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Global Ports Investments PLC

2022 Interim Results Release

19 August 2022

Global Ports Investments PLC

2022 Interim Results

Global Ports Investments PLC ("Global Ports" or the "Company", together with its subsidiaries and joint ventures, the "Group" or the "Global Ports Group"; LSE ticker: GLPR) today publishes its interim condensed consolidated financial information (unaudited) for the six-month period ended 30 June 2022.

Information (including non-IFRS financial measures) requiring additional explanation or terms which begin with capital letters and the explanations or definitions thereto are provided at the end of this announcement. Certain financial information is derived from the management accounts. Unless otherwise stated, all comparisons refer to y/y changes.

2022 Interim results

- Revenue increased by 18.2% to USD 271.6 million
- Gross profit Adjusted for Impairment increased by 28.8% to USD 129.9 million
- Adjusted EBITDA grew by 28.0% to USD 145.6 million, delivering Adjusted EBITDA Margin increase of 410 basis points to 53.6%
- Loss for the period of USD 400.7 million due to impairment of USD 521.1 million
- Free Cash Flow generation growth of 145.9% to USD 151.3[1] million
- Deleveraging successfully continued with Net Debt down by USD 67.4 million and Net Debt to LTM Adjusted EBITDA reduced to 1.5x (-0.5x compared to 31 December 2021)
- Consolidated Marine Container Throughput, reflecting market trends, down 22.6% y-o-y to 611 thousand TEUs
- Consolidated Marine Bulk Throughput of 1.2 million tonnes (-53.5% y-o-y) on the back of the strategic decision to cease coal handling at VSC in 2021 to drive more profitable container volume growth

Management comment and outlook:

After a strong start of the year, an increase of geopolitical tensions resulted in significant deterioration of the Russian container market conditions, including: sanctions introduced by other countries; increased volatility of financial markets and Russian Rouble; a significantly increased level of economic uncertainty; suspension of operations by container shipping lines and certain beneficial cargo owners; disruption of container supply chains and de-containerisation of export.

As a result, the container business of the Group in the North-West of Russia significantly reduced, while container market in the Far East of Russia remained stronger as less dependent on European container hubs and more consumer and humanitarian goods oriented.

Availability of well invested multipurpose terminals in two basins allowed the Group to partially mitigate negative markets trends. That became possible due to multiple factors: the growth of non-container business in the North-West as well as due to solid unit pricing driven by growing share of higher priced Far Eastern operations, one-off significant increase of container storage time, client and cargo mix change. These trends combined with strong cost control and CAPEX revision allowed 28.0% growth of Adjusted EBITDA to USD 145.6 million, Free Cash Flow growth of 145.9% to USD 151.3 million and further deleveraging with Net Debt to LTM Adjusted EBITDA reduction to 1.5x, the lowest level since 2012.

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1 FCF definition and calculation were changed in 2021, for details and reconciliation please see Appendix 2: Reconciliation of Additional data (non-IFRS) to the consolidated financial statements and Appendix 3: Definitions and Presentation of Information

The outlook for the rest of 2022 in the current rapidly evolving environment remains uncertain. Given inertia of container trade the full impact of recent changes on the Group's container operations in the North-West is only taking place since the end of May 2022 and container handling volumes in the region are expected to be reduced significantly compared to the first half of 2022. Operations in the Far East might be more resilient and solid demand is expected. The Group is concentrated on operational efficiency in the Far East, increasing of utilisation of its terminals in the North-West with non-container cargo as well as strict cost control and cash preservation

Further information is available in the following Appendices:

- Appendix 1: Results of operations for Global Ports for the six-month period ended 30 June 2022
- Appendix 2: Reconciliation of Additional data (non-IFRS) to the condensed consolidated financial information
- Appendix 3: Definitions and Presentation of Information
- Appendix 4: Investor Presentation

Market data

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

Downloads

Interim condensed consolidated financial information (unaudited) for the six-month period ended 30 June 2022 for Global Ports is available for viewing and downloading at https://www.globalports.com/en/investors/reports-and-results/.

Analyst and Investor enquiries

For all institutional investor and analyst enquiries or if you would like to be added to the investor relations distribution list, please contact our Investor Relations team whose contact details are given below.

Global Ports Investor Relations

Mikhail Grigoriev / Tatiana Khansuvarova
+7 (812) 677 15 57
+7 916 991 73 96
E-mail: ir@globalports.com

Global Ports Media Relations

Margarita Potekhina
+7 (812) 677 15 57 ext. 2889
+7 921 963 54 27
E-mail: media@globalports.com

NOTES TO EDITORS

Global Ports Investments PLC is the leading operator of container terminals in the Russian market in terms of capacity and container throughput.[2]

Global Ports' terminals are located in the Baltic and Far East Basins, key regions for foreign Russian trade and transit cargo flows. Global Ports operates five container terminals in Russia (Petrolesport, First Container Terminal, Ust-Luga Container Terminal[3] and Moby Dik[4] in the Russian Baltics, and Vostochnaya Stevedoring Company in the Russian Far East) and two container terminals in Finland[5] (Multi-Link Terminals in Helsinki and Kotka). Global Ports also owns inland container terminal Yanino Logistics Park[6] located in the vicinity of St. Petersburg.

