Delivering a Resilient Future

ICTSI 2021 ANNUAL REPORT

International Container Terminal Services, Inc.

About our Theme

The global business sector has been blindsided by the COVID-19 pandemic in more ways than one, and ICTSI is no exception. While some social and professional aspects of the Company were initially affected, we were able to swiftly pivot and recover. We were able to steer through the rough waters with confidence borne out of our track record of resilience amid difficult times. We have remained faithful to our customers, steadfast with our employees, and reliable for the communities whose lives we touch. With COVID-19 not only being a public health crisis but an economic one, the need for sustainable progress and harmonious existence with nature has only been underscored. The challenge is in creating lasting value for our stakeholders and bringing positive change to the industry. Sustainability priorities have seemingly become even more difficult to pursue amid the demands of the "new normal" but we recognize that these are social investments with far-reaching and long-term returns not only to our business but to our planet. Thus, we rise to the task of delivering a resilient future for all.

Delivering a Resilient Future

ICTSI 2021 ANNUAL REPORT

International Container Terminal Services, Inc.

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Delivering a Resilient Future

33 YEARS

34 TERMINALS

20 COUNTRIES

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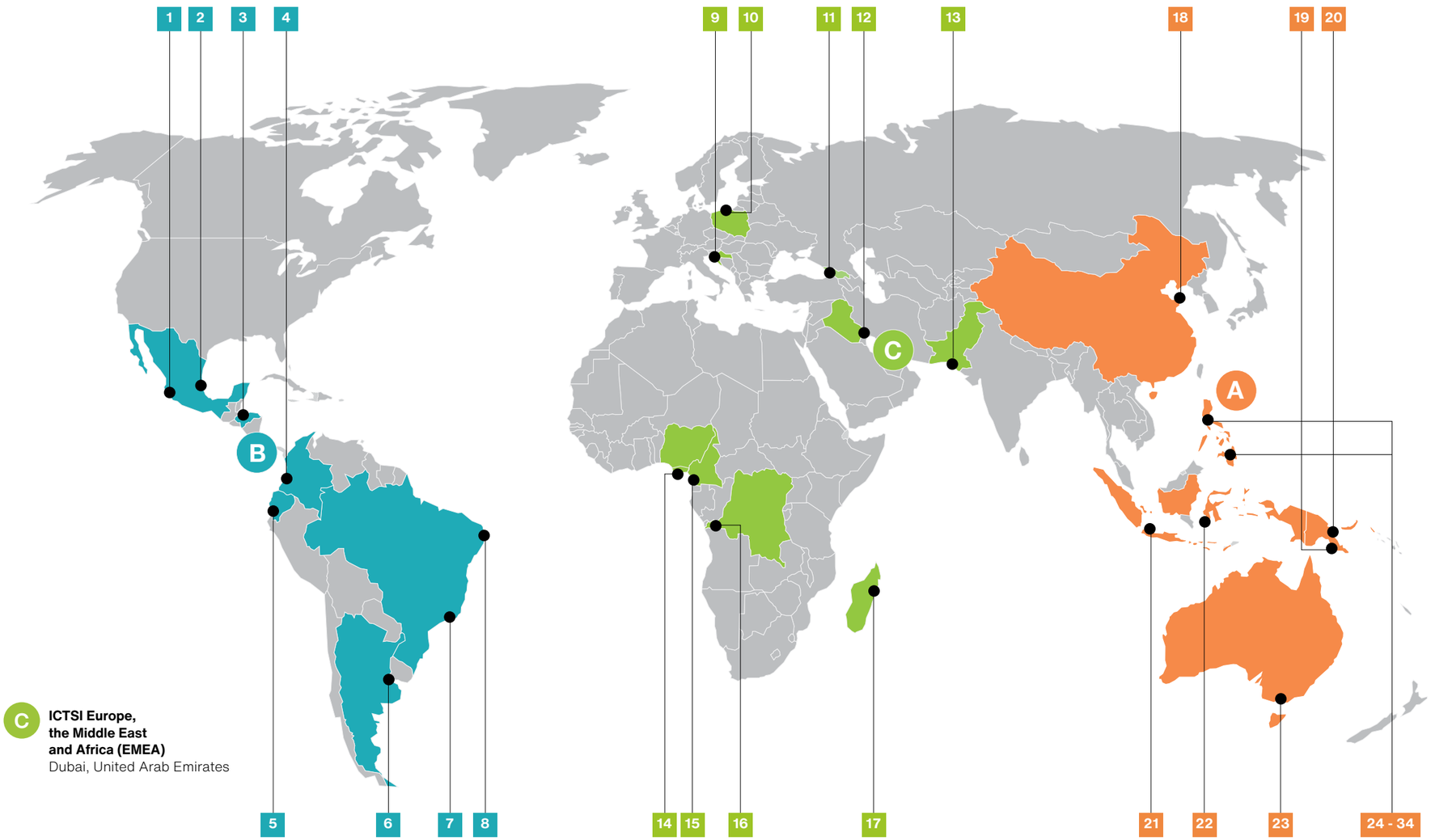


A Corporate Offices
Manila, Philippines

ICTSI Asia Pacific
Manila Philippines

B ICTSI Americas
Panama City, Panama

C ICTSI Europe, the Middle East and Africa (EMEA)
Dubai, United Arab Emirates

THE AMERICAS

1. **Contecon Manzanillo**
   Manzanillo, Mexico
2. **Tuxpan Maritime Terminal**
   Veracruz, Mexico
3. **Puerto Cortés**
   Cortés, Honduras
4. **Puerto Aguadulce**
   Buenaventura, Colombia
5. **Contecon Guayaquil**
   Guayaquil, Ecuador
6. **TecPlata**
   Buenos Aires, Ecuador
7. **ICTSI Rio Brasil 1**
   Rio de Janeiro, Brazil
8. **Tecon Suape**
   Pernambuco, Brazil

EUROPE, THE MIDDLE EAST & AFRICA

9. **Adriatic Gate Container Terminal**
   Rijeka, Croatia
10. **Baltic Container Terminal**
    Gydnia, Poland
11. **Batumi International Container Terminal**
    Adjara, Georgia
12. **Basra Gateway Terminal**
    Umm Qasr, Iraq
13. **Pakistan International Container Terminal**
    Karachi, Pakistan
14. **Onne Multipurpose Terminal**
    Port Harcourt, Nigeria
15. **Kribi Multipurpose Terminal**
    Kribi, Cameroon
16. **Matadi Gateway Terminal**
    Kongo Central, D.R. Congo
17. **Madagascar International Container Terminal**
    Toamasina, Madagascar

ASIA PACIFIC

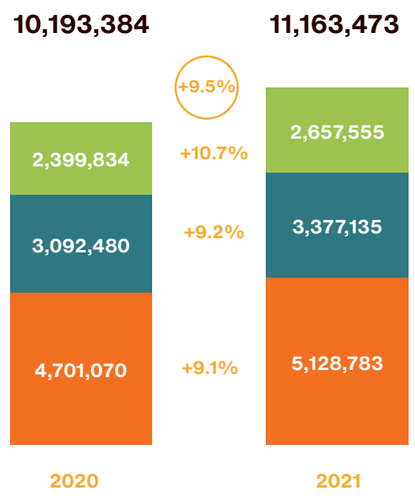
18. **Yantai International Container Terminals**
    Shandong, China
19. **Motukea International Terminal**
    Port Moresby, Papua New Guinea
20. **South Pacific International Container Terminal**
    Lae, Papua New Guinea
21. **Tanjung Priok Berths 300-303**
    Jakarta, Indonesia
22. **Makassar Container Terminal**
    South Sulawesi, Indonesia
23. **Victoria International Container Terminal**
    Melbourne, Australia

Philippines

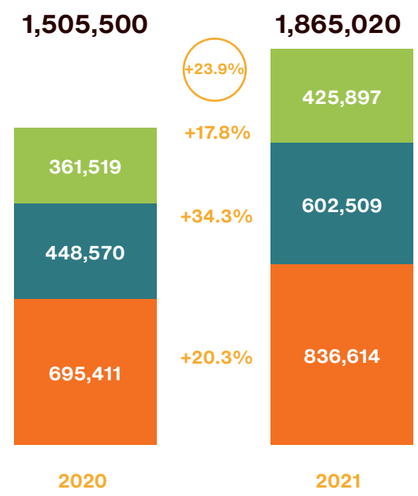
24. **Manila International Container Terminal**
25. **NorthPort**
26. **Manila Harbor Center**
27-28. **Subic Bay International Terminals (NCT 1 and 2)**
    Olongapo City
29. **Laguna Gateway Inland Container Terminal**
    Calamba City
30. **Cavite Gateway Terminal**
    Tanza, Cavite
31. **Bauan International Port**
    Bauan, Batangas
32. **Mindanao Container Terminal**
    Tagoloan, Misamis Oriental
33. **Sasa Wharf**
    Davao City
34. **Makar Wharf**
    General Santos City

2021 Highlights

VOLUME
(IN TEU)



REVENUES
(IN US$ 000)



Asia Pacific Americas EMEA

Note: PICT transferred from ASIA segment to EMEA segment

(In US$ 000, except Volume and Earnings Per Share)	2020	2021	Change %
Volume (in TEU)	10,193,384	11,163,473	**9.5%**
Gross Revenues from Port Operations	1,505,500	1,865,020	**23.9%**
Cash Operating Expenses	453,633	523,326	**15.4%**
EBITDA	876,829	1,139,058	**29.9%**
Net Income	139,643	477,542	**242.0%**
Net Income Attributable to Equity Holders	101,764	428,569	**321.1%**
Total Assets	6,195,324	6,266,460	**1.1%**
Total Equity	1,861,620	1,511,579	**-18.8%**
Diluted Earnings Per Share	0.020	0.181	**813.4%**

Our Purpose

To make ports around the world a driver for positive and sustainable growth.

At ICTSI, we work tirelessly to develop and operate efficient and sustainable port facilities and deliver the highest possible benefits to our customers, partners, people, stockholders, and to the communities we serve.

Our Values

ICTSI's commitment to our partners and communities began more than three decades ago in the Philippines. Our projects and terminals now extend across six continents and are anchored around many of the same founding values that have underpinned our sustainable approach to growing our business and our host economies. Our five values guide our behavior and form the foundation of our purpose:

- **Respect for All.** We place the utmost importance on safety, community, and diversity. The well-being and health of all our stakeholders is our number one priority. We strive to have the highest standards in place to ensure our people and stakeholders are safe, respected, and treated fairly.
- **Trust.** We lead with integrity, respect, and compassion for our people, partners, communities, and our environment. We take great pride in working responsibly to earn trust and keep it.
- **Collaboration.** We are a diverse and inclusive company working together and exploring new ways of doing things to deliver the best possible outcome for all stakeholders. As a responsible business, we embrace equality of opportunity and empower all our people to adapt, collaborate, and innovate across borders.
- **Tenacity.** Our people work tirelessly with utmost determination to achieve their goals and deliver on commitments to partners, stockholders, host communities, and the environment.
- **Passion.** We are pioneers in an industry with deep linkages to the host economies and communities in which we operate. Our people relish the challenge of exploring new opportunities, operating terminals, creating sustainable benefits for our host communities, protecting the environment while also delivering returns to our stockholders.

Chairman's Message

The global pandemic raged on in its second full year with cases surging at different times and lockdowns being imposed in one region or another. In spite of this, the Company had its best year ever in 2021.

In every metric, whether financial or operational, International Container Terminal Services, Inc. (ICTSI) set new records both with our organic and new terminals.

Group Volume

We handled consolidated volume of 11,163,473 twenty-foot equivalent units (TEUs) in 2021, higher by 10 percent compared to the 10,193,384 throughput in 2020.

The double-digit growth was primarily a result of improving trade as lockdowns and restrictions began to ease, and securing new shipping line contracts at certain terminals. Without the contribution of our new terminal Onne Multipurpose Terminal (OMT) in Nigeria, consolidated volume would have increased by nine percent.

Financial Performance

Gross revenues from port operations grew by 24 percent in 2021 to USD1.87 billion compared to USD1.51 billion in 2020. Aside from improving demand for trade, contributing to revenue growth were a favorable impact of foreign exchange in certain terminals and the contribution of new terminals. Without the contribution of these new terminals, consolidated gross revenues would have increased by 21 percent.

Consolidated EBITDA increased 30 percent to USD1.14 billion in 2021, from USD876.83 million in 2020. This is the very first time that the Company generated EBITDA of over USD1 billion. EBITDA margin increased to 61 percent in 2021 from 58 percent.

Consolidated cash operating expenses in 2021 was 15 percent higher at USD523.33 million compared to USD453.63 million. The increase was mainly caused by the surge in prices of fuel and power, and costs associated with the new terminals. Consolidated cash operating expenses would have increased by 12 percent without the costs of the new terminals.

Net income attributable to equity holders of USD428.57 million was the highest ever, and was 321 percent higher than the USD101.76 million earned previously. The four-fold increase was due to higher operating income

and non-recurring charges in 2020. In addition, equity in net loss of joint ventures was practically reduced to zero, from a USD12.27 million loss in 2020, because of our higher share in net income from Manila NorthPort and lower net loss in Colombia.

Diluted earnings per share increased 813 percent to USD0.18, from USD0.02 in 2020. Excluding non-recurring charges, recurring net income attributable to equity holders of the parent in 2021 was 57 percent higher at USD442.83 million compared to the USD282.07 million the previous year.

Business Development

In March, we signed an agreement with the Nigerian Ports Authority to develop and operate OMT in Rivers State, Nigeria. After only 2 months, our fourth African terminal was ready for business.

Victoria International Container Terminal (VICT) in April serviced the *MV Soroe Maersk*, the longest vessel to ever call at the Port of Melbourne.

In June, we acquired full ownership of Manila Harbor Center Port Services, the largest international breakbulk and bulk operation at the Port of Manila. We now have 10 terminals in the Philippines.

In the same month, Adriatic Gate Container Terminal in Croatia celebrated its 10th year with the handling of its 2 millionth TEU.

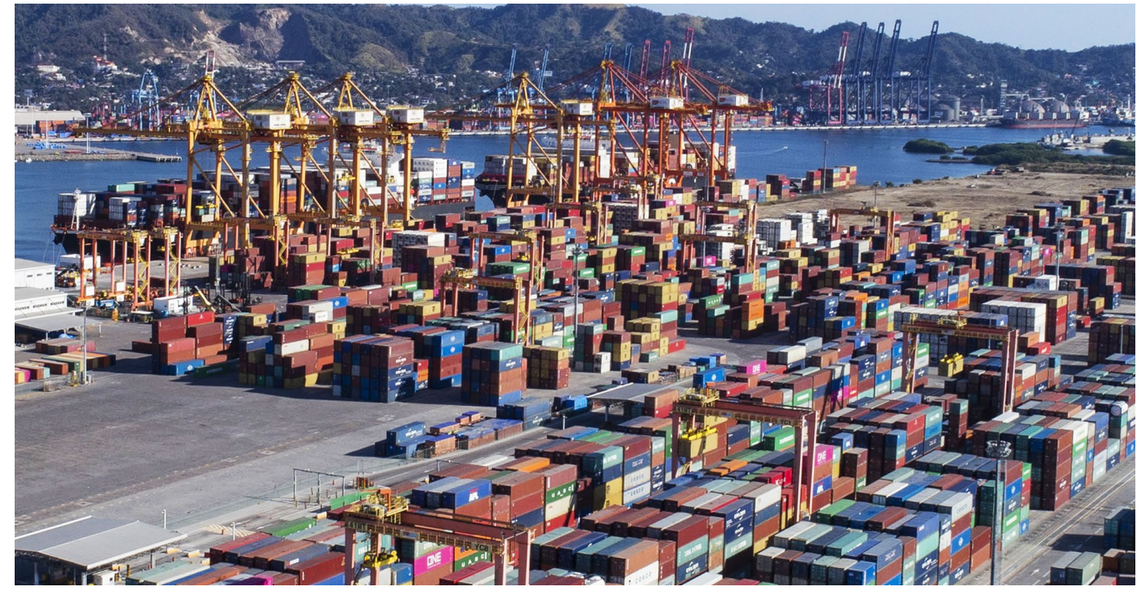
In July, we added rail logistics to our operations when ICTSI Rio Brasil formed IRB Logistica to operate the Floriano Intermodal Terminal in Barra Mansa, Rio.

Basra Gateway Terminal handled its three millionth TEU in August, coinciding with its seventh anniversary. Not far behind, Pakistan International Container Terminal handled its 10 millionth TEU since operating in 2002.

We ended the year on a high point, securing a 15-year concession extension for Madagascar International Container Terminal (MICTSL) in the Port of Toamasina, our first African terminal.

Fund Management

Since March 2019, we drastically cut back on our capital expenditures, allocating funds only for projects already started and for terminals with very high growth.



Capital expenditure, excluding capitalized borrowing costs, in 2021 amounted to USD165 million. These went into ongoing expansion at Manila International Container Terminal (MICT), Matadi Gateway Terminal (MGT) in the Democratic Republic of the Congo, VICT in Australia, Contecon Manzanillo (CMSA) in Mexico, acquisition and upgrades in infrastructure and equipment at OMT and Contecon Guayaquil (CGSA) in Ecuador.

The Group's capital expenditure budget for 2022 is approximately USD330 million. This will be used to pay the concession extension upfront fees for MICTSL, expansion at MICT, MGT, VICT and CMSA.

During the year, we recalibrated our capital structure by successfully repurchasing USD185 million worth of 5.875 percent and USD85 million of 4.875 percent of senior guaranteed perpetual capital securities with call dates in 2022 and 2024, respectively. To fund the tender offer, we priced and launched in a separate transaction a new issue of 10-year 3.5 percent fixed rate senior bonds amounting to USD300 million. These combined transactions will reduce the Company's overall financing cost, enhance return on equity and reflect the rising cash flow from international subsidiaries in our long-term balance sheet strategy.

Always mindful and prepared

Just as the pandemic seems to be waning so far, new challenges emerge as war clouds engulf Europe with the Russian invasion of Ukraine. We seem to be in a global cycle of one crisis after another. Although the war is mainly a European affair, we can all expect to feel the impact globally in terms of the global economy, stability and security.

We are confident of the performance of ICTSI going forward, but we are mindful of the challenges we face with these global events.

I am grateful to the strong and loyal men and women of the Group who solidly performed through all the challenges of the last two years. I also thank our shareholders who steadfastly accompany us in this journey.

Thank you.

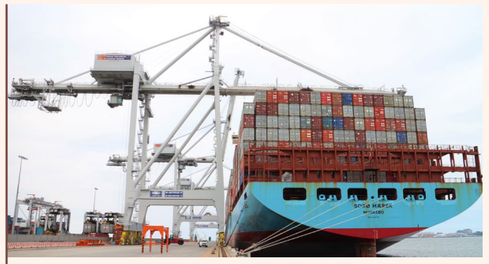
Enrique K. Razon Jr.
Chairman & President

2021 Timeline

January - Sociedad Puerto Industrial de Aguadulce (Puerto Aguadulce) handles its milestone one millionth TEU.

January – Contecon Guayaquil handles the world's first carbon neutral-certified container shipment.

26 January - Basra Gateway Terminal (BGT) sets a new productivity record of 105 moves per hour – the highest ship-to-shore crane productivity in Iraq. The record was achieved during the handling of the 5,652-TEU *Ever Uberty*, replacing BGT's previous record of 101 moves per hour achieved in November 2020. BGT recorded 3,084 moves during the January call.



April - Victoria International Container Terminal welcomes the maiden call of *MV Soroe Maersk*, the longest vessel to call at the Port of Melbourne.

May - Onne Multipurpose Terminal opens for business.

May - ICTSI acquires an additional 10 percent stake in ICTSI DR Congo S.A., which operates the Matadi Gateway Terminal.

9 March – TecPlata welcomes a new service jointly operated by Independencia Shipping Lines and Log-in Logistica, linking ports in Paraguay to the Port of La Plata, and from there, to the main ports in Brazil.

25 March - Tecon Suape is certified by the Federal Revenue of Brazil as an Authorized Economic Operator.

March - ICTSI signs a Lease Agreement with the Nigerian Port Authority for the development and operation of a multipurpose terminal in the Port of Onne in Rivers State, Nigeria.

June - Adriatic Gate Container Terminal handles a cumulative throughput of two million TEUs, coinciding with its 10th anniversary.

June – ICTSI acquires 100 percent ownership of Manila Harbor Center Port Services, Inc., the largest international breakbulk and bulk operations at the Port of Manila.

28 June - ICTSI kicks off its COVID-19 employee vaccination program, less than a day since the first batch of Moderna vaccines arrived in the Philippines.

1 July – ICTSI Rio Brasil adds rail logistics to its operations – forming subsidiary IRB Logistica to operate the Floriano Intermodal Terminal in Barra Mansa.

August – Basra Gateway Terminal handles its three millionth TEU. The milestone was achieved during the handling of Evergreen's *Ever Uranus* and coincided with BGT's seventh anniversary.

November – ICTSI successfully buys back up to USD775 million bonds – up to USD400 million worth of 5.875 percent senior guaranteed perpetual capital securities and as much as $375 million of 4.875 percent senior guaranteed perpetual capital securities. Separately, ICTSI priced and launched a new issue of 10-year fixed rate senior bonds amounting to USD300 million to fund the tender offer of outstanding Perpetual Capital Securities with call dates on 2022 and 2024. These steps to recalibrate ICTSI's capital structure will reduce the Company's overall financing cost, enhance return on equity, and reflect the rising cashflow from international subsidiaries in the long-term balance sheet strategy.

September - Pakistan International Container Terminal marks a milestone with the handling of its 10 millionth TEU since commencing operations in 2002.

October – ICTSI acquires an additional 15.88 percent stake in Pakistan International Container Terminal Limited.

9 December – TecPlata welcomes a new barge service linking Argentina's Port of La Plata to the Port of Sta. Fe, creating a new and direct link to Brazil and Asia.

