' key assumptions for the long-term growth rates of key inputs, such as volume and price and compared them to historical results, economic and industry forecasts, • the discount rate applied to these cash flows, by assessing the weighted average cost of capital, and considering territory specific factors, and • the macroeconomic assumptions used by the Board of Directors, by comparing them to market benchmarks and publicly available information. We have also performed look-back procedures by comparing previous budgets used in value in use calculations to actual results. We lastly evaluated the adequacy of the disclosures made in Notes 4, 14 and 15 of the financial statements, including those regarding the key assumptions. Based on the evidence obtained, we found that the methodologies, assumptions and data used within the models and the related disclosures included in the financial statements, are appropriate.

Reporting on other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the Management Report, including the Corporate Governance Statement, and the Directors' responsibility statement which we obtained prior to the date of this auditor's report and the Annual Report, which is expected to be made available to us after that date. Other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Company's complete Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and if not corrected, we will bring the matter to the attention of the members of the Company at the Company's Annual General Meeting and we will take such other action as may be required.

Responsibilities of the Board of Directors and those charged with governance for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters.

Report on Other Legal and Regulatory Requirements

Pursuant to the requirements of Article 10(2) of the EU Regulation 537/2014 we provide the following information in our Independent Auditor's Report, which is required in addition to the requirements of International Standards on Auditing.

Appointment of the Auditor and Period of Engagement

We were first appointed as auditors of the Company in 2008 by shareholder resolution for the audit of the financial statements for the period from 29 February 2008 (incorporation date) to 31 December 2008. Our appointment has been renewed annually, since then, by shareholder resolution. In 2011 the Company was listed in the Main Market of the London Stock Exchange and accordingly the first financial year after the Company qualified as an EU PIE was the year ended 31 December 2011. Since then, the total period of uninterrupted engagement appointment was 10 years.

Consistency of the Additional Report to the Audit and Risk Committee
We confirm that our audit opinion on the financial statements expressed in this report is consistent with the additional report to the Audit and Risk Committee of the Company, which we issued on 1 March 2021 in accordance with Article 11 of the EU Regulation 537/2014.

Provision of Non-audit Services
We declare that no prohibited non-audit services referred to in Article 5 of the EU Regulation 537/2014 and Section 72 of the Auditors Law of 2017 were provided. In addition, there are no non-audit services which were provided by us to the Company and which have not been disclosed in the financial statements or the Management Report.

Other Legal Requirements
Pursuant to the additional requirements of the Auditors Law of 2017, we report the following:

- In our opinion, based on the work undertaken in the course of our audit, the Management Report has been prepared in accordance with the requirements of the Cyprus Companies Law, Cap. 113, and the information given is consistent with the financial statements.

- In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the Management Report. We have nothing to report in this respect.

- In our opinion, based on the work undertaken in the course of our audit, the information included in the Corporate Governance Statement in accordance with the requirements of subparagraphs (iv) and (v) of paragraph 2(a) of Article 151 of the Cyprus Companies Law, Cap. 113, and which is included as a specific section of the Management Report, have been prepared in accordance with the requirements of the Cyprus Companies Law, Cap.113, and is consistent with the financial statements.

- In our opinion, based on the work undertaken in the course of our audit, the Corporate Governance Statement includes all information referred to in subparagraphs (i), (ii), (iii), (vi) and (vii) of paragraph 2(a) of Article 151 of the Cyprus Companies Law, Cap. 113.

- In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the Corporate Governance Statement in relation to the information disclosed for items (iv) and (v) of subparagraph 2(a) of Article 151 of the Cyprus Companies Law, Cap. 113. We have nothing to report in this respect.

Other Matter

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Article 10(1) of the EU Regulation 537/2014 and Section 69 of the Auditors Law of 2017 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whose knowledge this report may come to.

We have reported separately on the consolidated financial statements of the Company and its subsidiaries for the year ended 31 December 2020.

The engagement partner on the audit resulting in this independent auditor's report is Tasos Nolas.

Tasos Nolas
Certified Public Accountant and Registered Auditor
for and on behalf of

PricewaterhouseCoopers Limited
Certified Public Accountants and Registered Auditors

City House, 6 Karaiskakis Street,
CY-3032 Limassol, Cyprus

Limassol, 5 March 2021