Global Ports' revenue for the first half of 2022 was USD 271.6 million and Adjusted EBITDA was USD 145.6 million. Consolidated Marine Container Throughput was 611 thousand TEUs in the first half of 2022.

Global Ports' major shareholders are Delo Group, the largest intermodal container and port operator in Russia[7] (30.75%), and APM Terminals B.V[8]. (30.75%), whose core expertise is the design, construction, management and operation of ports, terminals and inland services. APM Terminals operate a terminal network of 76 terminals globally. 20.5% of Global Ports shares are traded in the form of global depositary receipts listed on the Main Market of the London Stock Exchange (LSE ticker: GLPR).

For more information please see: www.globalports.com

LEGAL DISCLAIMER

Some of the information in these materials may contain projections or other forward-looking statements regarding future events or the future financial performance of Global Ports. You can identify forward-looking statements by terms such as "expect", "believe", "anticipate", "estimate", "intend", "will", "could," "may" or "might" or the negative of such terms or other similar expressions. Any forward-looking statement is based on information available to Global Ports as of the date of the statement and, other than in accordance with its legal or regulatory obligations, Global Ports does not intend or undertake to update or revise these statements to reflect events and circumstances occurring after the date hereof or to reflect the occurrence of unanticipated events. Forward-looking statements involve known and unknown risks and Global Ports wishes to caution you that these statements are only predictions, and that actual events or results may differ materially from what is expressed or implied by these statements. Many factors could cause the actual results to differ materially from those contained in projections or forward-looking statements of Global Ports, including, among others, general political and economic conditions, the competitive environment, risks associated with operating in Russia and market change in the industries Global Ports operates in, as well as many other risks related to Global Ports and its operations. All written or oral forward-looking statements attributable to Global Ports are qualified by this caution.

2 Company estimates based on 1H 2022 throughput and the information published by the "ASOP".
3 In which Eurogate currently has a 20% effective ownership interest.
4 Joint venture in which CMA Terminals currently has a 25% effective ownership interest.
5 Joint ventures in each of which CMA Terminals currently has a 25% effective ownership interest.
6 Joint venture in which CMA Terminals currently has a 25% effective ownership interest.
7 According to publicly available data at www.delo-group.com.
8 On 11th of March 2022 APM Terminals announced its intention to commence a process to divest its shareholding in the Company. Please see the press release dated 11 March 2022 on www.globalports.com

Appendix 1: Results of operations for Global Ports for the six months ended 30 June 2022

The financial information presented in this appendix is extracted from interim condensed consolidated financial information (unaudited) for the six-month period ended 30 June 2022. This appendix also includes certain non-IFRS financial information, identified using capitalised terms below. For further information on calculation of such non-IFRS financial information, see Appendix 3 (Definitions and Presentation of Information) and the section entitled "Non-IFRS Measures: Adjusted EBITDA and Adjusted EBITDA Margin" below. Readers of this appendix should read the entire announcement together with the Global Ports Group consolidated financial information also released on the date hereof, and not just rely on the summary information set out below.

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

Operational Information

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

	1H 2022	**1H 2021**	**Change**	
			Abs	**%**
Marine Terminals				
Containerised cargo (thousand TEUs)				
PLP	124	202	(78)	-38.7%
VSC	274	250	24	9.4%
FCT	204	321	(117)	-36.4%
ULCT	9	15	(6)	-43.0%
Non-containerised cargo				
Ro-Ro (thousand units)	4.3	13.0	(8.6)	-66.5%
Cars (thousand units)	18.4	54.6	(36.2)	-66.3%
Other bulk cargo (thousand tonnes)	1,219	2,623	(1,404)	-53.5%
Consolidated Marine Container Throughput	*611*	*789*	(178)	-22.6%
Consolidated Marine Bulk Throughput	*1,219*	*2,623*	(1,404)	-53.5%
Operational statistics of Joint Ventures				
Finnish Ports				
Containerised cargo (thousand TEUs)	54	40	15	36.6%
Yanino (Inland Terminal)				
Containerised cargo (thousand TEUs)	38.3	39.3	(1.0)	-2.5%
Bulk cargo throughput (thousand tonnes)	93.7	178.7	(85.1)	-47.6%

On the back of geopolitical tensions and significant reduction of the number of vessel calls by key shipping lines to the ports of Russia both Russian container market in the Baltic basin and the Group's terminals located in the said region experienced severe decline in containers, cars and Ro-ro throughput in the first half of 2022. At the same time, container throughput in Far East and at VSC remained more persistent, although negatively impacted by COVID-19 restrictions in China and termination of the vessel calls by several container shipping lines. Despite decline in volumes the market share of the Group increased in both basins of presence.