10 December – ICTSI secures a 15-year extension for Madagascar International Container Terminal Services Limited, which operates at the Port of Toamasina. The concession is extended until 2040.

December – Victoria International Container Terminal takes delivery of six new automated container carriers, expanding VICT's fleet to a total of 17 units.

Review of Operations

ICTSI GROUP

One year into the COVID-19 pandemic, International Container Terminal Services, Inc. continued to navigate through curbs and uncertainties in the global supply chain and put up the best performance in its 33-year history. The Group's cost-optimization program paid dividends as we doubled efforts to continue operating at a high level and did our best to ensure the unhampered flow of trade in the markets where we operate. Without sacrificing efficiency, we limited our CAPEX and focused on the more important projects that put us in the best position for growth.

Despite budget cuts, the welfare of our employees is non-negotiable. The Company invested heavily on making sure each terminal complied with the mandated health standards and provided a safe work environment for all personnel. We continued supporting our partner governments and host communities in the fight against COVID-19.

The ICTSI Group moved a total of 11,163,473 TEUs in 2021, 9.5 percent higher than the 10,193,384 TEUs handled in 2020. The almost double-digit increase in consolidated volume reflects the improved trade activities as a result of economies recovering from the impact of the COVID-19 pandemic and new shipping lines and services at certain terminals in the Group. Excluding the contribution of Onne Multipurpose Terminal (OMT) – our new terminal in Nigeria – consolidated volume would have increased by 8.9 percent for the year in review.

Moreover, amidst the backdrop of market and supply chain disorder, ICTSI still managed to expand its portfolio.

ICTSI signed a lease agreement with the Nigerian Port Authority in March to develop and operate OMT, our fourth terminal in Africa. Located in the Port of Onne in Rivers State, Nigeria, OMT commenced operations after only two months in May. We capped the year on another high note

Onne Multipurpose Terminal

as the concession agreement for our first African terminal, Madagascar International Container Terminal at the Port of Toamasina, was extended for another 15 years – a clear reflection of the good we have accomplished there.

In the Philippines, ICTSI took over operations of Manila Harbor Center (MHC) after acquiring full ownership of Manila Harbor Center Port Services, Inc. in June. MHC runs the largest bulk and breakbulk operations at the Port of Manila, catering to both international and domestic cargo.

In Brazil, ICTSI established IRB Logistica to operate Floriano Intermodal Terminal in Barra Manasa. IRB Logistica commenced operations in July, integrating sustainable rail logistics to ICTSI's operations in Rio de Janeiro.

With business continuity measures in place, ICTSI took the next step and rolled out its vaccination program to safeguard employees and stakeholders. Employee vaccination in Manila commenced in June, just hours after the first batch of Moderna vaccines arrived in the Philippines. By the end of October, more than 90 percent of the Group's employees worldwide had been vaccinated against COVID-19.

Despite the challenging business environment, ICTSI received several recognitions. The Company was cited by the Institute of Corporate Directors as one of the top publicly listed companies in the Philippines based on the ASEAN Corporate Governance Scorecard – an assessment tool used in six participating ASEAN countries to improve corporate governance standards and processes among public corporations.


ICTSI employee vaccination in Manila


Madagascar International Container Terminal

Financial magazine *Asiamoney* – for the second consecutive year – recognized ICTSI as the best transport company in the Philippines based on financial performance, management team excellence, investor relations and corporate social responsibility initiatives.

Capping off its marketing and commercial engagement for the year on a high note, ICTSI, together with Yantai International Container Terminals (YICT), continued its participation in the annual China International Import Expo – the world's largest national-level import trade conference. ICTSI hopes to sustain its performance in China as the country restarts its economy, which paved the way for YICT's healthy growth in 2021.

YICT delegates at the 2022 CIIE

ASIA PACIFIC

A Corporate Offices
Manila, Philippines

ICTSI Asia Pacific
Manila, Philippines

Manila International Container Terminal
NorthPort
Manila Harbor Center
Manila, Philippines

Subic Bay International Terminals (NCT 1 and 2)
Olongapo City, Philippines

Laguna Gateway Inland Container Terminal
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Tanza, Philippines

Bauan International Port
Batangas, Philippines

Mindanao Container Terminal
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South Pacific International Container Terminal
Lae, Papua New Guinea

Tanjung Priok Berths 300-303
Jakarta, Indonesia

Makassar Container Terminal
South Sulawesi, Indonesia

Victoria International Container Terminal
Melbourne, Australia

▲ 9.1%

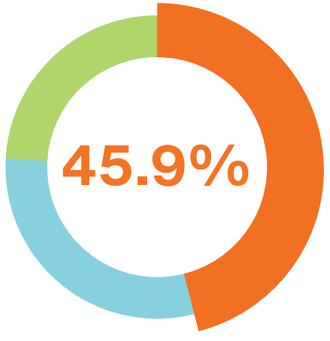
5,128,783 TEUs

Total Volume Handled

▲ 20.3%

USD836,614

Gross Revenues from Port Operations (in '000)



Contribution to Total Group Volume

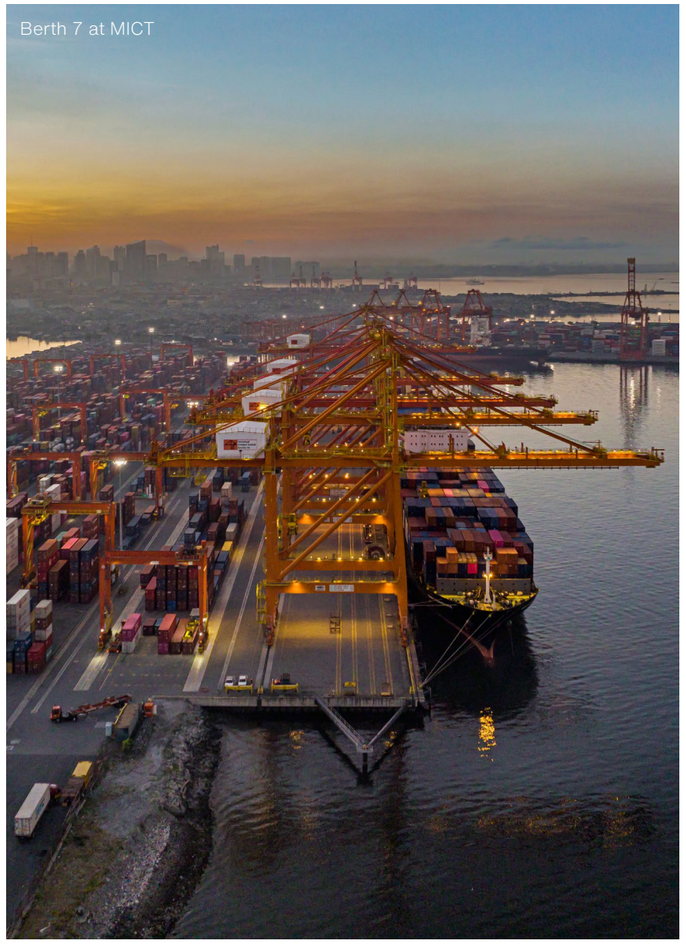
Operations in the Asia Pacific continued to contribute close to half of the Group's volume in 2021. Terminals in the region handled 5,128,783 TEUs, a 9.1 percent increase from the 4,701,070 TEUs in 2020. The increase was mainly due to strong volume growth and recovery at Manila International Container Terminal (MICT) and other Philippine terminals, increased trade activities at Yantai International Container Terminals (YICTL) in China, and recoveries at South Pacific International Container Terminal (SPICT) and Motukea International Terminal (MIT) in Papua New Guinea. The increase was partly offset by reduced vessel calls at Olah Jasa Andal (OJA) in Indonesia and Victoria International Container Terminal (VICT) in Australia.

Infrastructure, technology improvements at the Manila flagship

Following the completion of Berth 7 expansion in 2020, MICT fast-tracked the second phase development of Berths 7 and 8, which will add backup areas for future Berths 9 and 10. Renovations also started for Berths 1 to 5 and their backup areas, along with the decommissioning of the terminal's very first ship-to-shore crane to make way for three replacement cranes within the next three years.

MICT updated its terminal operating system to the latest version – Navis N4 3.8 – as part of the terminal's constant drive to increase productivity and efficiency. The update enabled MICT to further improve gate, yard and vessel operations, complementing the terminal's continuous capacity and volume growth.

In October, the MICT took a major step towards becoming the first smart port in the Philippines through a partnership with PLDT, Inc. – one of the country's major telecommunications providers – for the rollout of 5G technology at the terminal. The MICT will leverage 5G technology to establish a unified communication backbone across the port and rapidly roll out new terminal technologies in the future.


Berth 7 at MICT

Vessel operations at NorthPort

Inter-terminal cargo transfers at the Port of Manila

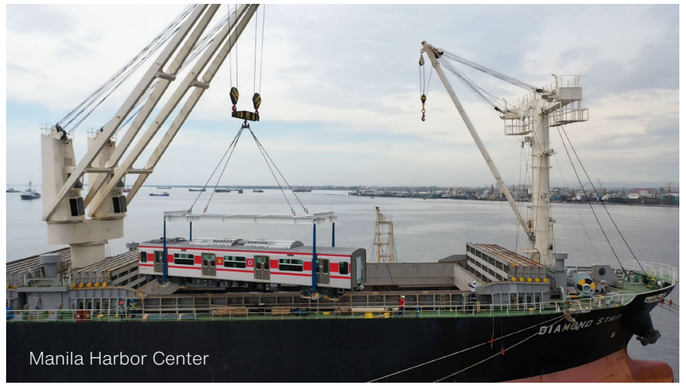
NorthPort, the Philippines' premiere domestic trade gateway, continued to improve cargo handling and passenger transport operations, further enhancing synergy at the Port of Manila through inter-terminal cargo transfers with the neighboring MICT.

NorthPort leased its container freight station to Coca-Cola Beverages Philippines Inc. to house the latter's mega Manila port hub. Launched in July, the facility benefits from inter-terminal transfers between the two terminals, which helped Coca-Cola optimize its logistics operations by eliminating container truck trips between the Port of Manila and Coca-Cola's manufacturing facilities in Laguna.

Manila Harbor Center contributes to nation building

Another contributor to the operational synergy at the Port of Manila is MHC, which was fully acquired by ICTSI in June. Facilitating the largest international bulk and breakbulk operations at the Port of Manila, MHC operates a 10-hectare, 4.5 million metric ton capacity multipurpose terminal at the north wharf of the Manila Harbor Centre Complex.

MHC played and continues to play a pivotal role in nation-building by lending its project cargo handling expertise in support of several ongoing government projects. MHC facilitated the unloading of light rail vehicles from Spain and Mexico for the LRT 1 Cavite Expansion project in October, followed by the unloading of the first batch of train coaches from Japan for the North-South Commuter Railway Project in November.


Manila Harbor Center

Supporting the energy industry in South Luzon

Bauan International Port, Inc. (BIPI) remained one of the important facilitators of cargo movement across the Cavite, Laguna, Batangas, Rizal, and Quezon (CALABARZON) regions, supporting key industries including automotive and energy.

In October, BIPI demonstrated its project cargo handling capability with the unloading of wharf modules consisting of 19 loading platforms and trestle jackets with maximum unit weight of 194 tons. The modules were briefly stored at the facility and transferred to barges for delivery to Batangas LNG Terminal, where they were used for the construction of FGEN LNG Corporation's multipurpose jetty and onshore gas receiving facility.


Bauan International Port, Inc.

New service, yard expansion in Subic

Subic Bay International Terminals (SBITC) welcomed two services by Wan Hai Lines in 2021. In June, Wan Hai's Subic Express Service (SES) resumed calls to Subic under a revamped port rotation after temporarily skipping the Port of Subic for a year due to the pandemic. The service was later integrated into the Mindanao – Hong Kong – Taiwan service, which made its first call at SBITC in December.

Reefer volume at SBITC increased by 98 percent year-to-date in August. With the Philippine Government allowing an additional 200,000 metric tons of pork imports, SBITC responded by increasing its reefer handling capability by 15 percent.

In March, SBITC organized a virtual conference together with the Subic Bay Metropolitan Authority and Bureau of Customs to update clients and stakeholders on the recent improvements in containerized cargo processing and further ease of doing business at SBITC.

Subic Bay International Terminals in Zambales

Representatives of MCT and MICTSI Supervisory Union
Federation of Democratic Labor Organization during the CBA signing

Policy updates, rebranding and new CBA at MCT

Keeping employees, partners and other stakeholders up to speed during the pandemic, Mindanao Container Terminal (MCT) conducted a virtual town hall meeting with the PHIVIDEC Industrial Authority and the Bureau of customs in May to discuss recent terminal developments including policy changes, growth strategies and expansion.

MCT rebranded, unveiling a new logo in 2021, a transformation that embodies all the best practices, experiences and relationships over the years paired with digital innovations, renewed vision and commitment to stakeholders.

In October, MCT and MICTSI Supervisory Union – Federation of Democratic Labor Organization signed a new five-year collective bargaining agreement (CBA). The new CBA reflects mutual trust and respect as both parties look forward to a harmonious, productive and successful partnership for the next five years.

Delivery of ACCs to VICT

VICT sets new record, expands equipment fleet

VICT demonstrated its competency and readiness to accommodate the global trend of growing vessel sizes during the arrival of *Soroe Maersk* at the Port of Melbourne in April. The 9,460-TEU container vessel set a new record for the longest vessel to dock in Melbourne.

In November, VICT took delivery of six Kalmar automated container carriers (ACC) and expanded its ACC fleet to 17 units. VICT also ordered six new Kalmar automatic stacking cranes (ASC), which, upon delivery in 2Q 2023, will increase the total number of ASCs to 26.

VICT completed the automation upgrade for its terminal operating system, Navis N4, which included improvements to AutoShuttle scheduler and dispatch, better user experience, increased system robustness and up time, and shortened turnaround time for trucks with multiple transactions.

ICTSI South Pacific starts facilitating coffee exports

SPICT and MIT explored opportunities during the pandemic to further boost Papua New Guinea's economy, including facilitating the export of coffee – one of the country's major agricultural products.

After almost a year of working with state regulators and local coffee industry experts, SPICT opened a 2,000 square meter coffee bulking facility and commenced bulk coffee operations in July. The facility is compliant with the standards set by the Coffee Industry Corporation – PNG's coffee industry regulator.

For its first shipment, SPICT handled 320 bags of green coffee beans from Monpi Coffee Exports Ltd. The product was exported to Australia – one of the top importers of PNG coffee.


Coffee bulking operations at SPICT

AMERICAS

B **ICTSI Americas**
Panama City, Panama

Contecon Manzanillo
Manzanillo, Mexico

Tuxpan Maritime Terminal
Veracruz, Mexico

Puerto Cortes
Cortés, Honduras

Puerto Aguadulce
Buenaventura, Colombia

Contecon Guayaquil
Guayaquil, Ecuador

TecPlata
Buenos Aires, Ecuador

ICTSI Rio Brasil 1
Rio de Janeiro, Brazil

Tecon Suape
Pernambuco, Brazil

9.2%

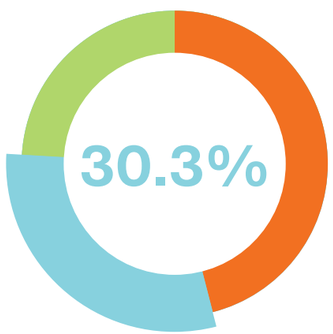
3,377,135 TEUs

Total Volume Handled

34.3%

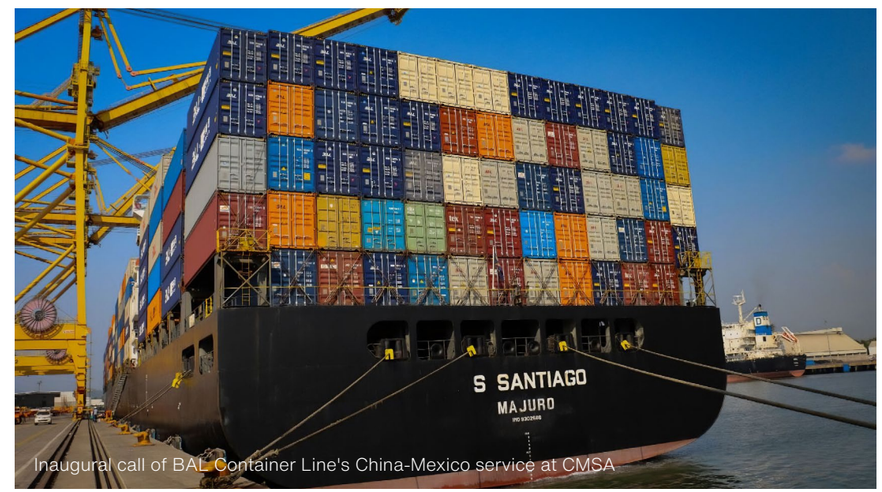
USD602,509

Gross Revenues from Port Operations (in '000)



Contribution to Total Group Volume

Volume handled by ICTSI's operations in the Americas increased by 9.2 percent to 3,377,135 TEUs compared to the 3,092,480 TEUs in 2020. The growth was primarily due to new shipping lines and services, and increased import volume at Contecon Manzanillo (CMSA), recovery and increased trade activities at Operadora Portuaria Centroamericana (OPC) and Tecon Suape (TSSA). The increase, however, was slightly tapered by reduced vessel calls at Contecon Guayaquil (CGSA) and ICTSI Rio Brasil 1 (ICTSI Rio). Similar to the previous year, volume from the Americas accounted for 30.3 percent of the Group's consolidated volume in 2021.



Inaugural call of BAL Container Line's China-Mexico service at CMSA

New milestones, service and expansion in Manzanillo

CMSA marked its eighth year of operation at the Port of Manzanillo with its landmark six millionth TEU move in August. Achieved during the handling of COSCO Shipping Lines' *CSCL ZEEBRUGGE*, the milestone reflects CMSA's positive growth trajectory backed by continued investments in infrastructure port equipment.

CMSA announced in December its USD230 million investment for the construction of berths and yards, and acquisition of new port equipment including ship-to-shore gantry cranes, rubber-tired gantries and port tractors. The expansion will increase the terminal's capacity to 1.7 million TEUs, enabling CMSA to easily handle increasing trade activities.

BAL Container Lines' China-Mexico service made its maiden call at Contecon Manzanillo in December. The new service links the Port of Manzanillo to the ports of Ningbo, Qingdao, Yantian and Lazaro Lázaro Cárdenas. BAL Container Line is a subsidiary of Shandong Lcang International Logistics.

Supporting a new special economic zone in Guayaquil

In April, CGSA, the Ecuadorian Government and Guayaquil port authorities unveiled plans for the creation of a Special Economic Development Zone (ZEDE) – a high impact project that aims to strengthen Ecuadorian export. The ZEDE will be built on a prime location adjacent to the Port of Guayaquil and will be connected to the country's main production centers, maritime ports and airports – creating a strategic hub for national and international investments. CGSA will be promoting the economic zone, which is expected to generate jobs for Ecuadorians. The ZEDE will conform to the port's environmental scheme, which will make it the first carbon-neutral special economic zone in Ecuador.

After facilitating the world's first carbon-neutral shipment in December 2020, CGSA set another record for most containers handled in a single vessel call in February. CGSA moved a total of 5,500 containers during the call of *MSC Aliya* – the highest recorded in Ecuador.

Iván Ontaneda (left), Ecuadorian Minister of Production, Foreign Trade, Investments and Fisheries, with José Antonio Contreras, former CGSA General Manager, during the ZEDE unveiling

Puerto Cortés in Honduras

Stronger port interconnectivity, operations in Honduras

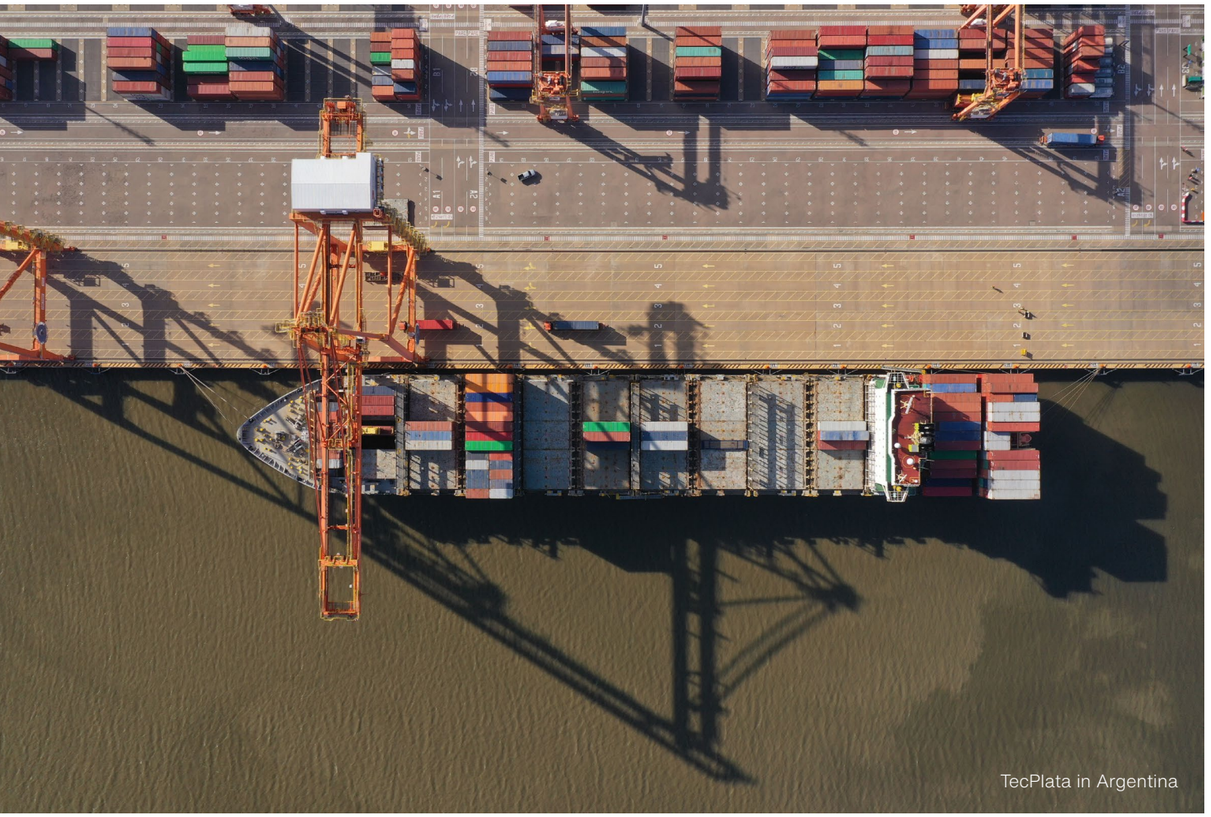
OPC continued to dominate the Honduras market in 2021. Outside Honduras, OPC also captured a good portion of the Nicaragua market and improved its share in the El Salvador and Guatemala markets.

OPC partnered with two ports as part of efforts to improve regional trade and increase Puerto Cortés' competitiveness. In July, OPC signed a mutual benefit pact with Big Creek Terminals in the Stann Creek district south of Belize. The partnership gave the Port of Big Creek access to global markets via Puerto Cortés and boosts Belize's foreign trade. The Port of Big Creek primarily handles banana, sugar, citrus, shrimp and oil exports. Its location and ability to accommodate large ships make it a strategic alternative for interconnection with Puerto Cortés.

In October, OPC and the National Port Authority of Honduras signed a memorandum of understanding with Port Everglades in Florida as part of a Sister Seaport agreement. The partnership seeks to promote all-water shipping routes between the two ports, generate new business and strengthen international trade with the National Port Authority of Honduras and OPC, being two of Port Everglades' most important trade partners.

OPC demonstrated its capability to efficiently handle large ships as it serviced two of the largest vessels to dock in Puerto Cortés. OPC welcomed the 4,178-TEU *CMA CGM Fort de Saix* in May, and the 6,900-TEU *Alexis* operated by CMA CGM in December. The arrival of the *Alexis* also marked the start of a new service that highlighted OPC's role as a logistics hub for the Central American region, and a viable solution to the port congestions across the Caribbean.

Supporting projects that aim to improve the speed and efficiency of port transactions, OPC joined the Customs without Papers initiative by the Honduran Customs Administration. The project, which targeted Puerto Cortés maritime customs for pilot development, leveraged digital transformation to gradually eliminate the use of paper in port transactions.



TecPlata in Argentina

New services, trade links for TecPlata

Business picked up at the Port of La Plata as TecPlata welcomed two new services.

A service jointly operated by Independencia Shipping Lines and Log-In Logistica Intermodal made its first stopover in TecPlata in March. The service linked ports in Paraguay to the Port of La Plata, and from there, to the main ports in Brazil. Offering customers with unbeatable transit time in addition to very competitive costs, the service highlighted TecPlata's important role as a logistics hub for Argentina and the Mercosur region. The service also put TecPlata in an advantageous position to attract significant trade volume bound for Paraguay, which are usually transported by land.

Following the signing of a collaboration agreement, TecPlata and the Port of Sta. Fe launched a barge feeder service that established a direct link to Brazil and Asia in December. The exclusive service is an alternative river connection to Argentina's central, northeast and northwest regions and makes a minimum of two calls per month between the two ports. The service offers a cheaper inland cost alternative and contributes to the reduction of carbon emission between Greater Buenos Aires and the country's hinterland.

In May, TecPlata signed a cooperation agreement with Argentina's embassy in Brazil to promote Argentine exports in the neighboring country. The partnership included provisions like discounted port costs for exporters to make it easier for Argentine products to reach Brazilian ports.

Capping off its marketing activities for 2021, TecPlata participated in the commercial forum organized by the Taiwan Chamber of Commerce.

SPIA reaches operational milestones

Sociedad Puerto Industrial de Aguadulce (SPIA) consolidated its position as one of the most productive maritime terminals in South America five years since starting operations at the Port of Buenaventura. During this brief period, SPIA consistently set high productivity standards that exceeded the national and regional averages.

SPIA reached its one millionth TEU in January. The milestone was anchored on the terminal's world-class operation combined with the growing opportunities for foreign trade in Colombia.

One million TEU milestone at Puerto Aguadulce in Colombia

ICTSI Rio welcomes new services

ICTSI Rio partnered with Tora Group, one of the largest logistics solutions providers in Brazil, to launch a new multimodal service in May. The service caters to all industry segments and was designed for consolidated import cargo bound for Betim in Minas Gerais. ICTSI Rio receives and prepares the cargo for transshipment in 40-foot containers, which are picked up and transported via road and rail to the dry port in Betim by Tora.

In December, ICTSI Rio received the inaugural call of CMA CGM's Brazil Loop 2 service (BRAZEX 2). The BRAZEX 2 service offers optimized routes to and from the Gulf, the Caribbean and the United States through the Port of Kingston, which serves as a transshipment hub. Operated by a fleet of five ships, the service links ICTSI Rio to the ports of Kingston, Spain, Santos, Navegantes, Vila de Conde and Caucedo.

Continuing to add value to its services, ICTSI Rio integrated rail logistics to its operations through IRB Logística – a new subsidiary that operates the Floriano Intermodal Terminal (FIT) in Barra Mansa.

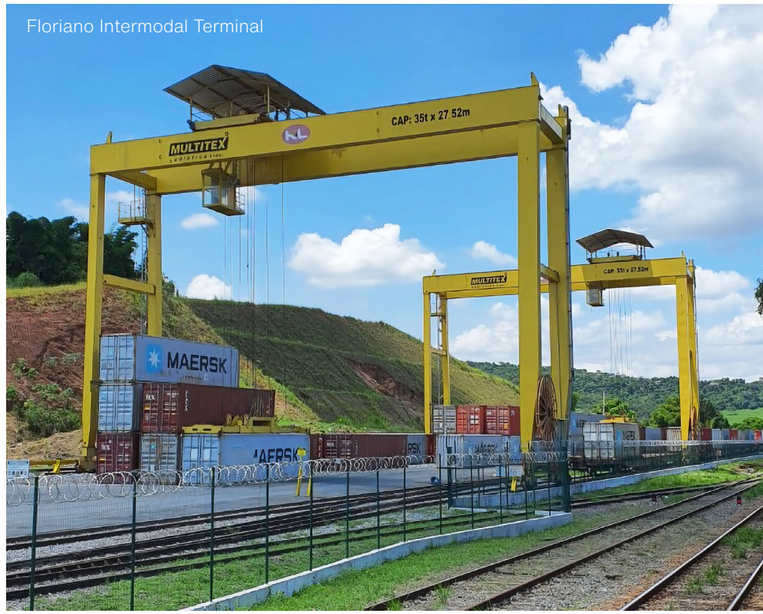
Inaugural call of *CMA CGM Malta* at ICTSI Rio

ICTSI adds sustainable rail logistics to Rio operations

IRB Logística, ICTSI's third operation in Brazil, started commercial operations at the FIT in July. IRB Logística offers sustainable cargo handling, transport and storage services to the economic, industrial and production centers in Rio de Janeiro, Minas Gerais and São Paulo.

Creating synergy across ICTSI's operations in Rio, IRB Logística primarily handles containerized cargo and steel products for industries in the South Fluminense region.

The FIT is a 3.4 hectare dry port located in an industrial cluster some 150 kilometers from the Port of Rio de Janeiro. The facility is 100 percent solar-powered and equipped with a fleet electric cargo handling equipment. The terminal can accommodate up to 80 train wagons and has a static capacity of 924 TEUs.



Floriano Intermodal Terminal

Increased volume, operational and environmental citations for Tecon Suape

TSSA continued to face limited local competition at the Port of Suape and handled increased trade volumes in 2021.

In March, TSSA was certified as an Authorized Economic Operator (AEO) by the Federal Revenue of Brazil, which described it as an agile terminal that offers significant gains to the entire logistics chain.

TSSA was also conferred the Friend of the Ocean Seal in December. Awarded by the Port of Suape for the first time, the distinction recognizes the company's good environmental processes and sustainable operations.

Tecon Suape in Brazil

ICTSI Europe the Middle East and Africa (EMEA)
Dubai, United Arab Emirates

EUROPE, THE MIDDLE EAST & AFRICA

Adriatic Gate Container Terminal
Rijeka, Croatia

Baltic Container Terminal
Gydnia, Poland

Batumi International Container Terminal
Adjara, Georgia

Basra Gateway Terminal
Umm Qasr, Iraq

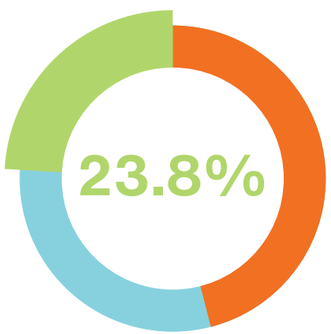
Pakistan International Container Terminal
Karachi, Pakistan

Onne Multipurpose Terminal
Port Harcourt, Nigeria

Kribi Multipurpose Terminal
Kribi, Cameroon

Matadi Gateway Terminal
Kongo Central, D.R. Congo

Madagascar International Container Terminal
Toamasina, Madagascar



Contribution to Total Group Volume

▲ 10.7%

2,657,555 TEUs

Total Volume Handled

▲ 17.8%

USD425,897

Gross Revenues from Port Operations (in '000)

Increased trade activities enabled the Group's operations in Europe, Middle East and Africa (EMEA) to post a double digit volume increase in 2021. Regional volume increased to 2,657,555 TEUs from 2,399,834 TEUs in the previous year. The 10.7 percent growth resulted from the recovery and increased trade activities in Matadi Gateway Terminal (MGT), contribution of new business unit Onne Multipurpose Terminal (OMT), new services and increased trading activities at Pakistan International Container Terminal (PICT), record throughput at Adriatic Gate Container Terminal (AGCT) and higher trade volumes at Baltic Container Terminal (BCT). The growth was partially tapered by the decreased vessel calls and trade volumes at Basra Gateway Terminal (BGT) due to a weak Iraqi economy and the impact of the pandemic. Volume from EMEA accounted for 23.8 percent of the Group's consolidated throughput for the year in review.

Increased rail throughput, 2 million-TEU milestone for AGCT

Adriatic Gate Container Terminal (AGCT) achieved record throughput driven by an increase in hinterland business as rail operations continued to significantly contribute to the terminal's business.

In April, AGCT celebrated its 10th anniversary and handled its two millionth TEU. The milestone highlights ICTSI's successful public-private partnership with the Croatian Government and more than USD50 million investment to modernize the terminal.

For the second consecutive year, AGCT was cited as one of the best transport companies in Croatia at the 13th Golden Balance Awards in August. The Company was also named one of the top 1,000 largest companies in Croatia and ranked third best local company in Rijeka by Croatian business magazine *Leader*.

Two million TEU milestone at AGCT

Supporting Poland's renewable energy industry

BCT, the only terminal in the region capable of handling shipments of large wind turbine parts, increasingly handled project cargo for Poland's wind energy market. With more wind energy farms being built across the country, BCT catered to the market's growing requirements and helped establish the Port of Gdynia as a regional hub for wind turbine parts. By the end of the year, BCT had handled more than 100 vessels and 3,400 wind turbine components.

Container volume benefitted from increased Polish industrial output.

Handling of windmill components at BCT

Three million TEU milestone at BGT

New productivity record, increased yard area at BGT

In a weak market, BGT maintained and increased its position as Iraq's leading terminal.

BGT started the year on a high note by setting a new record with 105 moves per hour – the highest ship-to-shore crane productivity in the country. The milestone was set in January during the of the call of the 5,652-TEU capacity *Ever Uberty*, with BGT recording a total of 3,084 moves during the call.

BGT continued to demonstrate its competence in handling project cargo as it handled its largest shipment for the oil and gas industry in May. The shipment for Basra Gas Company included components measuring up to 70 meters long and weighing up to 200 metric tons. BGT also collaborated with DSV and Al-Rashed United Shipping Services, Co. in December for the shipment of oil and gas project cargo for Basra Gas Company, which is implementing one of the largest gas-flaring reduction projects in Iraq. With unparalleled productivity and focus on safety, BGT maintained its position as the leader for project logistics in Iraq.

Marking its seventh year of operation, BGT moved its three millionth TEU in July. The milestone was achieved during the handling of Evergreen's *Ever Uranus*.

New milestones in Pakistan

PICT grew its volume by more than 20 percent and achieved two operational milestones in 2021.

In September, PICT handled its 10 millionth TEU since starting operations at the Port of Karachi in 2002.

Upholding its commitment to responsible business conduct, PICT set a record of five million safe man-hours in October. The figure represents the Company's strict adherence to HSE standards and continuous investment in coaching, skill development programs and technological improvements. The record also set the industry benchmark for other container terminals in the country.

PICT took part in the 11th Annual Shipping, Logistics & Supply Chain Summit and was conferred the Green Supply Chain Award in recognition of the Company's efforts to make its operations more sustainable.

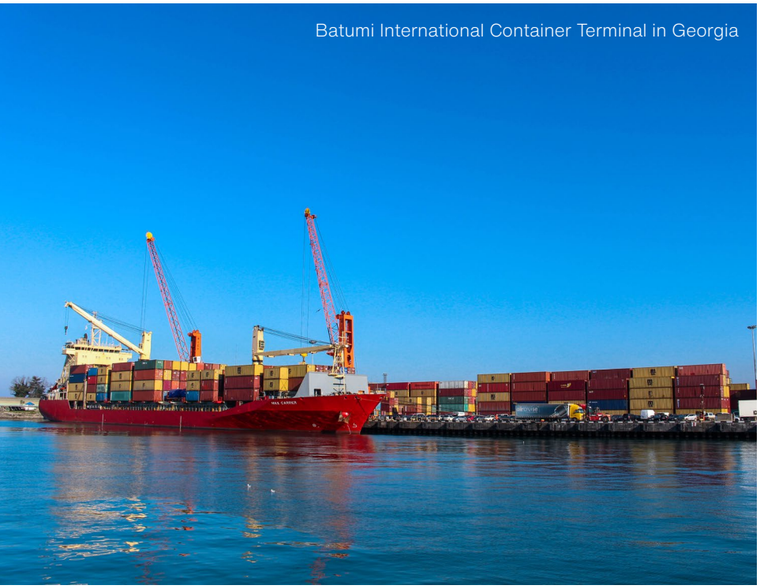
10 million TEU milestone at PICT

Onne Multipurpose Terminal in Nigeria

ICTSI opens fourth terminal in Africa

OMT at the Port of Onne in Rivers State, Nigeria officially commenced operations and serviced its first vessel, the *MSC Floriana*, in May. ICTSI's newest operation in Africa operates Berths 9, 10 and 11 of the Federal Ocean Terminal, catering to both containerized and non-containerized cargo. The Port of Onne is a known oil and gas powerhouse and currently a fast-emerging logistics hub.

OMT is equipped with state of the art handling equipment catering to containers as well as oil logistics.


Batumi International Container Terminal in Georgia

Batumi, Georgia

High transportation costs and reduced demand led to an 18 percent market contraction.

BICT, through the provision of customer oriented services, increased its market share and came out with a volume on par with 2020.

Madagascar concession extended for another 15 years

In December, ICTSI secured a 15-year extension of its concession for the operation of Madagascar International Container Terminal Services Ltd (MICTSL) at the Port of Toamasina. The extended concession is valid until 2040.

MICTSL was among the first terminals in the ICTSI Group to successfully upgrade to Navis' N4 version 3.8.13 in May.


Madagascar International Container Terminal


Matadi Gateway Terminal in D.R. Congo

Capacity expansion in D.R. Congo

MGT enjoyed healthy volume growth and continued to provide the highest level of service to its clients.

The terminal's second phase development, which commenced in 2020, continued to progress despite the pandemic and is scheduled for completion in 2023. The expansion will extend the berth from 350 meters to 500 meters, and increase MGT's capacity to 400,000 TEUs and 800,000 tons general cargo.

ICTSI Board of Directors

Enrique K. Razon Jr.
Chairman

Cesar A. Buenaventura
Independent Director

Carlos C. Ejercito
Independent Director

Jose C. Ibazeta
Non-Executive Director

Stephen A. Paradies
Non-Executive Director

Chief Justice Diosdado M. Peralta (ret.)
Independent Director

Andres Soriano III
Non-Executive Director

Atty. Rafael T. Durian
Corporate Secretary

Atty. Silverio Benny J. Tan
Asst. Corporate Secretary

Atty. Benjamin M. Gorospe III
Asst. Corporate Secretary

Global Corporate Management

Enrique K. Razon Jr.
President

Christian R. Gonzalez
Executive Vice President

Rafael D. Consing, Jr.
Senior Vice President, Chief Financial Officer and Compliance Officer

Sandy A. Alipio
Senior Vice President, Global Financial Controller

Anders Kjeldsen
Senior Vice President, Regional Head – Americas

Hans-Ole Madsen
Senior Vice President, Regional Head - Europe, Middle East and Africa

Humberto Godfried Wieske
Senior Vice President, Head of Global Commercial

Caroline C. Causon
Vice President, Head of Financial Planning and Budgeting

Nathan A. Clarke
Vice President, Head of Global Engineering – Infrastructure and Project Delivery

Michael Robin Cruickshanks
Vice President, Head of Global Corporate Human Resources

Brian Mark Hibbert
Vice President,
Global Chief Information Officer

Emilio Manuel V. Pascua
Vice President, Head of Global Mergers and Acquisitions

Johan B. Swart
Vice President, Head of Global Engineering – Equipment Maintenance

Arnie D. Tablante
Treasurer

Terminal Heads

Philippines

Phillip N. Marsham*
Manila International Container Terminal
Manila Harbor Center Port Services, Inc.

Julien C. Domingo
Davao Integrated Port Services and Stevedoring Corp.
Hijo International Port Services, Inc.

Aurelio Garcia
Mindanao International Container
Terminal Services, Inc.

Ferdinand S. Magtalas
Bauan International Port, Inc.

Noel C. Monzon
Cavite Gateway Terminal

Gabriel D. Muñasque
South Cotabato Integrated Port Services, Inc.

Carmela N. Rodriguez
Laguna Gateway Inland Container Terminal

Justin C. Tolentino
Subic Bay International Container Terminal Corp.
ICTSI Subic, Inc.

Mariano Turnes*
Manila North Harbour Port, Inc.

Asia Pacific

Robert Maxwell
Motukea International Terminal Ltd.
South Pacific International Container Terminal Ltd.

Tejas Nataraj
PT Makassar Terminal Services, Inc.
PT PBM Olah Jasa Andal, Inc.

Tim Vancampen
Victoria International Container Terminal Ltd.

Apollo Zhou
Yantai International Container Terminals Ltd.

Americas

Jose Antonio Contreras
Contecon Manzanillo S.A.

Juan Carlos Corujo
Operadora Portuaria Centroamericana S.A. de C.V.

Javier Lancha
Contecon Guayaquil S.A.

Roberto Lopes
ICTSI Rio Brasil 1

Bruno Porchietto
TecPlata S.A.

Javier Ramirez
Tecon Suape S.A.

Rodrigo Torrás
Sociedad Puerto Industrial de Aguadulce S.A.

Europe, the Middle East and Africa

Philippe Baudry
Matadi Gateway Terminal

Nikoloz Gogoli
Batumi International Container Terminal LLC

Jacob Gulmann
Onne Multipurpose Terminal

Guido Heremans
Madagascar International Container Terminal Services Ltd.

Khurram Aziz Khan
Pakistan International Container Terminal Ltd.

Kathy Magne
Kribi Multipurpose Terminal SAS

Emmanuel Papagiannakis
Adriatic Gate Container Terminal JSC

Romeo A. Salvador
Basra Gateway Terminal

Wojciech Szymulewicz
Baltic Container Terminal Ltd.

**ROHQ Chief Operations Advisor*

Corporate Information

Corporate Offices

International Container Terminal Services, Inc. (ICTSI)
ICTSI Administration Building
Manila International Container Terminal
MICT South Access Road Port of Manila
Manila 1012 Philippines
+ 63 2 8245 4101
+ 63 2 8245 2245
info@ictsi.com
www.ictsi.com

For general information and company literature:

Maricel L. Bataller
Treasury Manager
+ 63 2 8247 8215
+ 63 2 8247 8035
mlaud@ictsi.com

Stockholder Inquiries

International Container Terminal Services, Inc.'s (ICTSI) common stock is listed and actively traded in the Philippine Stock Exchange under the symbol "ICT". For shareholder assistance regarding account status, stock certificates, stockholder information changes, and dividend payments:

Ricardo D. Regala
Stock Transfer Services Inc.
Unit 34-D Rufino Pacific Tower
6784 Ayala Avenue, Makati City Philippines
+ 63 2 8403 2410
+ 63 2 8403 3433
+ 63 2 8403 2414
rdregala@stocktransfer.com.ph

Investor Inquiries

ICTSI welcomes inquiries from investors, analysts and the financial community. For more information about ICTSI, please visit ictsi.com/investors.

Rafael D. Consing, Jr.
Senior Vice President and Chief Financial Officer, and Compliance Officer
+ 63 2 8247 8221
+ 63 2 8247 8035
jconsing@ictsi.com

Arthur R. Tabuena
Treasury Director and Head of Investor Relations
+ 63 2 8245 2255
+ 63 2 8247 8008
+ 63 2 8247 8035
atabuena@ictsi.com

Our complete Annual Reports can be viewed or downloaded at www.ictsi.com

A thorough discussion of the Company's sustainability and social responsibility efforts can be found at the 2021 ICTSI Group Sustainability Report and the ICTSI Foundation Accomplishment Report.