In order to increase utilisation rate of its terminals in the Nort-West the Group successfully attracts non-containerised cargo, mainly fertilisers, chemical products, timber, and paper, to PLP and FCT. However, these volumes are not sufficient to offset the decline resulted from the Group's strategic decision to cease coal handling at VSC in Q3 2021 to drive more profitable container volume growth.

The market outlook for 2022 in the Baltic basin remains well below 2021, while the Far Eastern market is expected to be more stable. There are no signs of recovery in cars and High-and-heavy Ro-Ro business.

Results of operations of Global Ports for the six-month period ended 30 June 2022 and 2021

The following table sets out the principal components of the Group's consolidated income statement and certain additional non-IFRS data of the Group for the periods ended 30 June 2022 and 30 June 2021.

	1H 2022 USD mln	1H 2021 USD mln	Change USD mln	Change %
Selected consolidated financial information				
Revenue	271.6	229.8	41.8	18.2%
Cost of sales	(662.8)	(129.0)	(533.8)	414.0%
Gross profit	(391.2)	100.8	(492.0)	(487.9%)
Administrative, selling and marketing expenses	(10.3)	(12.2)	1.9	(15.5%)
Other income	0.3	0.7	(0.3)	(46.8%)
Share of (loss)/profit of joint ventures accounted for using the equity method	1.3	(1.5)	2.8	(188.6%)
Other (losses)/gains - net	0.1	(0.3)	0.5	(132.9%)
Operating profit	(399.7)	87.4	(487.1)	(557.0%)
Finance income	4.3	1.1	3.2	305.6%
Finance costs	(23.5)	(27.7)	4.2	(15.1%)
Change in fair value of derivative instruments	1.1	(5.0)	6.1	(122.7%)
Net foreign exchange gains/(losses) on financial activities	(6.0)	6.1	(12.1)	(198.5%)
Finance income/(costs) - net	(24.1)	(25.5)	1.5	(5.7%)
Profit before income tax	(423.8)	61.9	(485.7)	(784.6%)
Income tax expense	23.0	(8.0)	31.0	(387.0%)
Profit for the period	(400.7)	53.9	(454.6)	(843.8%)
Attributable to:				
Owners of the Company	(394.1)	54.0	(448.1)	(829.7%)
Non-controlling interest	(6.7)	(0.1)	(6.5)	5137.0%
Key Non-IFRS financial information				
Gross profit Adjusted for Impairment	129.9	100.8	29.1	28.8%
Adjusted EBITDA	145.6	113.8	31.8	28.0%
Adjusted EBITDA Margin	53.6%	49.5%		
Cash Cost of Sales	116.5	105.2	11.3	10.7%
Total Operating Cash costs	126.4	116.7	9.7	8.3%
Free Cash Flow	151.3	61.5	89.8	145.9%

Revenue

The following table sets forth the components of the consolidated revenue for the periods ended 30 June 2022 and 30 June 2021.

	1H 2022 USD mln	1H 2021 USD mln	Change USD mln	Change %
Container revenue	239.2	187.8	51.4	27.4%
Non-container revenue	32.4	42.0	(9.6)	(22.9%)
Revenue	**271.6**	**229.8**	**41.8**	**18.2%**

In the first half of 2022 consolidated revenue increased by 18.2% to USD 271.6 million from USD 229.8 million in the first half of 2021, as USD 51.4 million or 27.4% growth in container revenue was partially offset by USD 9.6 million or 22.9% decline in non-container revenue.

Consolidated Container Revenue increased by 27.4%, or USD 51.4 million, to USD 239.2 million, as decline in container throughput described above was offset by solid growth in unit revenue. Key factors contributing to Revenue per TEU growth are: increased share in higher priced container business in the

Far East; one-off storage revenue on the back of disruption of supply chain container dwell time temporarily lengthened; change in client mix with the decreased share of clients with loyalty incentives.

Consolidated Non-Container Revenue decreased by 22.9%, or USD 9.6 million, to USD 32.4 million, due to the cease of coal handling at VSC mentioned above.

Cost of sales

The following table sets out the cost of sales breakdown by expenses for the first half of 2022 and the first half of 2021.

	1H 2022 USD mln	1H 2021 USD mln	Change USD mln	Change %
Depreciation of property, plant and equipment	17.9	17.1	0.8	4.7%
Amortisation of intangible assets	0.3	0.3	0.0	4.4%
Depreciation of right-of-use assets	7.0	6.4	0.6	10.1%
Impairment of right-of-use assets	482.4	-	482.4	-
Impairment of property, plant, and equipment	33.7	-	33.7	-
Impairment of goodwill	4.9	-	4.9	-
Staff costs	34.7	24.8	10.0	40.2%
Transportation expenses	64.5	57.5	7.0	12.1%
- including VSC rail transportation costs	*61.5*	*54.3*	*7.1*	*13.1%*
- including transportation costs other than VSC transportation costs	*3.0*	*3.2*	*(0.2)*	*(5.0%)*
Fuel, electricity and gas	4.8	4.8	0.0	0.5%
Repair and maintenance of property, plant, and equipment	1.9	2.3	(0.4)	(18.3%)
Purchased services	6.4	10.2	(3.8)	(36.9%)
Taxes other than on income	1.3	1.2	0.1	6.5%
Other operating expenses	2.9	4.5	(1.6)	(35.6%)
Total Cost of Sales	**662.8**	**129.0**	**533.8**	**414.0%**
Cash Cost of Sales	**116.5**	**105.2**	**11.3**	**10.7%**

The cost of sales increased by USD 533.8 million, or 414.0%, from USD 129.0 million in the first half of 2021 to USD 662.8 million in the first half of 2022 primarily due to Impairment of right-of-use assets of USD 482.4 million, Impairment of property, plant and equipment of USD 33.7 million and Impairment of goodwill of USD 4.9 million (see below).

Cash Cost of Sales increased by 10.7% mainly driven by 40.2% or USD 10.0 million increase in staff cost from USD 24.8 million in the first half of 2021 to USD 34.7 million in the first half of 2022. This increase was driven by the Company's decision to align employee renumeration with average industry level primarily at rapidly growing VSC as well as intention to keep key terminals' cargo handling potential in order to allow operational flexibility in rapidly changing environment.

Staff costs increase mentioned above was partially offset by a decrease in purchase services by USD 3.8 million or 36.9% due to the decrease in cargo throughput.

Impairment of right-of-use assets, property, plant and equipment and goodwill

The Group tests goodwill, other non-financial assets and investments in joint ventures for possible impairment or reversal of impairment. Following the introduction of additional sanctions by the United States of America, the European Union and several other countries against Russia the Group performed updated tests of the estimated recoverable amount for all Cash Generation Units (CGUs) as part of the preparation of the interim financial information.

Based on the results of the impairment tests carried out as of 30 June 2022, the Board of Directors identified impairment charges for PLP and FCT combined CGU and ULCT CGU resulting in the carrying amounts of these CGUs being written down to their recoverable amounts. In PLP and FCT combined

CGU, an impairment charge of USD 484 million was recognised. The impairment charge was allocated to goodwill and the remaining amount to right-of-use assets. In ULCT, an impairment charge of USD 37 million was recognised. The impairment charge was allocated to property, plant and equipment and right-of-use assets.

Gross profit

Gross loss amounted to USD 391.2 million in the first half of 2022 compared to the gross profit of 100.8 million in the first half of 2021. Gross profit Adjusted for Impairment increased by 28.8% or by USD 29.1 million from USD 100.8 million in the first half of 2021 to USD 129.9 million in the first half of 2022. This change was due to the factors described above under *"Revenue"* and *"Cost of sales"* and "*Impairment of right-of-use assets, property, plant and equipment and goodwill"*.

Administrative, selling and marketing expenses

Administrative, selling and marketing expenses decreased by USD 1.9 million, or 15.5%, from USD 12.2 million in the first half 2021 to USD 10.3 million in the first half 2022 and was primarily driven by USD 1.5 million or 17.4% decrease in administrative staff cost as a result of cost cutting measures.

Adjusted EBITDA and Adjusted EBITDA Margin

Adjusted EBITDA in the first half of 2022 increased by 28.0%, or USD 31.8 million to USD 145.6 million. Adjusted EBITDA Margin was 53.6%, 410 basis points higher than in the first half of 2021 (49.5%).

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

	1H 2022 USD mln	1H 2021 USD mln	Change USD mln	Change %
MLT	(0.3)	(1.5)	1.2	(78.4%)
CD Holding	1.7	0.01	1.7	1,4212.3%
Total share of profit/(loss) of joint ventures	**1.3**	**(1.5)**	**2.8**	**(188.6%)**

The Group's share of profit/(loss) from joint ventures changed from a loss of USD 1.5 million in the first half of 2021 to a profit of USD 1.3 million in the first half 2022.

The loss from MLT Group decreased from USD 1.5 million in the first half 2021 to a loss of USD 0.3 million. This result was primarily driven by an increased handling volume at MLT and better financial performance by Moby Dik.

The growth in the share of results from CD Holding Group, from an immaterial profit in the first half of 2021 to a profit of USD 1.7 million in the first half of 2022, was mainly driven by the growing volumes of operations and other revenues of YLP.

Other gains/(losses)—net

Other gains/(losses) —net changed from a net loss of USD 346 thousand in the first half of 2021 to a net gain of USD 114 thousand in the first half of 2022.

Operating profit/(loss)

The Group's operating loss amounted to USD 399.7 million in the first half of 2022 compared to operating profit of USD 87.4 in the first half of 2021 due to the factors described above under *"Gross* *profit"*, *"Share of profit/(loss) of joint ventures accounted for using the equity method*", "*Impairment of right-of-use assets, property, plant and equipment and goodwill"*, and *"Other gains/(losses)-net"*.

Finance income/(costs)—net

Net finance income/(costs) – net remained broadly unchanged: cost of USD 25.5 million in the first half of 2021 compared to the cost of USD 24.1 million in the first half of 2022.