International Container Terminal Services, Inc.

Delivering a Resilient Future
ICTSI 2021 Annual Report

Delivering a Resilient Future

ICTSI 2021 FINANCIAL REPORT

International Container Terminal Services, Inc.

About our Theme

The global business sector has been blindsided by the COVID-19 pandemic in more ways than one, and ICTSI is no exception. While some social and professional aspects of the Company were initially affected, we were able to swiftly pivot and recover. We were able to steer through the rough waters with confidence borne out of our track record of resilience amid difficult times. We have remained faithful to our customers, steadfast with our employees, and reliable for the communities whose lives we touch. With COVID-19 not only being a public health crisis but an economic one, the need for sustainable progress and harmonious existence with nature has only been underscored. The challenge is in creating lasting value for our stakeholders and bringing positive change to the industry. Sustainability priorities have seemingly become even more difficult to pursue amid the demands of the "new normal" but we recognize that these are social investments with far-reaching and long-term returns not only to our business but to our planet. Thus, we rise to the task of delivering a resilient future for all.

Delivering a Resilient Future

ICTSI 2021 FINANCIAL REPORT

International Container Terminal Services, Inc.

Contents

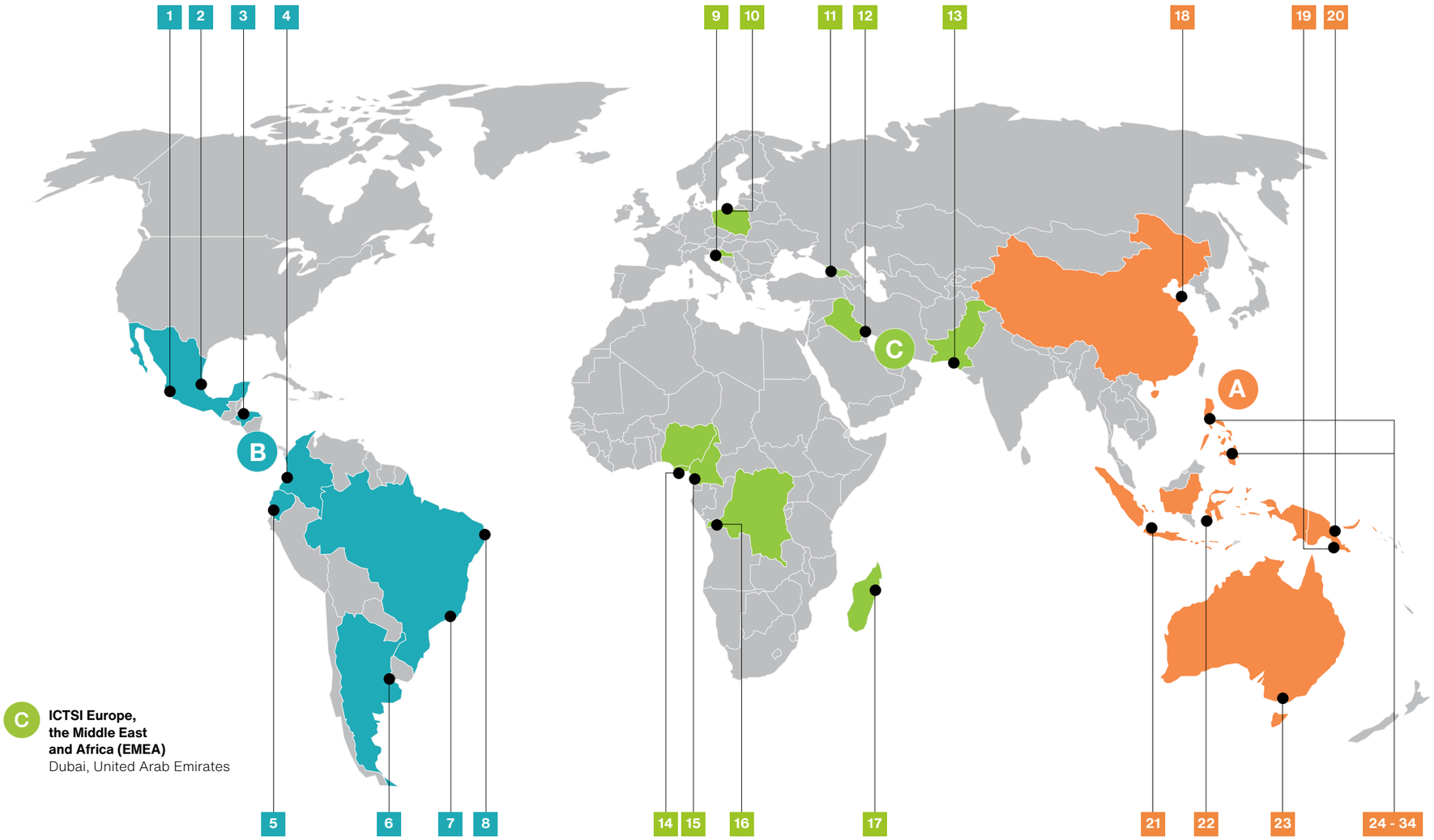
Delivering a Resilient Future

33 YEARS

34 TERMINALS

20 COUNTRIES

06 CONTINENTS



A **Corporate Offices**
Manila, Philippines

ICTSI Asia Pacific
Manila Philippines

B **ICTSI Americas**
Panama City, Panama

C **ICTSI Europe, the Middle East and Africa (EMEA)**
Dubai, United Arab Emirates

THE AMERICAS

1. **Contecon Manzanillo**
   Manzanillo, Mexico
2. **Tuxpan Maritime Terminal**
   Veracruz, Mexico
3. **Puerto Cortés**
   Cortés, Honduras
4. **Puerto Aguadulce**
   Buenaventura, Colombia
5. **Contecon Guayaquil**
   Guayaquil, Ecuador
6. **TecPlata**
   Buenos Aires, Ecuador
7. **ICTSI Rio Brasil 1**
   Rio de Janeiro, Brazil
8. **Tecon Suape**
   Pernambuco, Brazil

EUROPE, THE MIDDLE EAST & AFRICA

9. **Adriatic Gate Container Terminal**
   Rijeka, Croatia
10. **Baltic Container Terminal**
    Gydnia, Poland
11. **Batumi International Container Terminal**
    Adjara, Georgia
12. **Basra Gateway Terminal**
    Umm Qasr, Iraq
13. **Pakistan International Container Terminal**
    Karachi, Pakistan
14. **Onne Multipurpose Terminal**
    Port Harcourt, Nigeria
15. **Kribi Multipurpose Terminal**
    Kribi, Cameroon
16. **Matadi Gateway Terminal**
    Kongo Central, D.R. Congo
17. **Madagascar International Container Terminal**
    Toamasina, Madagascar

ASIA PACIFIC

18. **Yantai International Container Terminals**
    Shandong, China
19. **Motukea International Terminal**
    Port Moresby, Papua New Guinea
20. **South Pacific International Container Terminal**
    Lae, Papua New Guinea
21. **Tanjung Priok Berths 300-303**
    Jakarta, Indonesia
22. **Makassar Container Terminal**
    South Sulawesi, Indonesia
23. **Victoria International Container Terminal**
    Melbourne, Australia

Philippines

24. **Manila International Container Terminal**
25. **NorthPort**
26. **Manila Harbor Center**
27-28. **Subic Bay International Terminals (NCT 1 and 2)**
    Olongapo City
29. **Laguna Gateway Inland Container Terminal**
    Calamba City
30. **Cavite Gateway Terminal**
    Tanza, Cavite
31. **Bauan International Port**
    Bauan, Batangas
32. **Mindanao Container Terminal**
    Tagoloan, Misamis Oriental
33. **Sasa Wharf**
    Davao City
34. **Makar Wharf**
    General Santos City

Management's Discussion and Analysis or Plan of Operations

The following discussion and analysis relate to the consolidated financial position and results of operations of ICTSI and its wholly and majority-owned subsidiaries (collectively known as "ICTSI Group") and should be read in conjunction with the accompanying audited consolidated financial statements and related notes as at and for the year ended December 31, 2021. References to "ICTSI", "the Company", and "Parent Company" pertain to ICTSI Parent Company, while references to "the Group" pertain to ICTSI and its subsidiaries.

Overview

The Group is an international operator of common user container terminals serving the global container shipping industry. Its business is the acquisition, development, operation and management of container terminals focusing on facilities with total annual throughputs ranging from 50,000 to 3,500,000 TEUs. It also handles general cargoes and provides a number of ancillary services such as storage, container packing and unpacking, inspection, weighing, and services for refrigerated containers or reefers.

As at March 1, 2022, the Group is involved in 35 terminal operations, including concessions and port development projects in 20 countries worldwide. There are 11 terminal operations in the Philippines (including an inland container terminal, a barge terminal and combined terminal operations in Subic), three in Brazil (including an intermodal rail ramp terminal), two each in Indonesia and Papua New Guinea (PNG); and one each in China, Ecuador, Poland, Georgia, Madagascar, Croatia, Pakistan, Mexico, Honduras, Iraq, Argentina, Democratic Republic (DR) of Congo, Colombia, Australia, Cameroon and Nigeria; and an existing concession to construct, develop and operate a port in Tuxpan, Mexico.

ICTSI was established in 1987 in connection with the privatization of Manila International Container Terminal (MICT) in the Port of Manila, and has built upon the experience gained in rehabilitating, developing and operating MICT to establish an extensive international network concentrated in emerging market economies. International acquisitions principally in Asia, Europe, Middle East and Africa (EMEA) and Americas substantially contributed to the growth in volume, revenues, EBITDA and net income. ICTSI's business strategy is to continue to develop its existing portfolio of terminals and proactively seek acquisition opportunities that meet its investment criteria.

The Group operates principally in one industry segment which is cargo handling and related services. ICTSI has organized its business into three geographical segments:

Asia

- Manila - Manila International Container Terminal, Port of Manila, Philippines (MICT)
- Zambales - New Container Terminal (NCT) 1 and 2, Subic Bay Freeport Zone, Olongapo City, Philippines (SBITC/ICTSI Subic)
- Batangas - Bauan Terminal, Bauan, Philippines (BIPI)
- Laguna - Laguna Gateway Inland Container Terminal, Calamba City, Laguna, Philippines (LGICT)
- Cavite - Cavite Gateway Terminal, Tanza, Cavite, Philippines (CGT)
- Davao - Sasa Wharf, Port of Davao (DIPSSCOR) and Hijo International Port, Davao del Norte, Philippines (HIPS)
- General Santos - Makar Wharf, Port of General Santos, Philippines (SCIPSI)
- Misamis Oriental - Mindanao Container Terminal, Phividec Industrial Estate, Tagaloan, Philippines (MICTSI)
- Manila - Manila North Harbour Port, Inc., North Harbor, Manila, Philippines (MNHPI)
- Manila - Manila Harbor Center Port Services, Inc, Manila, Philippines (MHCPSI)
- Indonesia - Makassar Port Container Terminal, Makassar, South Sulawesi, Indonesia (MTS) and Port of Tanjung Priok, Jakarta, Indonesia (OJA)
- China - Yantai International Container Terminal, Port of Yantai, Shandong Province, China (YICT)
- Australia - Webb Dock Container Terminal at Webb Dock East, Port of Melbourne, Australia (VICT)
- Papua New Guinea - Port of Motukea, Papua New Guinea (MITL) and Port of Lae, Papua New Guinea (SPICTL)

EMEA

- Poland - Baltic Container Terminal, Gdynia, Poland (BCT)
- Georgia - Port of Batumi, Batumi, Georgia (BICTL)
- Croatia - Brajdica Container Terminal, Rijeka, Croatia (AGCT)
- Madagascar - Port of Toamasina, Toamasina, Madagascar (MICTSL)
- Pakistan - Port of Karachi, Karachi, Pakistan (PICT*)
- DR Congo - Matadi Gateway Terminal, Mbengu, Matadi, Democratic Republic of Congo (IDRC)
- Iraq - Basra Gateway Terminal at Port of Umm Qasr, Iraq (ICTSI Iraq)
- Cameroon – Kribi Multipurpose Terminal, Kribi, Cameroon (KMT)
- Nigeria - Port of Onne, Rivers State, Nigeria (ICTSNL)

Americas

- Brazil - Suape Container Terminal, Suape, Brazil (TSSA), Terminal de Contêineres 1, Port of Rio de Janeiro City, Brazil (ICTSI Rio), and Floriano Intermodal Terminal, Barra Mansa, Rio de Janeiro State, Brazil (IRB Logistica)
- Ecuador - Port of Guayaquil, Guayaquil, Ecuador (CGSA)
- Argentina - Port of La Plata, Buenos Aires Province, Argentina (Tecplata)
- Mexico - Port of Manzanillo, Manzanillo, Mexico (CMSA) and Port of Tuxpan, Mexico (TMT)
- Colombia - Port of Buenaventura, Buenaventura, Colombia (SPIA)
- Honduras - Puerto Cortés, Republic of Honduras (OPC)

**previously part of Asia Segment, comparative numbers were restated and related discussions were re-aligned, accordingly.*

Concessions for port operations entered into, acquired, extended, developed and terminated by ICTSI and subsidiaries for the last three years are summarized below:

Port of Karachi, Pakistan. In October 2021, ICTSI, through IML, a wholly-owned subsidiary of ICTSI Ltd., completed the acquisition of 15.88% of the total shares of stock of PICT for PKR2.7 billion (US$15.8 million) and further increased its ownership to 80.41%.

Port of Melbourne, Australia. On August 3, 2021, the Port of Melbourne Corporation (POMC) committed to carry out berth extension works adding 71 meters to the existing quay together with a designated hard stand area behind the extended quay that will collectively add 6,821.3 square meters to the original leased area. The POMC expansion works will commence in March 2022 and is expected to be completed in July 2023.

On September 15, 2021, VICT received the approval from the POMC for the commencement of the development of the first of two sub-phases of the Phase 3 expansion plan (Phase 3A). Phase 3A includes the addition of two super-post-Panamax ship-to-shore cranes with a 22-container outreach (about 50 meters), six automated container carriers (ACCs), six automated stacking cranes (ASCs), and the construction of three-yard modules (with 325 ground slots). Phase 3A development is ongoing and upon completion in the last quarter of 2023, the Phase 3A expansion will increase annual capacity up to an estimated 1,250,000 TEUs.

Phase 3B of the expansion plan comprises the construction of two additional yard modules and acquisition of one additional super-post-panamax ship-to-shore crane, four ASCs and 3 ACCs. Depending on market conditions, development of Phase 3B may commence towards the end of 2023 and completed in 2025, and will increase the terminal's annual capacity to 1,500,000 TEUs.

Manila Harbour Centre, Port of Manila, Philippines. On June 1, 2021, ICTSI signed a SPA with Prime Strategic Holdings, Inc. to acquire 100% of the shares of Manila Harbor Center Port Services, Inc. (MHCPSI), operating a 10-hectare international breakbulk and bulk private port facility located at the northern side of the Manila Harbour Centre, Port of Manila. On June 4, 2021, the facilities were transferred to ICTSI management after all conditions precedent have been satisfied and required regulatory approvals have been obtained.

River Port, Matadi, Democratic Republic of Congo. On May 25, 2021, ICTSI, through its wholly-owned subsidiary IABV, concluded the acquisition of an additional 10% stake in IDRC from SIP Sprl, increasing ICTSI's effective ownership in IDRC from 52% to 62%.

Phase 1 of the facility consists of two berths that can handle 175,000 TEUs and 350,000 metric tons. Phase 1 was completed in the fourth quarter of 2016. Initial operations started in the third quarter of 2016 while commercial operations started in January 2017. Development of Phase 2 of the facility started in the first quarter of 2020 and is expected to be completed in the last quarter of 2023. The expansion project covers both yard and berth, including acquisition of port equipment. Upon completion of Phase 2, berth length will increase from 350 meters to 500 meters and capacity will increase to 400,000 TEUs and 800,000 metric tons. The empty container yard expansion was completed in the last quarter of 2020. As at March 1, 2022, the development of the full container yard is ongoing and is expected to be completed in the last quarter of 2023. The development of the quay will commence in the first quarter of 2022 and is expected to be completed in the last quarter of 2023.

Floriano Intermodal Terminal, Barra Mansa, Brazil. In May 2021, ICTSI, through its wholly-owned subsidiary ICTSI Americas B.V., established a new company, IRB Logistica. IRB Logistica entered into a long-term lease agreement with MMR Administração, Participações E Empreendimentos S.A. until February 2048 covering the intermodal rail ramp terminal facilities, and took over the operations of the terminal starting July 1, 2021. IRB Logistica offers sustainable cargo handling, transport, and storage services to the economic, industrial, and production centers in Rio de Janeiro, Minas Gerais, and São Paulo. Located in an industrial cluster some 150 kilometers away from the Port of Rio de Janeiro, the intermodal terminal primarily handles containerized cargo and steel products, which are better suited for rail transport, for industries in the South Fluminense region. It can accommodate up to 70 train wagons and features a yard for storage and container stuffing, as well as a covered area for storage of finished products.

Port of Onne, Rivers State, Nigeria. ICTSI, through its Nigerian subsidiary, International Container Terminal Services Nigeria Ltd. (ICTSNL), signed a Lease Agreement with the Nigerian Port Authority in 2020 for the development and operation of a multipurpose terminal in the Port of Onne in Rivers State, Nigeria. ICTSNL started commercial operations in May 2021.

ICTSNL will further develop and equip Berths 9, 10 and 11 of the Federal Ocean Terminal, Onne Port Complex in Rivers State, Nigeria. The multipurpose terminal will be designed to handle containers as well as general cargo, including project, heavy lift and roll-on/roll-off cargoes.

Located in the Gulf of Guinea in East Nigeria, the Port of Onne has earned its reputation as a modern and efficient gateway at the center of Africa's largest oil production region.

Port of Port Sudan, Sudan. On January 3, 2019, ICTSI, through its wholly-owned subsidiary ICTSI Middle East DMCC, signed a Concession Agreement („the Agreement') with Sea Ports Corporation of Sudan (SPC) to operate, manage, and develop the South Port Container Terminal (SPCT) at the Port of Sudan, Republic of the Sudan for 20 years. The Port of Sudan is the only major modern port in the Republic of the Sudan and serves as the international gateway for more than 95% of Sudan's cargo flows.

Pursuant to the Agreement, ICTSI is required to pay: (a) an upfront fee of EUR530.0 million in installments of EUR410.0 million (US$467.2 million) and five other installments each in the amount of EUR24.0 million (US$27.3 million) from the third to the seventh operation year; (b) fixed monthly fee; and (c) royalty fee during the concession period. The Agreement is secured by a sovereign guarantee by the Republic of the Sudan. On January 13, 2019, ICTSI paid the initial installment of upfront fee of EUR410 million (US$470.2 million, the "Upfront Fee"). In February 2019, ICTSI established Africa Gateway Terminal (AGT), a Sudanese entity, to operate the container terminal.

On January 8, 2019, the Ministry of Finance and Economic Planning of the Republic of the Sudan (the "Ministry") issued a bond (the "Refund Bond"), which was subsequently amended, wherein it agreed to refund the Upfront Fee in case ICTSI is unable to take over operations by April 7, 2019.

On August 7, 2019, due to the ongoing political instability in the Republic of the Sudan and the failure of the Sudanese government to turn over SPCT on or before April 7, 2019, the Ministry sent ICTSI a letter confirming: (1) the remittance of EUR195.2 million (US$219.1 million) as partial repayment of the Upfront Fee under the terms of the Refund Bond and (2) that the balance will be repaid as soon as possible. On December 13, 2019, ICTSI, through ICTSI Middle East DMCC, received from the Sudanese Government a second partial repayment of the Upfront Fee in the amount of AED110.2 million (EUR26.8 million or US$29.8 million). ICTSI continues to regularly engage the Ministry into productive discussions on the remaining balance of the Upfront Fee under the terms of the Refund Bond, which the Ministry continues to expressly commit its obligations. ICTSI reserves and continues to reserve its rights under the Concession Agreement following a letter from SPC regarding its cancellation which ICTSI disputes, and to pursue remedies available under the Refund Bond. ICTSI has an excellent track record of managing and making significant investments in its container terminal infrastructure and is committed to making the Port of Sudan a leading port and strategic gateway to Africa, benefitting all of its stakeholders.

Umm Qasr, Iraq. ICTSI, through its wholly-owned subsidiary, ICTSI (M.E.) DMCC [formerly ICTSI (M.E.) JLT] (ICTSI Dubai), and General Company for Ports of Iraq (GCPI) signed on April 10, 2014 the Contract for the Construction and Operation of Three New Quays and Management and Operation of Quay No. 20 ("Contract") in the Port of Umm Qasr ("Port") in Iraq. The Contract grants ICTSI the rights to: (a) manage and operate the existing container facility at Berth 20 of the Port for 10 years, (b) build in three phases, under a build-operate-transfer (BOT) scheme, a new container and general cargo terminal in the Port for a concession period of 26 years, and (c) provide container and general cargo terminal services in both components. On March 1, 2016, an addendum to the Contract ("First Addendum") was signed by the parties granting ICTSI, through ICTSI Dubai, the right to manage and operate an additional existing Quay No. 19 for a total of 13 years, with the first three years for the completion of rehabilitation works. Also, the First Addendum extended the original term for the management and operation of Quay No. 20 from 10 to 13 years. On March 26, 2017, a second addendum to the Contract ("Second Addendum") was signed by the parties granting ICTSI, through ICTSI Dubai, the right to manage and operate Quay No. 21 co-terminus with the Contract and the First Addendum. The Second Addendum extended the term for the management and operation of Quay No. 19 and 20 from 13 to 21 years.

ICTSI commenced trial operations at Berth 20 in September 2014 and full-fledged commercial operations in November 2014. ICTSI commenced commercial operations of Berth 19 in June 2016. Berth 21 started operations in the third quarter of 2018 while the rehabilitation works are expected to be completed in the second quarter of 2022.

Phase 1 of the expansion project (Berth 27) under the BOT scheme has 250 meters of berth with an estimated capacity of 300,000 TEUs. The facility has 600 meters of quay with an estimated capacity of 900,000 TEUs. Berth 27 was completed and fully operational in the first quarter of 2017.

On October 22, 2017, ICTSI signed an agreement with GCPI for the Phase 2 of the expansion development of the Port. The Phase 2 expansion project was substantially completed and fully operational in the fourth quarter of 2019 and involved the development of two new berths, Berths 25 and 26, including a 10.2-hectare yard area and installation of three new quay cranes. An additional yard area of 0.9 hectares and 3.8 hectares were further completed in January 2020 and December 2021, respectively. The expansion increased the Port's container handling capacity to 1,200,000 TEUs or by an additional

600,000 TEUs, and its capability to handle large container vessels of up to 10,000 TEUs.

Tuxpan, Mexico. On May 27, 2015, ICTSI, through its subsidiary, ICTSI Tuxpan B.V., acquired from Grupo TMM S.A.B and Immobiliaria TMM S.A. de C.V 100% of the capital stock of Terminal Maritima de Tuxpan, S.A de C.V (TMT) for US$54.5 million. TMT is a company duly incorporated in accordance with the laws of Mexico with a concession to construct and operate a maritime container terminal in the Port of Tuxpan, Mexico and is the owner of the real estate where the maritime container terminal will be constructed. The concession agreement was valid until May 25, 2021, subject to extension for another 20 years. The concession covers an area of 29,109.68 square meters, which is adjacent to the 43 hectares of land owned by TMT. As at March 1, 2022, management continues to negotiate its options on the concession including evaluating the long-term plans for the land.

Port of Kribi, Cameroon. On June 14, 2019, ICTSI was declared as the preferred bidder for the concession of Multi-Purpose Terminal of the Port of Kribi, Cameroon by the port authority, Port Autoneme de Kribi (PAK).

On July 27, 2020, the 25-year concession contract was officially signed by Kribi Multipurpose Terminal (KMT), a Cameroonian subsidiary of ICTSI, and PAK. ICTSI, through its subsidiary ICTSI Middle East DMCC, owns 75% of KMT's shares of stock while PAK owns 25%.

Under the concession contract, KMT was given the exclusive right to develop, operate, and maintain the multipurpose facility at Kribi, a newly built deep-water port located 150 kilometers South of Douala. Kribi port is surrounded by the Kribi Industrial Area, a 262 square-kilometer zone intended to accommodate new industrial and logistical developments that support the growing economy of Cameroon and the Cameroon-Chad-CAR (Central African Republic) transit Corridor.

The concession covers Phase 1 of the construction of the Kribi Deep-Sea Port, consisting of 615 meters of berth and corresponding facilities, 33 hectares of yard and 1,355 meters of breakwater. Phase 1 is divided into two sub-phases. Sub-phase 1 consists of a 265-meter berth (Quay 1.1), 10 hectares of yard and port equipment and facilities that was turned over to KMT upon effectivity of the concession. Sub-phase 2 consists of a 350-meter berth (Quay 1.2) that is the extension of Quay 1.1, and 23 hectares of yard (including facilities to be provided by PAK) that are temporarily and currently utilized by the container terminal operator and will be turned over to KMT upon completion of the Phase 2 of the Kribi Deep-Sea Port where the container terminal operator will transfer to.

KMT has started commercial operations on October 1, 2020.

Port of Motukea and Port of Lae, Papua New Guinea. In September 2017, ICTSI received a notification from PNG Ports Corporation Limited (PNGPCL), a Papua New Guinea (PNG) state-owned enterprise, of the confirmation by the Independent Consumer and Competition Commission in PNG with respect to the two 25-year agreements signed by ICTSI through its wholly-owned subsidiaries, Motukea International Terminal Limited (MITL) and South Pacific International Container Terminal Limited (SPICTL), with PNGPCL for the operation, management and development of the two international ports in Motukea and Lae in PNG. SPICTL and MITL were allowed by PNGPCL to take over the port facilities and begin operations at the Port of Lae in February 2018 and at the Port of Motukea in May 2018, respectively. The terminal operating agreements and other related contracts took effect on June 1, 2018 after all the parties have complied with the agreed conditions precedent.

ICTSI, through its subsidiaries, International South Pacific, Ltd. (ISPL), MITL and SPICTL entered into Subscription and Shareholders Agreements (SSA) with the impacted communities (IC) for the management and governance of and the further transfers and/or issues of shares of MITL and SPICTL. The SSAs became effective upon the effectivity of the TOAs.

On August 8, 2019, ISPL entered into agreements with the local Tatana and Baruni communities, represented by Noho-Mage Holdings Limited (Noho-Mage), for the latter to acquire a 30% stake in MITL. In accordance with the agreements, the shares, representing a 30% stake in MITL, together with all the benefits and rights attached to those shares, will be transferred to Noho-Mage, following the entry of its name in the share register of MITL. On December 20, 2019, 30% of the shares held by ISPL were transferred to Noho-Mage after these shares were entered in MITL's share register under the name of Noho-Mage. The share transfer increased non-controlling interests by US$3.8 million (PGK12.8 million), while ISPL retained a 70% ownership stake in MITL.

On February 15, 2020, ISPL entered into share acquisition agreements with the local communities, Ahi Terminal Services Limited (Ahi) and Labu Investment Limited (Labu), for the transfer of SPICTL shares from ISPL to Ahi and Labu with each local community acquiring a 15% stake in SPICTL. The transfer of 30% of SPICTL shares from ISPL to the local communities became effective upon the signing of the said agreements. The share transfer increased non-controlling interests by US$7.5 million (PGK25.6 million), while ISPL retained a 70% ownership stake in SPICTL.

Port of Rio de Janeiro City, Federative Republic of Brazil. On July 19, 2019, ICTSI, through its wholly-owned subsidiary ICTSI Americas B.V, signed a SPA with Boreal Empreendimentos e Participações S.A. (Boreal) to acquire 100% of the shares of Libra Terminal Rio S.A. (ICTSI Rio), which holds the concession rights to operate, manage and develop the container terminal Terminal de Contêineres 1 (T1Rio) in the port of Rio de Janeiro City, Federative Republic of Brazil. The concession of T1Rio commenced in 1998 and was extended in 2011 until 2048. On December 12, 2019, the SPA was completed after all conditions precedent and required regulatory approvals were obtained, and at the same time, the facilities were turned over to ICTSI.

Manila North Harbour Port, Inc., Philippines. On September 21, 2017, the BOD of ICTSI granted the authority to acquire shares in MNHPI. On the same date, ICTSI signed a SPA with Petron Corporation for the acquisition of 10,449,000 MNHPI shares, representing 34.83% of the total issued and outstanding shares of MNHPI for a consideration of Php1.75 billion (US$33.8 million). The completion of the SPA was subject to several conditions, one of which was the approval of the acquisition by the Philippine Ports Authority (PPA) which was obtained on October 20, 2017. The SPA was completed on October 30, 2017. An additional investment cost of Php2.45 billion (US$47.3 million) was incurred in relation to this acquisition.

On September 5, 2018, ICTSI signed an SPA with Harbour Centre Port Terminal, Inc. (HCPTI) for the acquisition of 4,550,000 shares in MNHPI from HCPTI. The subject shares represent 15.17% of the total issued and outstanding shares of MNHPI. The consideration is Php910.0 million (US$17.3 million). The Philippine Competition Commission and the PPA approved the acquisition of shares on March 15, 2019 and April 26, 2019, respectively. With the approval of the PPA, ICTSI's shareholdings in MNHPI increased from 34.83% to 50.00% effective on April 26, 2019. An additional investment cost of Php2.70 billion (US$50.3 million) was incurred in relation to this acquisition. As a result, MNHPI became a joint venture of ICTSI.

Extension of Contracts

Port of Toamasina, Madagascar. On December 10, 2021, MICTSL, which operates the port of Toamasina in Madagascar, signed an amendment to its concession agreement with the Société du Port a gestion Autonome de Toamasina extending the term of the concession by 15 years until October 2040. ICTSI has held the concession since 2005. The amendment also modified the annual fixed fees, obligations of the port authority, including the completion of expansion works, and obligation of MICTSL to pay upfront fees in accordance with the agreed schedule, among others.

Davao Sasa Port, Philippines. On April 21, 2006, the Philippine Ports Authority (PPA) granted Davao Integrated Port and Stevedoring Services Corporation (DIPSSCOR) a ten-year contract for cargo handling services at Sasa Wharf, Port of Davao in the Philippines that expired on April 20, 2016. Thereafter, the PPA granted DIPSSCOR a series of hold-over authority (HOA) on a temporary basis over the cargo handling services at Sasa Wharf, Port of Davao. Pursuant to the PPA Memorandum Circular No. 37-2020, "Further Extension of Validity of PPA Approvals/Permits During the Enhanced Community Quarantine (ECQ), Modified ECQ (MECQ), and General CQ (GCQ) Due to COVID-19 Pandemic," dated September 29, 2020, and in view of the restrictions affecting processing of HOAs, among others, all HOAs to operate cargo handling services that expired/are expiring during the ECQ/MECQ/GCQ periods are deemed extended until December 31, 2020. On May 24, 2021, the HOA was issued by the PPA with the validity of twelve months from January 1, 2021 up to December 31, 2021 or until the award of a new contract by the PPA, whichever is earlier, unless cancelled or revoked for reason by the PPA during the validity of the HOA. As at March 1, 2022, DIPPSCOR continued to operate and has submitted the letter of intent including the requirements for the issuance of a new HOA.

Makar Wharf, Port of General Santos, South Cotabato, Philippines. On February 20, 2006, the PPA granted South Cotabato Integrated Port Services, Inc. (SCIPSI) a ten-year contract for the exclusive management and operation of arrastre, stevedoring, and other cargo handling services, except porterage, at Makar Wharf, Port of General Santos, General Santos City in the Philippines that expired on February 19, 2016. Thereafter, the PPA granted SCIPSI a series of HOA on a temporary basis over the cargo handling services at Makar Wharf, Port of General Santos. Pursuant to the PPA Memorandum Circular No. 37-2020, "Further Extension of Validity of PPA Approvals/Permits During the Enhanced Community Quarantine (ECQ), Modified ECQ (MECQ), and General CQ (GCQ) Due to COVID-19 Pandemic," dated September 29, 2020, and in view of the restrictions affecting processing of HOAs, among others, all HOAs to operate cargo handling services that expired/are expiring during the ECQ/MECQ/GCQ periods are deemed extended until December 31, 2020. SCIPSI continues to operate and has submitted the letter of intent for the issuance of the HOA pursuant to the requirements of PPA Administrative Order No. 01-2021, "Issuance of Holdover Authority for the Continuous Provision of Cargo Handling (CH), Passenger Terminal Building (PTB) and Roll-on/Roll-off (RoRo) Services at Ports under the Jurisdiction of the Philippine Ports Authority (PPA)," dated February 9, 2021. On April 13, 2021, the HOA was issued by the PPA with the validity of twelve months from January 1, 2021 up to December 31, 2021 or until the award of a new contract by the PPA, whichever is earlier, unless cancelled or revoked for reason by the PPA during the validity of the HOA. As at March 1, 2022, SCIPSI has not received a new hold-over authority.

Port of Guayaquil, Ecuador. On December 3, 2019, Contecon Guayaquil, S.A. (CGSA) and Autoridad Portuaria de Guayaquil signed the addendum to the concession agreement extending the term of the concession until December 31, 2046, from the original term until July 31, 2027. The addendum sets out the revised investment commitments of CGSA and modified the manner of determining the variable fee.

Results of Operations and Key Performance Indicators

Results of Operations

The following table shows a summary of the results of operations for the year ended December 31, 2021 as compared with the same period in 2020 and 2019 as derived from the accompanying audited consolidated financial statements:

Table 1 Audited Consolidated Statements of Income

	For the Years Ended December 31				
(In thousands, except % change data)	2019	2020	**2021**	% Change 2019 vs 2020	% Change 2020 vs 2021
Gross revenues from port operations	US$1,481,412	US$1,505,500	**US$1,865,021**	1.6	23.9
Revenues from port operations, net of port authorities' share	1,294,313	1,330,462	**1,662,382**	2.8	24.9
Total income (net revenues, interest and other income)	1,343,157	1,370,906	**1,722,539**	2.1	25.6
Total expenses (operating, financing and other expenses)	1,149,729	1,176,133	**1,120,580**	2.3	(4.7)
EBITDA[1]	830,144	876,829	**1,139,057**	5.6	29.9
EBIT[2]	595,179	646,692	**892,063**	8.7	37.9
Net income attributable to equity holders of the parent	100,367	101,764	**428,569**	1.4	321.1
Earnings per share					
Basic	US$0.020	US$0.020	**US$0.181**	(2.6)	813.5
Diluted	0.020	0.020	**0.181**	(2.6)	813.4

[1] EBITDA is not a uniform or legally defined financial measure. It generally represents earnings before interest, taxes, depreciation and amortization. EBITDA is presented because the Group believes it is an important measure of its performance and liquidity. EBITDA is also frequently used by securities analysts, investors, and other interested parties in the evaluation of companies in the industry.

The Group's EBITDA figures are not; however, readily comparable with other companies' EBITDA figures as they are calculated differently and thus, must be read in conjunction with related additional explanations. EBITDA has limitations as an analytical tool and should not be considered in isolation or as a substitute for analysis of the Group's results as reported under PFRS. Some of the limitations concerning EBITDA are:

- EBITDA does not reflect cash expenditures or future requirements for capital expenditures or contractual commitments;
- EBITDA does not reflect changes in, or cash requirements for working capital needs;
- EBITDA does not reflect fixed (and in-substance fixed) port fees and lease payments that are capitalized as concession assets under IFRIC 12 and right-of-use assets under PFRS 16;
- EBITDA does not reflect the interest expense, or the cash requirements necessary to service interest or principal debt payments;
- Although depreciation and amortization are non-cash charges, the assets being depreciated or amortized will often have to be replaced in the future, and EBITDA does not reflect any cash requirements for such replacements; and
- Other companies in the industry may calculate EBITDA differently, which may limit its usefulness as a comparative measure.

Because of these limitations, EBITDA should not be considered as a measure of discretionary cash available to the Group to invest in the growth of the business. The Group compensates for these limitations by relying primarily on the PFRS results and uses EBITDA only as supplementary information.

[2] EBIT, or Earnings Before Interest and Taxes, is calculated by taking net revenues from port operations and deducting cash operating expenses and depreciation and amortization.

The following table presents the computation of EBITDA as derived from the Group's consolidated net income attributable to equity holders of the parent for the year:

Table 2 EBITDA Computation

	For the Years Ended December 31				
In thousands, except % change data	2019	2020	**2021**	% Change 2019 vs 2020	% Change 2020 vs 2021
Net income attributable to equity holders of the parent	US$100,367	US$101,764	**US$428,569**	1.4	321.1
Non-controlling interests	32,301	37,879	**48,974**	17.3	29.3
Provision for income tax	60,761	55,129	**124,417**	(9.3)	125.7
Income before income tax	193,429	194,772	**601,960**	0.7	209.1
Add (deduct):					
Depreciation and amortization	234,965	230,137	**246,994**	(2.1)	7.3
Interest and other expenses	450,594	492,364	**350,261**	9.3	(28.9)
Interest and other income	(48,844)	(40,444)	**(60,157)**	(17.2)	48.7
EBITDA	US$830,144	US$876,829	**US$1,139,058**	5.6	29.9

Key Performance Indicators

The five (5) key performance indicators (KPIs) include gross moves per hour per crane, crane availability and berth utilization, which affect the operations of the Group, and volume growth in TEU and gross revenue growth, which are both financial in nature. These KPIs are discussed in detail in the succeeding paragraphs.

2021 Compared with 2020

Gross moves per hour per crane ranged to 15.4 to 31.6 moves per hour in 2021 from 16.0 to 32.5 moves per hour in 2020. Crane availability ranged to 82.2 percent to 99.3 percent in 2021 from 78.0 percent to 97.7 percent in 2020. Berth utilization was at 25.7 percent to 70.8 percent in 2021 and 21.8 percent to 74.5 percent in 2020.

2020 Compared with 2019

Gross moves per hour per crane ranged to 16.0 to 32.5 moves per hour in 2020 from 15.5 to 36.8 moves per hour in 2019. Crane availability ranged to 78.0 percent to 97.7 percent in 2020 from 83.8 percent to 98.3 percent in 2019. Berth utilization was at 21.8 percent to 74.5 percent in 2020 and 24.6 percent to 78.7 percent in 2019.

2019 Compared with 2018

Gross moves per hour per crane ranged to 15.5 to 36.8 moves per hour in 2019 from 14.3 to 30.7 moves per hour in 2018. Crane availability ranged to 83.8 percent to 98.3 percent in 2019 from 75.7 percent to 99.7 percent in 2018. Berth utilization was at 24.6 percent to 78.7 percent in 2019 and 19.2 percent to 84.6 percent in 2018.

The gross moves per hour per crane is a measure of crane productivity while working on vessels during discharging or loading operations. The crane availability relates to the efficiency of the maintenance of the crane. While berth utilization is a measure of how long the berth is utilized for a given period and this indicator measures the efficiency of the operations and the productivity on the vessel.

Comparison of Operating Results for the Years Ended December 31, 2020 and 2021

TEU Volume

The below table presents the volume (in TEU) handled by the Group for the years ended December 31, 2020 and 2021:

Table 3 Volume

	For the Years Ended December 31		
	2020	**2021**	% Change
Asia	4,701,070	**5,128,783**	9.1
Americas	3,092,480	**3,377,135**	9.2
EMEA	2,399,834	**2,657,555**	10.7
	10,193,384	**11,163,473**	9.5

The Group's consolidated volume increased by 9.5 percent to 11,163,473 TEUs for the year ended December 31, 2021 from 10,193,384 TEUs handled for the same period in 2020 primarily due to volume growth and improvement in trade activities as economies recover from the impact of the COVID-19 pandemic and lockdown restrictions; and new contracts with shipping lines and services at certain terminals. Excluding the contribution of a new business, ICTSNL, consolidated volume would have increased by 8.9 percent in 2021.

Volume from the Asia segment consisting of terminals in the Philippines, Australia, China, Papua New Guinea and Indonesia increased by 9.1 percent to 5,128,783 TEUs for the year ended December 31, 2021 from 4,701,070 TEUs for the same period in 2020 mainly due to strong volume growth and recovery at MICT and certain Philippine terminals; increased trade activities at YICT; recoveries at SPICTL and MITL; and slightly tapered by reduced vessel calls at OJA and VICT. The Asia operations accounted for 46.1 percent and 45.9 percent of the consolidated volume for the years ended December 31, 2020 and 2021, respectively.

Volume from the Americas segment, consisting of terminals in Mexico, Ecuador, Brazil, Honduras, and Argentina, increased by 9.2 percent to 3,377,135 TEUs for the year ended December 31, 2021 from 3,092,480 TEUs for the same period in 2020 mainly due to new shipping lines and services, and increase in import volume at CMSA; recovery and increased trade activities at OPC and TSSA; partially tapered by reduced vessel calls at CGSA and ICTSI Rio. The Americas operations accounted for 30.3 percent of the consolidated volume for both years ended December 31, 2021 and 2020, respectively.

Volume from the EMEA segment, consisting of terminals in Iraq, DR Congo, Poland, Pakistan (previously part of Asia segment), Georgia, Croatia, Madagascar and Nigeria, reported a 10.7 percent increase to 2,657,555 TEUs for the year ended December 31, 2021 from 2,399,834 TEUs for the same period in 2020 mainly due to recovery and increased trade activities at IDRC; contribution of new business, ICTSNL; new services and increased trading activities at PICT; higher trade volumes at BCT; partially tapered by the impact of the pandemic resulting in decreased vessel calls and trade volumes at ICTSI Iraq. Excluding the contribution of ICTSNL, volume from the EMEA segment would have increased by 7.9 percent in 2021. The EMEA operations accounted for 23.5 percent and 23.8 percent of the Group's consolidated volume for the years ended December 31, 2020 and 2021, respectively.

Total Income

Total income consists of: (1) Revenues from port operations, net of port authorities' share in gross revenues; (2) Interest income; (3) Foreign exchange gain; and (4) Other income.

The table below illustrates the consolidated total income for the years ended December 31, 2020 and 2021:

Table 4 Total Income

	For the Years Ended December 31		
(In thousands, except % change data)	2020	**2021**	% Change
Gross revenues from port operations	US$1,505,500	**US$1,865,021**	23.9
Port authorities' share in gross revenues	175,038	**202,639**	15.8
Net revenues	1,330,462	**1,662,382**	24.9
Interest income	19,289	**22,213**	15.2
Foreign exchange gain	4,891	**8,109**	65.8
Other income	16,264	**29,834**	83.4
	US$1,370,906	**US$1,722,539**	25.6

For the year ended December 31, 2021, net revenues stood at 96.5 percent of the total consolidated income while interest income, foreign exchange gain and other income accounted for 1.3 percent, 0.5 percent and 1.7 percent, respectively. For the same period in 2020, net revenues stood at 97.0 percent of the total consolidated income while interest income, foreign exchange gain and other income accounted for 1.4 percent, 0.4 percent and 1.2 percent, respectively.

Gross Revenues from Port Operations

Gross revenues from port operations include fees received for cargo handling, wharfage, berthing, storage, and special services.