Profit/(loss) before income tax

Profit before income tax changed from a profit of USD 61.9 million in the first half of 2021 to USD 423.8 million in the first haff of 2022. This change is due to the factors described above under *"Operating profit/(loss)"* and *"Finance income/(costs)—net"*.

Income tax expense

In the first half 2021 income tax expense was USD 8.0 million compared to USD 23.0 million of tax credit in the first half of 2022. This was mainly caused by tax credit of USD 84.6 million derived as a result of impairments described above which was partially offset by write-off of deferred tax asset of USD 75.0 million related to PLP and its subsidiaries.

Profit/(loss) for the period

The Group reported a loss of USD 400.7 million in the first half of 2022, compared to a profit of USD 53.9 million in the first half of 2021 due to the factors described above.

Liquidity and capital resources

General

As of 30 June 2022, the Group had USD 242.0 million in cash and cash equivalents.

The Group's liquidity requirements arise primarily in connection with repayments of principal and interest payments, capital investment programmes and ongoing costs of its operations. In 1H 2022 the Group's liquidity needs were met primarily by cash flows generated from its operational activities as well as borrowings. The Group expects to fund its liquidity requirements in both the short and medium term with cash generated from operational activities and borrowings.

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

As of 30 June 2022, the Group had USD 666.0 million of total borrowings (including lease liabilities), of which USD 12.9 million comprised current borrowings and USD 653.1 million comprised non-current borrowings. See also *"Capital resources"*.

Cash flow

The following table sets out the principal components of the Group's consolidated cash flow statement for the first half of 2022 and the first half of 2021

	1H 2022	1H 2021	Change	Change
	USD mln	USD mln	USD mln	%
Net cash from operating activities	**175.9**	**104.3**	**71.6**	**68.7%**
Cash generated from operations	187.6	109.2	78.5	71.9%
Tax paid	(11.7)	(4.9)	(6.8)	140.3%
Net cash used in investing activities	**6.8**	**(9.9)**	**16.7**	**(168.1%)**
Purchases of intangible assets	(0.2)	(0.1)	(0.1)	77.9%
Purchases of property, plant and equipment	(12.1)	(10.7)	(1.3)	12.5%
Proceeds from sale of property, plant and equipment	15.6	0.1	15.5	10383.9%
Interest and loans repayments received	3.4	0.8	2.7	356.5%
Net cash used in financing activities	**(248.9)**	**(167.2)**	**(81.7)**	**48.8%**
Repayments of borrowings	(222.2)	(133.0)	(89.2)	67.0%
Interest paid on borrowings	(28.7)	(30.7)	2.0	(6.4%)
Interest paid on leases	(2.7)	(2.1)	(0.5)	24.0%
Proceeds from derivative financial instruments	6.6	0.3	6.3	2134.9%
Principal elements of lease payments	(1.9)	(1.6)	(0.3)	15.8%
Free Cash Flow	**151.3**	**61.5**	**89.8**	**145.9%**
Net increase/(decrease) in cash and cash equivalents	(66.2)	(72.9)	6.6	(9.1%)
Cash and cash equivalents at beginning of the period	296.7	207.0	89.7	43.3%
Exchange gains/(losses) on cash and cash equivalents	11.6	1.1	10.5	999.0%
Cash and cash equivalents at end of the period	**242.0**	**135.2**	**106.8**	**79.0%**

Net cash from operating activities

Net cash from operating activities increased by USD 71.6 million, or 68.7%, from USD 104.3 million in the first half of 2021 to USD 175.9 million in the first half of 2022. Growth in net cash from operating activities was primarily due to a 71.9% increase in cash generated from operations from USD 109.2 million in the first half of 2021 to USD 187.6 in the first half 2022 due to the financial result from operations as described above.

Net cash used in investing activities

Net cash used in investing activities changed from USD 9.9 million in the first half of 2021 to cash received of USD 6.8 million in the first half of 2022. This change was primarily due to an increase in Proceeds from sale of property, plant and equipment from USD 0.1 million in 2021 to USD 15.6 in the first half of 2022 mainly as result of sale of 393 container railcars by VSC which were considered as a non-core asset for the Group. The growth of Proceeds from sale of property, plant and equipment was partially offset by the growth of Purchases of property, plant, and equipment (CAPEX) from USD 10.7 million in the first half of 2021 to USD 12.1 million in the first half of 2022 in order to capitalise on growth opportunities in Far East.

Net cash used in financing activities

Net cash used in financing activities increased by USD 81.7 million or 48.8% from USD 167.2 million the first half of 2021 to USD 248.9 million in the first half of 2022. This was due to an increase in the

repayment of borrowings of USD 89.2 million because of scheduled 2022 Eurobond repayments in the reporting period in line with the Group's deleveraging strategy.
During the first half of 2022 forward contracts were settled with the resulting net cash inflow USD 6.6 million. As of 30 June 2022, there were no outstanding option or forward contracts.

Free Cash Flow

Free Cash Flow increased by USD 89.8 million or 145.9% from USD 61.5 million in the first half of 2021 to USD 151.3 million in the first half of 2022. This change is driven by the reasons described above.