The below table illustrates the consolidated gross revenues for the years ended December 31, 2020 and 2021:

Table 5 Gross Revenues from Port Operations

	For the Years Ended December 31		
(In thousands, except % change data)	2020	**2021**	% Change
Asia	US$695,411	**US$836,614**	20.3
Americas	448,570	**602,509**	34.3
EMEA	361,519	**425,897**	17.8
	US$1,505,500	**US$1,865,020**	23.9

The Group's consolidated gross revenues from port operations increased by 23.9 percent to US$1,865.0 million for the year ended December 31, 2021 from US$1,505.5 million for the same period in 2020 mainly due to volume growth and recovery; favorable container mix; tariff adjustments at certain terminals; new contracts with shipping lines and services; higher revenues from ancillary services; contribution of new businesses mainly, ICTSNL and MHCPSI; and net favorable impact of foreign exchange at certain terminals; partially tapered by decline in trade activities at certain terminals primarily due to the impact of COVID-19 pandemic. Excluding contribution of new businesses, ICTSNL, MHCPSI, KMT and IRB Logistica, consolidated gross revenues would have increased by 20.9 percent in 2021.

Gross revenues from the Asia segment increased by 20.3 percent to US$836.6 million for the year ended December 31, 2021 from US$695.4 million for the same period in 2020 mainly due to volume growth; improvement in trade activities and tariff adjustments at certain terminals; favorable translation impact of the appreciation of Australian Dollars (AUD)- and Chinese Renminbi (RMB)-based revenues at VICT and YICT, respectively, and contribution of new business, MHCPSI; partially tapered by decrease in volume at OJA and decline in trade activities at certain terminals primarily due to the impact of COVID19 pandemic. The Asia operations captured 46.2 percent and 44.9 percent of the consolidated gross revenues for the years ended December 31, 2020 and 2021, respectively. Excluding contribution of MHCPSI, gross revenues of Asia segment would have increased by 17.8 percent.

Gross revenues from the Americas segment increased by 34.3 percent to US$602.5 million for the year ended December 31, 2021 from US$448.6 million for the same period in 2020 mainly due to volume growth; new services and contracts with shipping lines and increase in revenues from ancillary services mainly at CMSA; volume recovery and increase in revenues from ancillary services at OPC; tariff adjustments at certain terminals; and favorable translation impact of the appreciation of Mexican Peso (MXN)-based revenues at CMSA; partially tapered by unfavorable translation impact of the depreciation of Brazilian Reais (BRL)-based revenues at TSSA and ICTSI Rio. The Americas operations accounted for 29.8 percent and 32.3 percent of the consolidated gross revenues for the years ended December 31, 2020 and 2021, respectively. Excluding contribution of IRB Logistica, gross revenues from the Americas segment would have increased by 34.2 percent in 2021.

Gross revenues from the EMEA segment increased by 17.8 percent to US$425.9 million for the year ended December 31, 2021 from US$361.5 million for the same period in 2020 primarily due to recovery and volume growth, and higher ancillary services at IDRC; contribution of new businesses, ICTSNL and KMT; new services and increased trade activities at PICT; recovery at BCT; favorable container mix, new services and tariff adjustments at certain terminals; combined with favorable translation impact of the appreciation of Euro (EUR)-based revenues at MICTSL and AGCT; partially tapered by decreased volume together with unfavorable translation impact of the depreciation of Iraqi Dinar (IQD)-based revenues at ICTSI Iraq. The EMEA operations stood at 24.0 percent and 22.8 percent of the consolidated gross revenues for the years ended December 31, 2020 and 2021, respectively. Excluding contributions of ICTSNL and KMT, gross revenues from the EMEA segment would have increased by 10.3 percent in 2021.

Port Authorities' Share in Gross Revenues

Port authorities' share in gross revenues, which represents the variable fees paid to Port Authorities by certain terminals, other than the minimum guaranteed variable fees or in-substance fixed fees that were capitalized as part of concession rights and right-of-use assets, and amortized on a straight-line basis over the term of the concession, increased by 15.8 percent to US$202.6 million for the year ended December 31, 2021 from US$175.0 million for the same period in 2020 mainly as a result of volume growth, stronger revenues at these terminals, and contribution of new businesses, ICTSNL and KMT.

Interest Income, Foreign Exchange Gain and Other Income

Consolidated interest income increased by 15.2 percent to US$22.2 million for the year ended December 31, 2021 from US$19.3 million for the same period in 2020 mainly due to interest earned from short-term deposits and government-issued debt securities at certain terminals.

Foreign exchange gain increased to US$8.1 million for the year ended December 31, 2021 from US$4.9 million for the same period in 2020 mainly due to the favorable translation impact of certain currencies against US dollar.

Other income increased by 83.4 percent to US$29.8 million for the year ended December 31, 2021 from US$16.3 million for the same period in 2020 mainly due to non-recurring gain from insurance proceeds in 2021, gain on sale of equipment and tax refund granted in the form of tax credits in 2021. Other income includes the Group's rental, dividend income, and other sundry income accounts.

Total Expenses

The table below shows the breakdown of total expenses for the years ended December 31, 2020 and 2021:

Table 6 Total Expenses

	For the Years Ended December 31		
(In thousands, except % change data)	2020	**2021**	% Change
Manpower costs	US$239,632	**US$268,453**	12.0
Equipment and facilities-related expenses	102,018	**127,625**	25.1
Administrative and other operating expenses	111,983	**127,248**	13.6
Total cash operating expenses	453,633	**523,326**	15.4
Depreciation and amortization	230,137	**246,994**	7.3
Interest expense and financing charges on borrowings	109,693	**118,484**	8.0
Interest expense on concession rights payable	52,870	**58,255**	10.2
Interest expense on lease liabilities	97,402	**114,298**	17.3
Equity in net loss of joint ventures and an associate	12,269	**–**	(100.0)
Foreign exchange loss and other expenses	220,129	**59,223**	(73.1)
Total expenses	US$1,176,133	**US$1,120,580**	(4.7)

Total cash operating expenses of the Group increased by 15.4 percent to US$523.3 million for the year ended December 31, 2021 from US$453.6 million for the same period in 2020 mainly due to reduced costs in 2020 as a result of the pandemic, increase in equipment and facilities-related expenses and contracted services in relation to volume growth; contribution of new businesses (ICTSNL, MHCPSI, KMT and IRB Logistica); and unfavorable foreign exchange effect of AUD-, MXN- and RMB-based expenses at VICT, CMSA and YICT, respectively; partially tapered by continuous cost optimization measures; and favorable foreign exchange effect of IQD-based expenses at ICTSI Iraq, Argentine Peso (ARS)-based expenses at Tecplata, and BRL-based expenses at ICTSI Rio and TSSA. Excluding contribution of new businesses, consolidated cash operating expenses would have increased by 11.9 percent.

Manpower Costs

Manpower costs increased by 12.0 percent to US$268.5 million for year ended December 31, 2021 from US$239.6 million for the same period in 2020 primarily due to cost contribution of new businesses; higher contracted services as a result of volume increase; government-mandated and contracted salary rate adjustments at certain terminals; and unfavorable foreign exchange effect of AUD-, MXN-,

and RMB-based manpower costs at VICT, CMSA, and YICT, respectively; partially tapered by favorable foreign exchange effect of IQD- and ARS-based manpower costs at ICTSI Iraq and Tecplata, respectively, and BRL-based manpower costs at ICTSI Rio and TSSA. Excluding contribution of new businesses, consolidated manpower costs would have increased by 8.5 percent.

Manpower costs accounted for 52.8 percent and 51.3 percent of consolidated cash operating expenses for the years ended December 31, 2020 and 2021, respectively.

Equipment and Facilities-related Expenses
Equipment and facilities-related expenses consist mainly of repairs and maintenance costs of portequipment and facilities, power and light, tools expenses, equipment rentals, and fuel, oil and lubricants.

Equipment and facilities-related expenses increased by 25.1 percent to US$127.6 million for the year ended December 31, 2021 from US$102.0 million for the same period in 2020 mainly due to increase in prices and consumption of fuel and power driven by volume and revenue growth; increase in repairs and maintenance and equipment rentals driven by increase in volume; cost contribution of new businesses; and unfavorable foreign exchange effect of RMB-, MXN- and AUD-based equipment and facilities-related expenses at YICT, CMSA and VICT, respectively; partially tapered by favorable foreign exchange effect of IQD- and ARS-based equipment and facilities-related expenses at ICTSI Iraq and Tecplata, respectively, and BRL-based equipment and facilities-related expenses at TSSA and ICTSI Rio. Excluding contribution of new businesses, consolidated equipment and facilities-related expenses would have increased by 20.9 percent.

Equipment and facilities-related expenses represented 22.5 percent and 24.4 percent of consolidated cash operating expenses for the years ended December 31, 2020 and 2021, respectively.

Administrative and Other Operating Expenses
Administrative and other operating expenses increased by 13.6 percent to US$127.2 million for the year ended December 31, 2021 from US$112.0 million for the same period in 2020 mainly due to cost contribution of new businesses; increases in information technology-related expenses; taxes and licenses, and provisions for claims and losses; and unfavorable foreign exchange effect of AUD-, MXN-, RMB-based administrative and other operating expenses at VICT, CMSA and YICT, respectively; partially tapered by continuous cost optimization measures implemented, and favorable foreign exchange effect of IQD- and ARS-based administrative and other operating expenses at ICTSI Iraq and Tecplata, respectively, and BRL-based administrative and other operating expenses at ICTSI Rio and TSSA. Excluding contribution of new businesses, consolidated administrative and other operating expenses would have increased by 10.9 percent.

Administrative and other operating expenses stood at 24.7 percent and 24.3 percent of consolidated cash operating expenses for the years ended December 31, 2020 and 2021, respectively.

Depreciation and Amortization
Depreciation and amortization expense increased by 7.3 percent to US$247.0 million for the year ended December 31, 2021 from US$230.1 million for the same period in 2020 mainly due to cost contribution of new businesses pertaining to amortization of right-of-use assets recognized at ICTSNL and capitalized port fees at KMT, and acquisition of MHCPSI; increase in right-of-use assets at CMSA and TSSA and concession rights asset at CGSA as a result of remeasurement of concession rights and lease liabilities; unfavorable translation impact of MXN-, AUD- and RMB-based depreciation and amortization charges at CMSA, VICT and YICT, respectively; and higher depreciation and amortization charges due to equipment acquisitions at certain terminals; partially tapered by lower amortization expense at Tecplata arising from the reduced carrying value of its concession right assets following the non-recurring impairment charge in December 2020. Excluding contribution of new businesses, depreciation and amortization expense would have increased by 5.0 percent.

Interest and Financing Charges on Borrowings
Interest and financing charges on borrowings increased by 8.0 percent to US$118.5 million for the year ended December 31, 2021 from US$109.7 million for the same period in 2020 primarily due to the issuance of senior notes at ICTSI Parent in June 2020 and at ITBV in November 2021; and contribution of a new business, MHCPSI; partially offset by various repayment of loans during the year. Excluding contribution of new businesses, mainly MHCPSI, interest and financing charges on borrowings would have increased by 6.4 percent.

Interest Expense on Lease Liabilities
Interest expense on lease liabilities increased by 17.3 percent to US$114.3 million for the year ended December 31, 2021 from US$97.4 million for the same period in 2020 mainly due to remeasurement of lease liabilities at CMSA and TSSA; and unfavorable translation impact of MXN- and AUD-based interest expense at CMSA and VICT, respectively. Excluding contribution of new businesses, mainly ICTSNL and IRB Logistica, interest expense on lease liabilities would have increased by 17.1 percent.

Interest Expense on Concession Rights Payable
Interest expense on concession rights payable increased by 10.2 percent to US$58.3 million for the year ended December 31, 2021 from US$52.9 million for the same period in 2020 mainly due to remeasurement of concession rights payable at CGSA and ICTSI Rio in January and March 2021, respectively; and recognition of concession rights payable at a new terminal, KMT in October 2020. Excluding contribution of KMT, interest expense on concession rights payable would have increased by 9.2 percent.

Equity in Net Loss of Joint Ventures and An Associate

Equity in net loss of joint ventures and an associate favorably decreased by 100.0 percent to US$0.4 thousand for the year ended December 31, 2021 from US$12.3 million for the same period in 2020 mainly due to the Company's share in the higher net earnings of MNHPI, including the impact of Corporate Recovery and Tax Incentives for Enterprises (CREATE) enactment in the Philippines on the deferred tax liabilities associated to the acquisition of MNHPI, and lower net loss at SPIA in 2021.

Foreign Exchange Loss and Other Expenses
Foreign exchange loss and other expenses decreased to US$59.2 million for the year ended December 31, 2021 from US$220.1 million for the same period in 2020 mainly due to lower nonrecurring impairment charges in 2021 of US$6.7 million as compared to the impairment losses on concession rights of Tecplata and other nonfinancial assets in 2020 of US$180.3 million; lower COVID19-related and restructuring costs; and decrease in foreign exchange losses arising from the favorable translation impact of certain currencies against US dollar; partially offset by the losses on write-off of debt issuance costs associated with the prepayment of loan facilities and termination of interest rate swap arrangements at VICT.

EBITDA and EBIT

Consolidated EBITDA increased by 29.9 percent to US$1,139.1 million for the year ended December 31, 2021 from US$876.8 million for the same period in 2020 mainly due to higher revenues; and contribution of new terminals, mainly ICTSNL and MHCPSI; partially tapered by increase in cash operating expenses. EBITDA margin increased to 61.1 percent in 2021 from 58.2 percent in 2020.Excluding contribution of new businesses, EBITDA would have increased by 26.8 percent.

Meanwhile, consolidated EBIT increased by 37.9 percent to US$892.1 million for the year ended December 31, 2021 from US$646.7 million for the same period in 2020 mainly due to higher EBITDA, partially tapered by increase in depreciation and amortization charges. EBIT margin increased to 47.8 percent in 2021 from 43.0 percent in 2020. Excluding contribution of new businesses, EBIT would have increased by 34.5 percent.

Income Before Income Tax and Provision for Income Tax

Consolidated income before income tax increased by 209.1 percent to US$602.0 million for the year ended December 31, 2021 from US$194.8 million for the same period in 2020 primarily due to higher operating income; lower non-recurring impairment charges in 2021; and decrease in equity in net loss of joint ventures and an associate; partially tapered by increase in depreciation and amortization; and higher interests on loans, concession rights payable, and lease liabilities and non-recurring losses on write-off of debt issuance costs associated with the prepayment of loan facilities and termination of interest rate swap arrangements at VICT. Excluding contribution of new businesses and non-recurring items, consolidated income before income tax would have increased by 60.1 percent in 2021. The ratio of consolidated income before income tax to consolidated gross revenues stood at 12.9 percent and 32.3 percent in 2020 and 2021, respectively.
Consolidated provision for current and deferred income taxes increased to US$124.4 million for the year ended December 31, 2021 from US$55.1 million for the same period in 2020 mainly due to revenue-driven higher taxable income at certain terminals, expiration of income tax holiday at Parent Company in July 2020, and unfavorable impact at effectivity date of the enactment of CREATE at Philippine terminals; tapered by the reduction in income tax rate in line with CREATE at Philippine terminals. Effective income tax rate in 2020 and 2021 stood at 28.3 percent and 20.7 percent, respectively.

Net Income

Consolidated net income increased by 242.0 percent to US$477.5 million for the year ended December 31, 2021 from US$139.6 million for the same period in 2020. Excluding contribution of new businesses and non-recurring items, consolidated net income would have increased by 49.0 percent in 2021. The ratio of consolidated net income to gross revenues stood at 9.3 percent and 25.6 percent in 2020 and 2021, respectively.

Consolidated net income attributable to equity holders increased by 321.1 percent to US$428.6 million for the year ended December 31, 2021 from US$101.8 million for the same period in 2020. Excluding contribution of new businesses and the non-recurring items, net income attributable to equity holders would have increased by 51.6 percent in 2021.

Basic and diluted earnings per share increased to US$0.181 in 2021 from US$0.020 in 2020.

Comparison of Operating Results for the Years Ended December 31, 2019 and 2020

TEU Volume

The below table presents the volume (in TEU) handled by the Group for the years ended December 31, 2019 and 2020:

Table 7 Volume

	For the Years Ended December 31		
	2019	**2020**	% Change
Asia	4,850,812	**4,701,070**	(3.1)
Americas	2,979,852	**3,092,480**	3.8
EMEA	2,347,355	**2,399,834**	2.2
	10,178,018	**10,193,384**	0.2

The Group's consolidated volume increased marginally by 0.2 percent to 10,193,384 TEUs for the year ended December 31, 2020 from 10,178,018 TEUs handled for the same period in 2019 mainly due to contribution of new terminal, ICTSI Rio; improvement in trade activities in the second half of 2020;

and new contracts with shipping lines and services at certain terminals; tapered by decline in global trade activities mainly in the first half of 2020 due to the impact of COVID-19 pandemic and lockdown restrictions. Excluding contribution of new businesses, particularly ICTSI Rio, consolidated volume would have decreased by 1.6 percent in 2020.

Volume from the Asia segment decreased by 3.1 percent to 4,701,070 TEUs for the year ended December 31, 2020 from 4,850,812 TEUs for the same period in 2019 as trade activities declined at most of the Philippine and rest of Asia terminals, due to the impact of COVID-19 pandemic and lockdown restrictions; partially tapered by new services at VICT. The Asia operations accounted for 47.7 percent and 46.1 percent of the consolidated volume for the years ended December 31, 2019 and 2020, respectively.

Volume from the Americas segment increased by 3.8 percent to 3,092,480 TEUs for the year ended December 31, 2020 from 2,979,852 TEUs for the same period in 2019 mainly due to contribution of a new terminal, ICTSI Rio, increased trade activities in TSSA, CMSA, and CGSA; tapered by decline in trade activities at OPC due to the impact of COVID-19 pandemic and lockdown restrictions. The Americas operations accounted for 29.3 percent and 30.3 percent of the consolidated volume for the years ended December 31, 2019 and 2020, respectively. Excluding contribution of ICTSI Rio, volume from the Americas segment would have decreased by 2.1 percent in 2020.

Volume from the EMEA segment increased by 2.2 percent to 2,399,834 TEUs for the year ended December 31, 2020 from 2,347,355 TEUs for the same period in 2019 mainly due to increased trade activities at ICTSI Iraq and AGCT; and new services at PICT, partially tapered by the impact of COVID19 pandemic resulting to lower trade volumes at MICTSL, BICTL, BCT and IDRC. The EMEA operations accounted for 23.1 percent and 23.5 percent of the Group's consolidated volume for the years ended December 31, 2019 and 2020, respectively.

Total Income

Total income consists of: (1) Revenues from port operations, net of port authorities' share in gross revenues; (2) Interest income; (3) Foreign exchange gain; and (4) Other income.

The table below illustrates the consolidated total income for the years ended December 31, 2019 and 2020:

Table 8 Total Income

	For the Years Ended December 31		
(In thousands, except % change data)	2019	**2020**	% Change
Gross revenues from port operations	US$1,481,412	**US$1,505,500**	1.6
Port authorities' share in gross revenues	187,099	**175,038**	(6.4)
Net revenues	1,294,313	**1,330,462**	2.8
Interest income	22,764	**19,289**	(15.3)
Foreign exchange gain	13,126	**4,891**	(62.7)
Other income	12,954	**16,264**	25.6
	US$1,343,157	**US$1,370,906**	2.1

For the year ended December 31, 2020, net revenues stood at 97.0 percent of the total consolidated income while interest income, foreign exchange gain and other income accounted for 1.4 percent, 0.4 percent and 1.2 percent, respectively. For the same period in 2019, net revenues stood at 96.4 percent of the total consolidated income while interest income, foreign exchange gain and other income accounted for 1.7 percent, 1.0 percent and 1.0 percent, respectively.

Gross Revenues from Port Operations
Gross revenues from port operations include fees received for cargo handling, wharfage, berthing, storage, and special services.

The below table illustrates the consolidated gross revenues for the years ended December 31, 2019 and 2020:

Table 9 Gross Revenues from Port Operations

	For the Years Ended December 31		
(In thousands, except % change data)	2019	**2020**	% Change
Asia	US$695,863	**US$695,411**	(0.1)
Americas	422,754	**448,570**	6.1
EMEA	362,795	**361,519**	(0.4)
	US$1,481,412	**US$1,505,500**	1.6

The Group's consolidated gross revenues from port operations increased by 1.6 percent to US$1,505.5 million for the year ended December 31, 2020 from US$1,481.4 million for the same period in 2019 mainly due to the contribution of a new terminal, ICTSI Rio; and higher revenues from ancillary services, tariff adjustments and new services at certain terminals, partially tapered by decline in trade activities due to the impact of COVID-19 pandemic and lockdown restrictions. Excluding contribution of new businesses (ICTSI Rio, KMT and YICT Domestic) consolidated gross revenues would have decreased by 1.2 percent in 2020.

Gross revenues from the Asia segment decreased marginally by 0.1 percent to US$695.4 million for the year ended December 31, 2020 from US$695.9 million for the same period in 2019 mainly due to the decline in trade activities at most of the terminals due to the impact of COVID-19 pandemic and lockdown restrictions; and unfavorable translation impact of the depreciation of AUD-based revenues at VICT; tapered by new services and volume growth at VICT; and favorable translation impact of the appreciation of Philippine peso (PHP)-based revenues at Philippine terminals. The Asia operations captured 47.0 percent and 46.2 percent of the consolidated gross revenues for the years ended December 31, 2019 and 2020, respectively. Excluding contribution of YICT Domestic, gross revenues from the Asia segment would have decreased by 0.2 percent in 2020.

Gross revenues from the Americas segment increased by 6.1 percent to US$448.6 million for the year ended December 31, 2020 from US$422.8 million for the same period in 2019 mainly due to the contribution of ICTSI Rio, new services in CMSA, and tariff adjustments at certain terminals; tapered by volume decline due to the impact of COVID-19 pandemic and lockdown restrictions; unfavorable translation impact of the depreciation of MXN- and BRL-based revenues at CMSA and TSSA, respectively. The Americas operations accounted for 28.5 percent and 29.8 percent of the consolidated gross revenues for the years ended December 31, 2019 and 2020, respectively. Excluding contribution of ICTSI Rio, gross revenues from the Americas segment would have decreased by 3.3 percent in 2020.

Gross revenues from the EMEA segment marginally decreased by 0.4 percent to US$361.5 million for the year ended December 31, 2020 from US$362.8 million for the same period in 2019 mainly from lower trade activities due to the impact of COVID-19 pandemic and lockdown restrictions; tapered by revenue growth in ICTSI Iraq and AGCT, new services at PICT, and tariff adjustments at certain terminals. The EMEA operations stood at 24.5 percent and 24.0 percent of the consolidated gross revenues for the years ended December 31, 2019 and 2020, respectively. Excluding contribution of KMT, gross revenues for the EMEA segment would have decreased by 0.5 percent in 2020.

Port Authorities' Share in Gross Revenues
Port authorities' share in gross revenues, which represents the variable fees paid to Port Authorities by certain terminals, declined by 6.4 percent to US$175.0 million for the year ended December 31, 2020 from US$187.1 million for the same period in 2019 mainly as a result of lower volume and revenues at certain terminals.

Interest Income, Foreign Exchange Gain and Other Income
Consolidated interest income decreased by 15.3 percent to US$19.3 million for the year ended December 31, 2020 from US$22.8 million for the same period in 2019 mainly due to lower interest income earned from advances to SPIA, a joint venture associate.

Foreign exchange gain decreased to US$4.9 million for the year ended December 31, 2020 from US$13.1 million for the same period in 2019 mainly due to the impact of the change in functional currency of CMSA from USD to MXN in 2019, and unfavorable translation impact of certain currencies against US dollar. Foreign exchange gain mainly arises from the settlement and translation or restatement adjustments of foreign currency-denominated monetary assets and liabilities.

Other income increased by 25.6 percent to US$16.3 million for the year ended December 31, 2020 from US$13.0 million for the same period in 2019 mainly due to gain from insurance reimbursement at OPC; higher rental income at VICT and BCT; and reversal of accrued expenses at certain terminals. Other income includes the Group's rental, dividend income, and other sundry income accounts.

Total Expenses

The below table shows the breakdown of total expenses for 2019 and 2020.

Table 10 Total Expenses

	For the Years Ended December 31		
(In thousands, except % change data)	2019	**2020**	% Change
Manpower costs	US$230,009	**US$239,632**	4.2
Equipment and facilities-related expenses	109,445	**102,018**	(6.8)
Administrative and other operating expenses	124,716	**111,983**	(10.2)
Total cash operating expenses	464,170	**453,633**	(2.3)
Depreciation and amortization	234,965	**230,137**	(2.1)
Interest expense and financing charges on borrowings	108,201	**109,693**	1.4
Interest expense on lease liabilities	102,439	**97,402**	(4.9)
Interest expense on concession rights payable	40,537	**52,870**	30.4
Equity in net loss of joint ventures and an associate	19,747	**12,269**	(37.9)
Foreign exchange loss and others	179,670	**220,129**	22.5
	US$1,149,729	**US$1,176,133**	2.3

Total cash operating expenses of the Group decreased by 2.3 percent to US$453.6 million for the year ended December 31, 2020 from US$464.2 million for the same period in 2019 mainly due to the continuing group-wide cost reduction and optimization measures; favorable translation impact of BRL-based expenses at TSSA and MXN-based expenses at CMSA, tapered by the contribution of new terminal, ICTSI Rio. Excluding contribution of new businesses (ICTSI Rio, KMT, and YICT Domestic) consolidated cash operating expenses would have decreased by 7.1 percent in 2020.

Manpower Costs
Manpower costs increased by 4.2 percent to US$239.6 million for the year ended December 31, 2020 from US$230.0 million for the same period in 2019 primarily driven by the contribution of new terminal, ICTSI Rio, and the government-mandated and contracted salary rate adjustments at certain terminals; tapered by the slowdown of operations due to the impact of COVID-19 pandemic and lockdown restrictions and the continuing cost monitoring and cost optimization measures. Excluding contribution of new businesses (ICTSI Rio, KMT, and YICT Domestic), consolidated manpower costs would have decreased by 1.2 percent in 2020.

Manpower costs accounted for 49.5 percent and 52.8 percent of consolidated cash operating expenses for the years ended December 31, 2019 and 2020, respectively.

Equipment and Facilities-related Expenses
Equipment and facilities-related expenses consist mainly of repairs and maintenance costs of portequipment and facilities, power and light, tools expenses, equipment rentals, and fuel, oil and lubricants.

Equipment and facilities-related expenses decreased by 6.8 percent to US$102.0 million for the year ended December 31, 2020 from US$109.4 million for the same period in 2019 mainly due to lower fuel costs driven by lower fuel prices, decrease in equipment rental, and decrease in repairs and maintenance as a result of lower volume in some terminals. Excluding contribution of new businesses (ICTSI Rio, KMT, and YICT Domestic), consolidated equipment and facilities-related expenses would have decreased by 10.4 percent in 2020.

Equipment and facilities-related expenses represented 23.6 percent and 22.5 percent of consolidated cash operating expenses for the years ended December 31, 2019 and 2020, respectively

Administrative and Other Operating Expenses
Administrative and other operating expenses decreased by 10.2 percent to US$112.0 million for the year ended December 31, 2020 from US$124.7 million for the same period in 2019 due to reduction in transportation and travel costs, professional fees, sponsorships, and other office expenses as a result of continuing group-wide cost reduction and optimization measures implemented, partially tapered by increase in IT-related expenses and donations mainly to ICTSI Foundation, Inc. Excluding contribution of new businesses (ICTSI Rio, KMT, and YICT Domestic), consolidated administrative and other operating expenses would have decreased by 15.1 percent in 2020.

Administrative and other operating expenses stood at 26.9 percent and 24.7 percent of consolidated cash operating expenses for the years ended December 31, 2019 and 2020, respectively.

Depreciation and Amortization
Depreciation and amortization expense decreased by 2.1 percent to US$230.1 million for the year ended December 31, 2020 from US$235.0 million for the same period in 2019 mainly due to lower amortization expense on the concession rights assets at CGSA as a result of the extension of its concession period in December 2019 by an additional 19 years; and at Tecplata arising from the reduced carrying value of its concession right assets following the non-recurring impairment charge in December 2019, partially tapered by the contribution of new terminal, ICTSI Rio, and higher depreciation expense on property and equipment at ICTSI Parent.

Interest and Financing Charges on Borrowings
Interest and financing charges on borrowings increased by 1.4 percent to US$109.7 million for the year ended December 31, 2020 from US$108.2 million for the same period in 2019 primarily due to availment of senior notes at ICTSI Parent in June 2020 and capitalization of borrowing costs in December 2019, tapered by repayment of loans at VICT and ICTSI Global Finance B.V. (IGFBV).

Interest Expense on Lease Liabilities
Interest expense on lease liabilities decreased by 4.9 percent to US$97.4 million for the year ended December 31, 2020 from US$102.4 million for the same period in 2019 mainly due to favorable translation impact of BRL-based interest expense at TSSA an MXN-based interest expense at CMSA; partially tapered by the unfavorable translation impact of AUD-based interest expense at VICT.

Interest Expense on Concession Rights Payable
Interest on concession rights payable increased by 30.4 percent to US$52.9 million for the year ended December 31, 2020 from US$40.5 million for the same period in 2019 mainly due to the liability for concession rights recognized at new terminals, ICTSI Rio and KMT; and higher interest expense on CGSA as a result of the extension of its concession period in December 2019 by an additional 19 years.

Equity in Net Loss of Joint Ventures and An Associate
Equity in net loss of joint ventures and an associate decreased by 37.9 percent to US$12.3 million for the year ended December 31, 2020 from US$19.7 million for the same period in 2019 mainly due to the Company's share in lower net loss of SPIA and the higher net income at MNHPI.

Foreign Exchange Loss and Others
Foreign exchange loss and others increased to US$220.1 million for the year ended December 31, 2020 from US$179.7 million for the same period in 2019 mainly due to the non-recurring impairment charges recognized in 2020 totaling US$180.3 million, composed primarily of additional impairment charge amounting to US$100.0 million on the concession rights of Tecplata (US$156.0 million in 2019) and other nonfinancial assets as a result of the lower projected cash flows arising from the current unfavorable economic conditions; increase in foreign exchange loss arising from unfavorable translation impact of certain currencies against US dollar; and COVID-19 related and restructuring costs. Foreign exchange loss mainly results from the translation or restatement as well as from the settlement of foreign currency-denominated monetary assets and liabilities.

EBITDA and EBIT

Consolidated EBITDA increased by 5.6 percent to US$876.8 million for the year ended December 31, 2020 from US$830.1 million for the same period in 2019 primarily due to higher revenues and lower cash operating expenses resulting from continuing group-wide cost reduction and optimization measures and positive contribution of a new terminal, ICTSI Rio. Excluding the contribution of new businesses, consolidated EBITDA would have increased by 3.3 percent in 2020. EBITDA margin increased to 58.2 percent in 2020 from 56.0 percent in 2019.

Meanwhile, consolidated EBIT increased by 8.7 percent to US$646.7 million for the year ended December 31, 2020 from US$595.2 million for the same period in 2019 mainly due to stronger EBITDA and lower depreciation and amortization charges. Excluding contribution of new businesses, consolidated EBIT would have increased by 7.5 percent in 2020. EBIT margin increased to 43.0 percent in 2020 from 40.2 percent in 2019.

Income Before Income Tax and Provision for Income Tax

Consolidated income before income tax marginally increased by 0.7 percent to US$194.8 million for the year ended December 31, 2020 from US$193.4 million for the same period in 2019 primarily due to higher revenues, lower cash operating expenses, decrease in equity in net loss of joint ventures and an associate; partially tapered by increase in interest on concession rights payable and borrowings and foreign exchange loss and others. Excluding contribution of new businesses and the non-recurring items, consolidated income before income tax would have increased by 7.5 percent in 2020. The ratio of income before income tax to consolidated gross revenues stood at 13.1 percent and 12.9 percent in 2019 and 2020, respectively.

Consolidated provision for current and deferred income taxes decreased by 9.3 percent to US$55.1 million for the year ended December 31, 2020 from US$60.8 million for the same period in 2019 mainly due to recognition of tax benefit on loss carry-over at ICTSI Rio and partly due to lower taxable income at certain terminals; tapered by lower income tax benefit on improved net operating results at VICT. Effective income tax rate in 2019 and 2020 stood at 31.4 percent and 28.3 percent, respectively.

Net Income

Consolidated net income increased by 5.3 percent to US$139.6 million for the year ended December 31, 2020 from US$132.7 million for the same period in 2019. Excluding contribution of new businesses and the non-recurring items, consolidated net income would have still increased by 5.3 percent in 2020.

The ratio of consolidated net income to gross revenues stood at 9.0 percent and 9.3 percent in 2019 and 2020, respectively.

Consolidated net income attributable to equity holders increased by 1.4 percent to US$101.8 million for the year ended December 31, 2020 from US$100.4 million for the same period in 2019. Excluding contribution of new businesses and the non-recurring items, net income attributable to equity holders would have increased by 3.6 percent in 2020.

Basic and diluted earnings per share amounted to US$0.020 in 2019, likewise US$0.020 in 2020.

Comparison of Operating Results for the Years Ended December 31, 2018 and 2019

TEU Volume

The below table presents the volume (in TEU) handled by the Group for the years ended December 31, 2018 and 2019:

Table 11 Volume

	For the Years Ended December 31		
	2018	**2019**	% Change
Asia	4,583,150	**4,850,812**	5.8
Americas	2,935,281	**2,979,852**	1.5
EMEA	2,218,191	**2,347,355**	5.8
	9,736,621	**10,178,018**	4.5

The Group's consolidated volume increased by 4.5 percent to 10,178,018 TEUs for the year ended December 31, 2019 from 9,736,621 TEUs handled for the same period in 2018 mainly due to improvement in trade activities; new contracts with shipping lines and services; continuing volume rampup at certain terminals; and contribution of new terminal, ICTSI Rio. Excluding contribution of ICTSI Rio, consolidated volume would have increased by 4.4 percent in 2019.

Volume from the Asia segment, consisting of terminals in the Philippines, China, Indonesia, Australia and Papua New Guinea grew by 5.8 percent to 4,850,812 TEUs for the year ended December 31, 2019 from 4,583,150 TEUs for the same period in 2018 mainly due to new services at VICT; and continuing volume ramp-up at SBITC/ICTSI Subic, SPICTL and MITL, tapered by reduced trade volumes at YICT and OJA. The Asia operations accounted for 47.1 percent and 47.7 percent of the consolidated volume for the years ended December 31, 2018 and 2019, respectively.

Volume from the Americas segment, consisting of terminals in Brazil, Ecuador, Honduras, Mexico and Argentina increased by 1.5 percent to 2,979,852 TEUs for the year ended December 31, 2019 from 2,935,281 TEUs for the same period in 2018 mainly due to new services at CMSA; higher trade volumes at TSSA; and contribution of new terminal, ICTSI Rio, tapered by lower trade volumes at OPC and CGSA. The Americas operations accounted for 30.1 percent and 29.3 percent of the consolidated volume for the years ended December 31, 2018 and 2019, respectively. Excluding contribution of ICTSI Rio, volume from the Americas segment would have increased by 1.0 percent in 2019.

Volume from the EMEA segment, consisting of terminals in Iraq, DR Congo, Poland, Georgia, Pakistan, Madagascar and Croatia, increased by 5.8 percent to 2,347,355 TEUs for the year ended December 31, 2019 from 2,218,191 TEUs for the same period in 2018 mainly due to new services at BCT and

AGCT; improvement in trade activities at ICTSI Iraq; and increase in trade volumes at IDRC and BICTL. The EMEA operations accounted for 22.8 percent and 23.1 percent of the Group's consolidated volume for the years ended December 31, 2018 and 2019, respectively.

Total Income

Total income consists of: (1) Revenues from port operations, net of port authorities' share in gross revenues; (2) Interest income; (3) Foreign exchange gain; and (4) Other income.

The table below illustrates the consolidated total income for the years ended December 31, 2018 and 2019:

Table 12 Total Income

	For the Years Ended December 31		
(In thousands, except % change data)	2018	**2019**	% Change
Gross revenues from port operations	US$1,385,785	**US$1,481,412**	6.9
Port authorities' share in gross revenues	178,154	**187,099**	5.0
Net revenues	1,207,631	**1,294,313**	7.2
Interest income	24,089	**22,764**	(5.5)
Foreign exchange gain	3,577	**13,126**	267.0
Other income	28,291	**12,954**	(54.2)
	US$1,263,588	**US$1,343,157**	6.3

For the year ended December 31, 2019, net revenues stood at 96.4 percent of the total consolidated income while interest income, foreign exchange gain and other income accounted for 1.6 percent, 1.0 percent and 1.0 percent, respectively. For the same period in 2018, net revenues stood at 95.6 percent of the total consolidated income while interest income, foreign exchange gain and other income accounted for 1.9 percent, 0.3 percent and 2.2 percent, respectively.

Gross Revenues from Port Operations

Gross revenues from port operations include fees received for cargo handling, wharfage, berthing, storage, and special services.

The below table illustrates the consolidated gross revenues for the years ended December 31, 2018 and 2019:

Table 13 Gross Revenues from Port Operations

	For the Years Ended December 31		
(In thousands, except % change data)	2018	**2019**	% Change
Asia	US$626,554	**US$695,863**	11.1
Americas	407,071	**422,754**	3.9
EMEA	352,160	**362,795**	3.0
	US$1,385,785	**US$1,481,412**	6.9

The Group's consolidated gross revenues from port operations increased by 6.9 percent to US$1,481.4 million for the year ended December 31, 2019 from US$1,385.8 million for the same period in 2018 mainly due to volume growth; tariff adjustments at certain terminals; new contracts with shipping lines and services; increase in revenues from ancillary services; and contribution of new terminal, ICTSI Rio. Excluding contribution of ICTSI Rio, consolidated gross revenues would have increased by 6.7 percent in 2019.

Gross revenues from the Asia segment increased by 11.1 percent to US$695.9 million for the year ended December 31, 2019 from US$626.6 million for the same period in 2018 mainly due to volume growth; tariff adjustments at certain terminals; favorable container mix; favorable translation impact of the appreciation of PHP-based revenues at Philippine terminals, partially tapered by lower trade volumes at YICT; and unfavorable translation impact of the depreciation of AUD-based revenues at VICT. The Asia operations captured 45.2 percent and 47.0 percent of the consolidated gross revenues for the years ended December 31, 2018 and 2019, respectively.

Gross revenues from the Americas segment increased by 3.9 percent to US$422.8 million for the year ended December 31, 2019 from US$407.1 million for the same period in 2018 mainly due to volume growth; tariff adjustments at certain terminals; increase in storage and ancillary revenues; and contribution of new terminal, ICTSI Rio, tapered by lower revenues from general cargoes at CGSA; and unfavorable translation impact of the depreciation of BRL-based revenues at TSSA. The Americas operations accounted for 29.4 percent and 28.5 percent of the consolidated gross revenues for the years ended December 31, 2018 and 2019, respectively. Excluding contribution of ICTSI Rio, gross revenues from the Americas segment would have increased by 3.2 percent in 2019.

Gross revenues from the EMEA segment increased by 3.0 percent to US$362.8 million for the year ended December 31, 2019 from US$352.2 million for the same period in 2018 primarily due to volume growth; tariff adjustments at certain terminal; and increase in revenues from general cargoes at ICTSI Iraq, partially tapered by lower storage revenues at ICTSI Iraq, lower trade volumes at PICT and unfavorable translation impact of the depreciation of EUR-based revenues at MICTSL and AGCT. The EMEA operations stood at 25.4 percent and 24.5 percent of the consolidated gross revenues for the years ended December 31, 2018 and 2019, respectively.

Port Authorities' Share in Gross Revenues

Port authorities' share in gross revenues, which represents the variable fees paid to Port Authorities by certain terminals, grew by 5.0 percent to US$187.1 million for the year ended December 31, 2019 from US$178.2 million for the same period in 2018 as a result of volume growth and stronger revenues at these terminals.

Interest Income, Foreign Exchange Gain and Other Income

Consolidated interest income decreased by 5.5 percent to US$22.8 million for the year ended December 31, 2019 from US$24.1 million for the same period in 2018 mainly due to lower interest income earned from advances to SPIA, a joint venture associate.

Foreign exchange gain increased to US$13.1 million for the year ended December 31, 2019 from US$3.6 million for the same period in 2018 mainly due to the favorable translation impact of certain currencies against US dollar. Foreign exchange gain mainly arises from the settlement and translation or restatement adjustments of foreign currency-denominated monetary assets and liabilities.

Other income decreased by 54.2 percent to US$13.0 million for the year ended December 31, 2019 from US$28.3 million for the same period in 2018 mainly due to the absence of a non-recurring gain from pretermination of interest rate swap; and reversal of accrued taxes and provisions at CMSA in 2018. Other income includes the Group's rental, dividend income, and other sundry income accounts.

Total Expenses

The below table shows the breakdown of total expenses for 2018 and 2019.

Table 14 Total Expenses

	For the Years Ended December 31		
(In thousands, except % change data)	2018	**2019**	% Change
Manpower costs	US$217,154	**US$230,009**	5.9
Equipment and facilities-related expenses	110,738	**109,445**	(1.2)
Administrative and other operating expenses	124,334	**124,716**	0.3
Total cash operating expenses	452,226	**464,170**	2.6
Depreciation and amortization	225,976	**234,965**	4.0
Interest expense and financing charges on borrowings	101,310	**108,201**	6.8
Interest expense on lease liabilities	103,486	**102,439**	(1.0)
Interest expense on concession rights payable	37,545	**40,537**	8.0
Equity in net loss of joint ventures and an associate	22,222	**19,747**	(11.1)
Foreign exchange loss and others	32,246	**179,670**	457.2
	US$975,011	**US$1,149,729**	17.9

Total cash operating expenses of the Group increased by 2.6 percent to US$464.2 million for the year ended December 31, 2019 from US$452.2 million for the same period in 2018 mainly due to volume growth; government-mandated and contracted salary rate adjustments at certain terminals; unfavorable translation impact of PHP-based expenses at Philippine terminals; and contribution of new terminal, ICTSI Rio, partially tapered by continuous monitoring of cost optimization measures; and favorable translation impact of PKR-based expenses at PICT, AUD-based expenses at VICT and BRL-based expenses at TSSA. Excluding contribution of ICTSI Rio, consolidated cash operating expenses would have increased by 2.3 percent in 2019.

Manpower Costs

Manpower costs increased by 5.9 percent to US$230.0 million for the year ended December 31, 2019 from US$217.2 million for the same period in 2018 primarily due to volume growth; government-mandated and contracted salary rate adjustments at certain terminals; and contribution of new terminal, ICTSI Rio, partially tapered by continuous monitoring of cost optimization measures. Excluding contribution of ICTSI Rio, consolidated manpower costs would have increased by 5.5 percent in 2019.

Manpower costs accounted for 48.0 percent and 49.5 percent of consolidated cash operating expenses for the years ended December 31, 2018 and 2019, respectively.

Equipment and Facilities-related Expenses

Equipment and facilities-related expenses consist mainly of repairs and maintenance costs of port equipment and facilities, power and light, tools expenses, equipment rentals, and fuel, oil and lubricants.

Equipment and facilities-related expenses decreased by 1.2 percent to US$109.4 million for the year ended December 31, 2019 from US$110.7 million for the same period in 2018 mainly due to the net effect of lower fuel and power cost and increase in repairs and maintenance and contribution of new terminal, ICTSI Rio. Excluding contribution of ICTSI Rio, consolidated equipment and facilities-related expenses would have decreased by 1.4 percent in 2019.

Equipment and facilities-related expenses represented 24.5 percent and 23.6 percent of consolidated cash operating expenses for the years ended December 31, 2018 and 2019, respectively.