Capital resources

The Group's financial indebtedness consists of bank borrowings, bonds and lease liabilities and was USD 666.0 million as of 30 June 2022. As of that date, all of the Group's borrowings were secured by guarantees and suretyships granted by certain Group's companies. Certain of these borrowings contain covenants requiring the Group and the borrower to maintain specific indebtedness to Adjusted EBITDA and other ratios, as well as covenants having the effect of restricting the ability of the borrower to transfer assets, make loans and pay dividends to other members of the Group. The Group was in full compliance with covenants in the reporting period.

The Weighted Average Effective Interest Rate of the Group's debt portfolio is 6.51% for USD nominated borrowings and 8.99% for Russian Rouble nominated borrowings.

As of 30 June 2022, the Group had a leverage of Net Debt to LTM Adjusted EBITDA ratio of 1.5x (compared to a ratio of 2.0x as of 31 December 2021).

The following table sets out the maturity profile of the Group's total borrowings (including lease liabilities) as of 30 June 2022.

	USD mln
2H 2022	10.2
2023	302.8
2024	48.8
2025	113.4
2026 and after	190.8
Total	**666.0**

As of 30 June 2022, the carrying amounts of the Group's borrowings (including lease liabilities) were denominated in the following currencies:

	USD mln
Rouble	363.3
US dollar	302.7
Total	**666.0**

Appendix 2: Reconciliation of additional data (non-IFRS) to the consolidated financial information for the six months ended 30 June 2022

Reconciliation of Adjusted EBITDA to profit for the period

	1H 2022 USD mln	1H 2021 USD mln	Change USD mln	Change %
Profit for the year	(400.7)	53.9	(454.6)	(843.8%)
Adjusted for				
Income tax expense	(23.0)	8.0	(31.0)	(387.0%)
Finance costs—net	24.1	25.5	(1.5)	(5.7%)
Depreciation of property, plant, and equipment	18.1	17.7	0.5	2.7%
Depreciation of right-of-use assets	7.0	6.4	0.6	10.1%
Amortisation of intangible assets	0.4	0.4	0.03	6.6%
Impairment of right-of-use assets	482.4	-	482.4	-
Impairment of property, plant, and equipment	33.7	-	33.7	-
Impairment of goodwill	4.9	-	4.9	-
Other (gains)/losses—net	(0.1)	0.3	(0.5)	(132.9%)
Share of(profit)/loss of joint ventures accounted for using the equity method	(1.3)	1.5	(2.8)	(188.6%)
Adjusted EBITDA	**145.6**	**113.8**	**31.8**	**28.0%**

Reconciliation of Adjusted EBITDA Margin

	1H 2022 USD mln	1H 2021 USD mln	Change USD mln	Change %
Revenue	271.6	229.8	41.8	18.2%
Adjusted EBITDA	145.6	113.8	31.8	28.0%
Adjusted EBITDA Margin	**53.6%**	**49.5%**		

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

	1H 2022 USD mln	1H 2021 USD mln	Change USD mln	Change %
Cost of sales	662.8	129.0	533.8	414.0%
Administrative, selling and marketing expenses	10.3	12.2	(1.9)	(15.5%)
Total	673.1	141.1	531.9	376.9%
Adjusted for				
Depreciation of property, plant, and equipment	(18.1)	(17.7)	(0.5)	2.7%
Depreciation of right-of-use assets	(7.0)	(6.4)	(0.6)	10.1%
Amortisation of intangible assets	(0.42)	(0.39)	(0.03)	6.6%
Impairment of right-of-use assets	(482.4)	-	(482.45)	-
Impairment of property, plant, and equipment	(33.7)	-	(33.70)	-
Impairment of goodwill	(4.9)	-	(4.94)	-
Total Operating Cash Costs	**126.4**	**116.7**	**9.7**	**8.3%**

Reconciliation of Cash Cost of Sales to cost of sales

	1H 2022 USD mln	1H 2021 USD mln	Change USD mln	Change %
Cost of sales	662.8	129.0	533.8	414.0%
Adjusted for				
Depreciation of property, plant, and equipment	(17.9)	(17.1)	(0.8)	4.7%
Depreciation of right-of-use assets	(7.0)	(6.4)	(0.6)	10.1%
Amortisation of intangible assets	(0.3)	(0.3)	(0.0)	4.4%
Impairment of right-of-use assets	(482.4)	-	(482.4)	-
Impairment of property, plant, and equipment	(33.7)	-	(33.7)	-
Impairment of goodwill	(4.9)	-	(4.9)	-
Cash Cost of Sales	**116.5**	**105.2**	**11.3**	**10.7%**

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

	1H 2022	1H 2021	Change	Change
	USD mln	USD mln	USD mln	%
Administrative, selling and marketing expenses	10.3	12.2	(1.9)	(15.5%)
Adjusted for				
Depreciation of property, plant, and equipment	(0.3)	(0.6)	0.3	(54.3%)
Amortisation of intangible assets	(0.09)	(0.08)	(0.01)	13.9%
Cash Administrative, Selling and Marketing expenses	**9.9**	**11.5**	**(1.6)**	**(13.7%)**

Reconciliation of Gross profit Adjusted for Impairment to gross profit

	1H 2022	1H 2021	Change	Change
	USD mln	USD mln	USD mln	%
Gross profit	(391.2)	100.8	(492.0)	(487.9%)
Adjusted for				
Impairment of right-of-use assets	482.4	-	482.4	-
Impairment of property, plant, and equipment	33.7	-	33.7	-
Impairment of goodwill	4.9	-	4.9	-
Gross profit Adjusted for Impairment	**129.9**	**100.8**	**29.1**	**28.8%**

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

	As of 30.06.2022	As of 31.12.2021	Change	Change
	USD mln	USD mln	USD mln	%
Non-current Borrowings	599.8	536.1	63.7	11.9%
Current Borrowings	8.2	211.8	(203.6)	(96.1%)
Non-current Lease liabilities	53.3	36.7	16.6	45.1%
Current Lease liabilities	4.7	3.4	1.3	37.3%
Total Debt	**666.0**	**788.1**	**(122.1)**	**(15.5%)**
Adjusted for				
Cash and cash equivalents	(242.0)	(296.7)	54.7	(18.4%)
Net Debt	**424.0**	**491.4**	**(67.4)**	**(13.7%)**

Reconciliation of Free Cash Flow to net cash from operating activities

	1H 2022	1H 2021	Change	Change
	USD mln	USD mln	USD mln	%
Net cash from operating activities	175.9	104.3	71.6	68.7%
Adjusted for				
Net cash used in investing activities	6.8	(9.9)	16.7	(168.1%)
Interest paid	(31.4)	(32.8)	1.4	(4.4%)
Free Cash Flow	**151.3**	**61.5**	**89.8**	**145.9%**

Reconciliation of LTM Adjusted EBITDA

	1H 2022	1H 2021	Change	
	USD mln	USD mln	USD mln	%
Adjusted EBITDA for the second half of 2020		104.9		
Adjusted EBITDA for the first half of 2021		113.8		
Adjusted EBITDA for the second half of 2021	132.5			
Adjusted EBITDA for the first half of 2022	145.6			
LTM Adjusted EBITDA	**278.1**	**218.6**	**59.4**	**27.2%**

Appendix 3: Definitions and Presentation of Information
DEFINITIONS

Terms that require definitions are marked with capital letters in this announcement and the definitions of which are provided below in alphabetical order. The non-IFRS financial measures defined below are presented as supplemental measures of the Group's operating performance, which the Group uses as key performance indicators of the Group's business and to provide a supplemental tool to assist in evaluating current business performance. The Group believes these metrics are frequently used by securities analysts, investors and other interested parties in evaluation of companies in the Russian market and global ports sector. These non-IFRS financial measures are measures of the Group's operating performance that are not required by, or prepared in accordance with IFRS. All of these non-IFRS financial measures have limitations as analytical tools, and investors should not consider any one of them in isolation, or any combination of them together, as a substitute for analysis of the Group's operating results as reported under IFRS and should not be considered as alternatives to revenues, profit, operating profit, or any other measures of performance derived in accordance with IFRS or as alternatives to cash flow from operating activities or as measures of the Group's liquidity. In particular, the non-IFRS financial measures should not be considered as measures of discretionary cash available to the Group businesses.

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

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

ASOP is "Association of Sea Commercial Ports" (www.morport.com).

Baltic Sea Basin is the geographic region of northwest Russia, Estonia and Finland surrounding the Gulf of Finland on the eastern Baltic Sea, including St. Petersburg, Ust-Luga, Tallinn, Helsinki and Kotka.

Cash Administrative, Selling and Marketing Expenses (a non-IFRS financial measure) is defined as administrative, selling and marketing expenses, adjusted for depreciation, write-off and impairment of property, plant and equipment, depreciation and impairment of right-of-use assets, amortisation, write-off, and impairment of intangible assets.

Cash Cost of Sales (a non-IFRS financial measure) is defined as cost of sales, adjusted for depreciation, write-off and impairment of property, plant and equipment, depreciation and impairment of right-of-use assets, amortisation, write-off, and impairment of intangible assets.

CD Holding Group consists of Yanino Logistics Park (an inland terminal in the vicinity of St. Petersburg) and CD Holding Oy. The results of CD Holding Group are accounted in the Global Ports' financial information using equity method of accounting (proportionate share of the net profit shown below Adjusted EBITDA).

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

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

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

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

Container Throughput in the Russian Federation Ports is defined as the total container throughput of the ports located in the Russian Federation, excluding half of cabotage cargo volumes. Respective information is sourced from ASOP ("Association of Sea Commercial Ports", www.morport.com).

Far East Basin is the geographic region of southeast Russia, surrounding the Peter the Great Gulf, including Vladivostok and the Nakhodka Gulf, including Nakhodka on the Sea of Japan.

First Container Terminal (FCT) is located in the St. Petersburg harbour, Russia's primary gateway for container cargo and is one of the first specialised container terminals to be established in the country. The Global Ports Group owns a 100% effective ownership interest in FCT. The results of FCT are fully consolidated.

Finnish Ports segment consists of two terminals in Finland, MLT Kotka and MLT Helsinki (in the port of Vuosaari), in each of which CMA Terminals currently has a 25% effective ownership interest. The results of the Finnish Ports segment are accounted in the Global Ports' financial information using the equity method of accounting (proportionate share of net profit shown below EBITDA).

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

Functional Currency is defined as the currency of the primary economic environment in which the entity operates. The functional currency of the Company and certain other entities in the Global Ports Group is US dollars. The functional currency of the Global Ports Group's operating companies for the years under review was (a) for the Russian Ports segment, the Russian Rouble and (b) for the Finnish Ports segment, the Euro.

Gross Container Throughput represents the total container throughput of a Group's terminal or a Group's operating segment shown on a 100% basis. For the Russian Ports segment it excludes the container throughput of the Group's inland container terminal – Yanino.

Gross profit Adjusted for Impairment (a non-IFRS financial measure) for Global Ports Group is defined as gross profit before impairment of right-of-use assets, property, plant, and equipment and goodwill.

High-and-Heavy Ro-Ro, roll on-roll off is cargo that can be driven into the belly of a ship rather than lifted aboard. Includes cars, buses, trucks and other vehicles.

MLT Group consists of Moby Dik (a terminal in the vicinity of St. Petersburg) and Multi-Link Terminals Oy (terminal operator in Vuosaari (near Helsinki, Finland) and Kotka, Finland), MLT-Ireland and some other entities. The results of MLT Group are accounted in the Global Ports' financial information using the equity method of accounting (proportionate share of the net profit shown below EBITDA).

Moby Dik (MD) is located on the St. Petersburg ring road, approximately 30 kilometers from St. Petersburg, at the entry point of the St. Petersburg channel. It is the only container terminal in Kronstadt. The Global Ports Group owns a 75% effective ownership interest in MD, CMA Terminals currently has a 25% effective ownership interest. The results of MD are accounted in the Global Ports' financial information using the equity method of accounting (proportionate share of the net profit shown below EBITDA).

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

Petrolesport (PLP) is located in the St. Petersburg harbour, Russia's primary gateway for container cargo. The Group owns a 100% effective ownership interest in PLP. The results of PLP are fully consolidated.

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

Russian Ports segment consists of the Global Ports Group's interests in PLP (100%), VSC (100%), FCT (100%), ULCT (80%) (in which Eurogate currently has a 20% effective ownership interest), Moby Dik (75%), Yanino (75%) (in each of Moby Dik and Yanino, CMA Terminals currently has a 25% effective ownership interest), as well as certain other entities. The results of Moby Dik and Yanino are accounted in the Global Ports' consolidated financial information using the equity method of accounting (proportionate share of the net profit shown below EBITDA).

TEU is defined as twenty-foot equivalent unit, which is the standard container used worldwide as the uniform measure of container capacity; a TEU is 20 feet (6.06 metres) long and eight feet (2.44 metres) wide and tall.

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

Total Operating Cash Costs (a non-IFRS financial measure) is defined as Global Ports Group's cost of sales, administrative, selling and marketing expenses, less depreciation, write-off and impairment of property, plant and equipment, less depreciation and impairment of right-of-use assets, less amortisation, write-off and impairment of intangible assets.

Ust-Luga Container Terminal (ULCT) is located in the large multi-purpose Ust-Luga port cluster on the Baltic Sea, approximately 100 kilometres westwards from St. Petersburg city ring road. ULCT began operations in December 2011. The Global Ports Group owns an 80% effective ownership interest in ULCT, Eurogate, the international container terminal operator, currently has a 20% effective ownership interest. The results of ULCT are fully consolidated.

Vostochnaya Stevedoring Company (VSC) is located in the deep-water port of Vostochny near Nakhodka on the Russian Pacific coast, approximately eight kilometers from the Nakhodka-Vostochnaya railway station, which is connected to the Trans-Siberian Railway. The Group owns a 100% effective ownership interest in VSC. The results of VSC are fully consolidated.

Weighted Average Effective Interest Rate is the average of interest rates weighted by the share of each loan in the total debt portfolio.

Yanino Logistics Park (YLP) is the first terminal in the Group's inland terminal business and is one of only a few multi-purpose container logistics complexes in Russia providing a comprehensive range of container and logistics services at one location. It is located approximately 70 kilometres from the Moby Dik terminal in Kronstadt and approximately 50 kilometres from PLP. The Global Ports Group owns a 75% effective ownership interest in YLP, CMA Terminals currently has a 25% effective ownership interest. The results of YLP are accounted in the Global Ports' financial information using the equity method of accounting (proportionate share of the net profit shown below EBITDA).

Appendix 4: Investor Presentation

An investor presentation is available at https://www.globalports.com/en/investors/reports-and-results/