Administrative and Other Operating Expenses
Administrative and other operating expenses increased marginally by 0.3 percent to US$124.7 million for the year ended December 31, 2019 from US$124.3 million for the same period in 2018 due to increase in information technology-related costs; increase in business development expenses; and contribution of new terminal, ICTSI Rio, tapered by reduction in travel cost, professional fees and offices expenses. Excluding contribution of ICTSI Rio, consolidated administrative and other operating expenses would have decreased marginally by 0.1 percent in 2019.

Administrative and other operating expenses stood at 27.5 percent and 26.9 percent of consolidated cash operating expenses for the years ended December 31, 2018 and 2019, respectively.

Depreciation and Amortization
Depreciation and amortization expense increased by 4.0 percent to US$235.0 million for the year ended December 31, 2019 from US$226.0 million for the same period in 2018 mainly due to higher depreciation arising from expansion projects at MICT, ICTSI Iraq, and OPC; port equipment acquisitions at SPICTL and MITL; and contribution of new terminal, ICTSI Rio.

Interest and Financing Charges on Borrowings
Interest and financing charges on borrowings increased by 6.8 percent to US$108.2 million for the year ended December 31, 2019 from US$101.3 million for the same period in 2018 primarily due to higher average outstanding loan balance during the period arising from term loans obtained and refinancing of senior guaranteed perpetual securities redeemed in 2019, tapered by interest reduction from pre-termination of the Project Finance Facility at CMSA in May 2018.

Interest Expense on Lease Liabilities
Interest expense on lease liabilities decreased by 1.0 percent to US$102.4 million for the year ended December 31, 2019 from US$103.5 million for the same period in 2018 mainly due to favorable translation impact of BRL-based interest expense at TSSA.

Interest Expense on Concession Rights Payable
Interest on concession rights payable increased by 8.0 percent to US$40.5 million for the year ended December 31, 2019 from US$37.5 million for the same period in 2018 mainly due to the concession right liabilities recognized at SPICTL and MITL in the second quarter of 2018.

Equity in Net Loss of Joint Ventures and An Associate
Equity in net loss of joint ventures and an associate decreased by 11.1 percent to US$19.7 million for the year ended December 31, 2019 from US$22.2 million for the same period in 2018 mainly due to the decrease in the Company's share in net loss at SPIA driven by volume growth and higher EBITDA. Equity in net loss of joint ventures and an associate in 2019 includes the Group's share in net income of MNHPI and net loss of FAMI.

Foreign Exchange Loss and Others
Foreign exchange loss and others increased to US$179.7 million for the year ended December 31, 2019 from US$32.2 million for the same period in 2018 mainly due to the non-recurring impairment charge on the concession rights of Tecplata amounting to US$156.0 million as a result of the lower projected cash flows on its updated business plan caused by the prevailing and challenging economic conditions in Argentina; the non-recurring acceleration of debt issue costs incurred associated with the availment of the Euro-denominated term loan which was partially prepaid in July 2019, partially tapered by the impairment charge on the goodwill of DIPSSCOR in 2018; write-off of debt issue cost from pretermination of project finance facility at CMSA in 2018; and decrease in foreign exchange loss arising from favorable translation impact of certain currencies against US dollar. Foreign exchange loss mainly results from the translation or restatement as well as from the settlement of foreign currency-denominated monetary assets and liabilities.

EBITDA and EBIT

Consolidated EBITDA increased by 9.9 percent to US$830.1 million for the year ended December 31, 2019 from US$755.4 million for the same period in 2018 mainly due to strong revenues; and positive contribution of new terminal, ICTSI Rio. Excluding the contribution of ICTSI Rio, consolidated EBITDA would have increased by 9.8 percent in 2019. EBITDA margin increased to 56.0 percent in 2019 from 54.5 percent in 2018.

Meanwhile, consolidated EBIT increased by 12.4 percent to US$595.2 million for the year ended December 31, 2019 from US$529.4 million for the same period in 2018 mainly due to stronger EBITDA, tapered by higher depreciation. Excluding contribution of ICTSI Rio, consolidated EBIT would have increased by 12.3 percent in 2019. EBIT margin increased to 40.2 percent in 2019 from 38.2 percent in 2018.

Income Before Income Tax and Provision for Income Tax

Consolidated income before income tax decreased by 33.0 percent to US$193.4 million for the year ended December 31, 2019 from US$288.6 million for the same period in 2018 mainly as a result of the nonrecurring impairment charge on the concession rights at Tecplata; and higher depreciation, tapered by strong operating income; and decrease in equity in net loss at SPIA. Excluding contribution of ICTSI Rio and the non-recurring items, consolidated income before income tax would have increased by 21.3 percent in 2019. The ratio of income before income tax to consolidated gross revenues stood at 20.8 percent and 13.1 percent in 2018 and 2019, respectively.

Consolidated provision for current and deferred income taxes increased by 15.1 percent to US$60.8 million for the year ended December 31, 2019 from US$52.8 million for the same period in 2018 mainly due to higher taxable income at most of the terminals. Effective income tax rate in 2018 and 2019 stood at 18.3 percent and 31.4 percent, respectively.

Net Income

Consolidated net income decreased by 43.7 percent to US$132.7 million for the year ended December 31, 2019 from US$235.8 million for the same period in 2018. Excluding contribution of ICTSI Rio and the non-recurring items, consolidated net income would have increased by 22.1 percent in 2019.

The ratio of consolidated net income to gross revenues stood at 17.0 percent and 9.0 percent in 2018 and 2019, respectively. Consolidated net income attributable to equity holders decreased to US$100.4 million for the year ended December 31, 2019 from US$207.5 million for the same period in 2018. Excluding contribution of ICTSI Rio and the non-recurring items, net income attributable to equity holders would have increased by 23.2 percent in 2019.

Basic and diluted earnings per share decreased to US$0.020 in 2019 from US$0.071 in 2018.

Trends, Events or Uncertainties Affecting Recurring Revenues and Profits

The Group is exposed to a number of trends, events, and uncertainties which can affect its recurring revenues and profits. These include levels of general economic activity and containerized trade volume in countries where it operates, as well as certain cost items, such as labor, fuel, and power. In addition, the Group operates in a number of jurisdictions other than the Philippines and collects revenues in various currencies. Appreciation of the US Dollar relative to other major currencies, particularly the Philippine peso, Brazilian reais, Mexican peso, Australian dollars and the Euro, may have a negative impact on the Group's reported levels of revenues and profits.

Continuing COVID-19 pandemic

On March 11, 2020, the World Health Organization has declared the novel coronavirus (COVID-19) outbreak a global pandemic.

In the Philippines, in a move to contain the COVID-19 outbreak, on March 13, 2020, the Office of the President of the Philippines issued a Memorandum directive to impose stringent social distancing measures in the National Capital Region effective March 15, 2020. On March 16, 2020, Presidential Proclamation No. 929 was issued, declaring a State of Calamity throughout the Philippines for a period of six (6) months and imposed an enhanced community quarantine throughout the island of Luzon until May 15, 2020. Thereafter, several extensions of community quarantines at different levels were implemented in Metro Manila and different areas in the Philippines. As at March 1, 2022, community quarantine restrictions of varying levels are still in effect in Metro Manila and other parts of the country in order to manage the spread of the virus.

Likewise, government authorities in other countries where the Group operates, adopted measures, including lockdowns, to control the spread of the virus and mitigate the impact of the outbreak.

These measures have caused disruptions to businesses, global supply chain, and economic activities, and its impact continues to evolve. The Group observed declines in general business, including container throughput and revenues, and has already incurred and will continue to incur costs as the Group mitigates the adverse impact of the outbreak on its operations.

Russia-Ukraine Conflict

On February 24, 2022, Russia launched a military attack on Ukraine that escalated an ongoing conflict that began in 2014.

This event sets several uncertainties with the potential to disrupt businesses and institutions and poses threat to world trade and economies, in general. The continuing effect of the situation on business and institutions could result in business continuity interference, trade disruptions, rising prices of basic commodities including oil and power, among others. The Group has no exposure to investments in Ukraine or Russia.

The scale and duration of these developments and event remain uncertain as of March 1, 2022. It is not possible to estimate the overall impact of the outbreak and war's near-term and longer effects, and could have a material impact on the Group's financial results for the rest of 2022 and even periods thereafter. Considering the evolving nature of the pandemic and the war, the Group will continue to closely monitor these situations.

Financial Position

Table 15 Consolidated Balance Sheets

	As at December 31				
(In thousands, except % change data)	2019	2020	**2021**	% Change 2019 vs 2020	% Change 2020 vs 2021
Total assets	US$5,750,878	US$6,195,324	**US$6,266,460**	7.7	1.1
Current assets	468,394	969,217	**897,547**	106.9	(7.4)
Total equity	1,634,526	1,861,620	**1,511,579**	13.9	(18.8)
Total equity attributable to equity holders of the parent	1,469,908	1,680,616	**1,321,688**	14.3	(21.4)
Total interest-bearing debt	1,662,629	1,767,307	**2,150,640**	6.3	21.7
Current liabilities	655,088	490,528	**496,118**	(25.1)	1.1
Total liabilities	4,116,351	4,333,704	**4,754,881**	5.3	9.7
Current assets/total assets	8.1%	15.6%	**14.3%**		
Current ratio	0.72	1.98	**1.81**		
Debt-equity ratio[1]	1.02	0.95	**1.42**		

[1] Debt includes interest-bearing debt. Equity means Total Equity as shown in the consolidated balance sheets.

Total assets slightly increased by 1.1 percent to US$6.3 billion as at December 31, 2021 from US$6.2 billion as at December 31, 2020 mainly due to the acquisition of new terminal, MHCPSI; capital expenditures arising from the acquisition of port facilities and equipment at ICTSNL, ongoing expansions at MICT, IDRC, VICT, and CMSA, and infrastructure and equipment upgrades at CGSA; increase in concession rights and right-of-use assets due to reassessment; tapered by the decrease in cash and cash equivalents mainly due to redemption and repurchase of perpetual capital securities and payment of dividends; and unfavorable impact on the translation of certain foreign operations' accounts. Noncurrent assets stood at 84.4 percent and 85.7 percent of the total consolidated assets as at December 31, 2020 and December 31, 2021, respectively.

Current assets decreased by 7.4 percent to US$897.5 million as at December 31, 2021 from US$969.2 million as at December 31, 2020 mainly due to decrease in cash and cash equivalents attributable to the redemption and repurchase of the perpetual capital securities; payment of dividends declared during the period; and deployment of cash to fund capital expenditures; partially tapered by cash generated from operations. Current assets accounted for 15.6 percent and 14.3 percent of the total consolidated assets of the Group as at December 31, 2020 and December 31, 2021, respectively. Current ratio stood at 1.98 and 1.81 as at December 31, 2020 and December 31, 2021, respectively.

Total equity decreased by 18.8 percent to US$1.5 billion as at December 31, 2021 from US$1.9 billion as at December 31, 2020 primarily due to redemption and repurchase of perpetual capital securities; payment of dividends; and distribution to holders of perpetual capital securities, partially offset by the net income generated for the period.

Total liabilities increased by 9.7 percent to US$4.8 billion as at December 31, 2021 from US$4.3 billion as at December 31, 2020 primarily due to the acquisition of new terminal, MHCPSI, and issuance of senior notes at ITBV and VICT; increase in lease liabilities, mainly at TSSA and CMSA; tapered by repayment of loans mainly at VICT (including prepayment), IDRC, IGFBV and SPICTL; and decrease in fair value of derivative liabilities relating to interest rate swap arrangements; and favorable impact on the translation of certain foreign operations' accounts. Financial leverage, the ratio of total interest-bearing debt to total assets, stood at 28.5 percent and 34.3 percent as at December 31, 2020 and December 31, 2021, respectively.

Meanwhile, current liabilities slightly increased by 1.1 percent to US$496.1 million as at of December 31, 2021 from US$490.5 million as at December 31, 2020 mainly due to higher amount of long-term debt mainly at AGT and lease liabilities at TSSA and CMSA that will be due in the next twelve months; tapered by the timing of settlement of current liabilities in most of the terminals.

Material Variances Affecting the Balance Sheet

Balance sheet accounts as at December 31, 2021 with variances of plus or minus 5.0 percent against December 31, 2020 balances are discussed, as follows:

Noncurrent Assets

1. Property and equipment increased by 6.8 percent to US$1.5 billion as at December 31, 2021 mainly due to the acquisition of new terminal, MHCPSI; and capital expenditures arising from acquisition of port facilities and equipment at ICTSNL and expansions at VICT, CMSA and IDRC; tapered by unfavorable impact on the translation of certain foreign operations' accounts.

2. Right-of-use assets increased by 8.5 percent to US$664.3 million as at December 31, 2021 mainly due to the remeasurement of lease liabilities at TSSA and CMSA; tapered by unfavorable impact on the translation of certain foreign operations' accounts.

3. Investment properties decreased by 9.0 percent to US$6.4 million as at December 31, 2021 mainly due to depreciation charges.

4. Other noncurrent assets decreased by 10.8 percent to US$323.2 million mainly due to decrease in restricted cash associated with the prepayment of loans at VICT; lower noncurrent portion of input tax; unfavorable impact on the translation of certain foreign operations' accounts; and non-recurring impairment charge on non-financial assets; tapered by the increase due to acquisition of new terminal, MHCPSI.

Current Assets

5. Cash and cash equivalents decreased by 10.5 percent to US$657.6 million as at December 31, 2021 mainly due to payment for the redemption and repurchase of perpetual capital securities, payment of dividends, and deployment of cash to fund capital expenditures; tapered by cash generated from operations.

6. Spare parts and supplies increased by 10.2 percent to US$42.2 million as at December 31, 2021 mainly as a result of acquisition of spare parts at certain terminals.

7. Prepaid expenses and other current assets decreased by 6.0 percent to US$62.8 million as at December 31, 2021 mainly due to utilization of input tax and tax credits at certain terminals, lower receivable for the Group's share in fees collected by the port authority and unfavorable impact on the translation of certain foreign operations' accounts; partially offset by the restricted cash recognized in 2021 at ICTSI Iraq as a security to the availment of overdraft facility.

Equity

8. Treasury shares increased by 181.7 percent to US$12.5 million as at December 31, 2021 mainly as a result of the purchase by the Parent Company of 5,970,990 ICTSI common shares held by a subsidiary, partially offset by share-based employee incentive payments. The purchase of ICTSI shares by the Parent Company from a subsidiary decreased the cost of shares held by subsidiaries by 13.4 percent to US$72.5 million.

9. Retained earnings increased by 59.6 percent to US$346.2 million as at December 31, 2021 mainly due to the net income generated for the period amounting to US$428.6 million, partially tapered by dividends declared during the period; distribution to holders of perpetual capital securities; and charges associated with the redemption and repurchase of perpetual capital securities.

10. Excess of consideration over the carrying value of non-controlling interests acquired or disposed increased by 16.2 percent to US$171.9 million as at December 31, 2021 mainly as a result of the acquisition of 10% and 15.88% non-controlling interest in IDRC and PICT, respectively.

11. Perpetual capital securities decreased by 36.2 percent to US$795.2 million as at December 31, 2021 mainly due to redemption, including the repurchase, of perpetual capital securities with an aggregate carrying value of US$451.6 million.

12. Other comprehensive loss increased by 9.8 percent to US$203.3 million as at December 31, 2021 mainly due to net unfavorable exchange differences on translation of foreign operations' financial statements.

Noncurrent Liabilities

13. Noncurrent portion of long-term debt increased by 20.7 percent to US$2.1 billion as at December 31, 2021 mainly due to the additional loan recognized as a result of the acquisition of new terminal, MHCPSI, and issuance of senior notes at ITBV and VICT, partially tapered by repayment of loans at VICT (including prepayment), IDRC, IGFBV and SPICTL.

14. Deferred tax liabilities increased by 15.0 percent to US$182.9 million as at December 31, 2021 mainly due to the deferred tax liability recognized as a result of the acquisition of new terminal, MHCPSI.

15. Other noncurrent liabilities decreased by 33.2 percent to US$41.8 million as at December 31, 2021 due to the settlement of the interest rate swaps at VICT and decrease in the fair value of derivative liabilities relating to interest rate swap arrangement at IGFBV.

Current Liabilities

16. Loans payable increased by 77.9 percent to US$5.0 million as at December 31, 2021 mainly due to loan availed of at BGT, partially offset by payment of loans at MITL.

17. Accounts payable and other current liabilities decreased by 9.0 percent to US$321.9 million as at December 31, 2021 primarily due to the timing of settlement of the liabilities in most of the terminals and favorable impact on the translation of certain foreign operations' accounts; tapered by the recognition of current liabilities as a result of the acquisition of new terminal, MHCPSI.

18. Current portion of long-term debt increased by 54.3 percent to US$76.8 million as at December 31, 2021 primarily due to higher amount of debt scheduled for repayment in the next twelve months and loan recognized as a result of the acquisition of new terminal, MHCPSI; partially tapered by repayment of loans at VICT, CGSA, and IDRC.

19. Current portion of lease liabilities increased by 42.0 percent to US$29.2 million as at December 31, 2021 as a result of remeasurement of lease liabilities at TSSA and CMSA and due to higher lease fees scheduled for payment in the next twelve months.

20. Income tax payable increased 7.2 percent to US$46.4 million as at December 31, 2021 mainly due to revenue-driven higher taxable income at certain terminals.

21. Current portion of derivative liabilities decreased by 42.7 percent to US$5.6 million as at December 31, 2021 mainly due to settlement of the interest swaps at VICT.

Balance sheet accounts as at December 31, 2020 with variances of plus or minus 5.0 percent against December 31, 2019 balances are discussed, as follows:

Noncurrent Assets

1. Right-of-use assets increased by 6.3 percent to US$612.1 million as at December 31, 2020 mainly due to the recognition of additional right-of-use asset at CMSA.

2. Deferred tax assets increased by 6.7 percent to US$342.8 million as at December 31, 2020 mainly due to recognition of tax benefit on loss carry-over at ICTSI Rio, tapered by the utilization of deferred tax asset on loss carry-over at CMSA.

3. Other noncurrent assets decreased by 12.5 percent to US$362.3 million mainly due to non-recurring impairment charge on non-financial assets, tapered by increase in advances to suppliers.

Current Assets

4. Cash and cash equivalents increased by 212.9 percent to US$734.8 million as at December 31, 2020 mainly due to cash generated from operations; net cash proceeds from issuances of new senior notes at ICTSI Parent amounting to US$391.9 million and senior unsecured perpetual capital securities net of redemption and related accrued distributions at RCBV amounting to US$227.0 million, tapered by settlement of outstanding balance of senior notes at ICTSI Parent amounting to US$179.3 million and pre-termination of loans at IGFBV amounting to US$110.0 million, payment of loan in VICT and deployment of cash to fund capital expenditures.

5. Prepaid expenses and other current assets decreased by 7.4 percent to US$66.8 million as at December 31, 2020 mainly due to utilization of prepaid taxes particularly at ICTSI Parent.

Equity

6. Cost of common shares held by subsidiaries increased by 12.7 percent to US$83.7 million as at December 31, 2020 mainly due to the acquisition of ICTSI common shares by its wholly-owned subsidiary, IWI CTHI during the period.

7. Treasury shares decreased by 94.7 percent to US$4.4 million as at December 31, 2020 mainly due to the sale of 40 million treasury shares in November 2020.

8. Retained earnings decreased by 27.9 percent to US$216.9 million as at December 31, 2020 mainly due to cash dividends declared during the period; and distribution to holders of perpetual capital securities, tapered by net income attributable to equity holders of the parent for the period amounting to US$101.8 million.

9. Perpetual capital securities increased by 22.4 percent to US$1.2 billion as at December 31, 2020 mainly due to the issuance of US$300.0 million senior unsecured perpetual capital securities, tapered by the redemption of securities amounting to US$66.5 million.

10. Other comprehensive loss increased by 13.8 percent to US$185.1 million as at December 31, 2020 mainly due to increase in unrealized mark-to-market loss on interest rate swap arrangements, partially offset by increase in share on other comprehensive gain of joint ventures.

11. Equity attributable to non-controlling interests increased by 10.0 percent to US$181.0 million as at December 31, 2020 mainly due to net income attributable to non-controlling interests for the period amounting to US$37.9 million; and favorable translation adjustments at YICT, tapered by cash dividends declared to non-controlling interests during the period.

Noncurrent Liabilities

12. Noncurrent portion of long-term debt increased by 20.1 percent to US$1.7 billion as at December 31, 2020 mainly due to issuance of new senior notes at ICTSI Parent amounting to US$391.9 million, net of debt issuance costs, partially tapered by pre-termination of loans at IGFBV and payment of loans at VICT.

13. Noncurrent portion of concession rights payable increased by 6.3 percent to US$692.6 million as at December 31, 2020 mainly due to recognition of concession rights payable at KMT.

14. Other noncurrent liabilities increased by 30.2 percent to US$62.7 million as at December 31, 2020 arising mainly from unrealized loss on mark-to-market valuation from interest rate swap arrangements at IGFBV and VICT. These unrealized losses are directly charged to equity under other comprehensive loss.

Current Liabilities

15. Loans payable increased by 100.0 percent to US$2.8 million as at December 31, 2020 mainly due to loan availed of at MITL.

16. Current portion of long-term debt decreased by 78.8 percent to US$49.8 million as at December 31, 2020 mainly due to the settlement of senior notes at ICTSI Parent.

17. Current portion of concession rights payable increased by 17.8 percent to US$10.7 million as at December 31, 2020 due to higher concession fees scheduled for payment in the next twelve months.

18. Current portion of lease liabilities increased by 5.7 percent to US$20.6 million as at December 31, 2020 due to higher lease fees scheduled for payment in the next twelve months.

19. Income tax payable increased by 10.2 percent to US$43.3 million as at December 31, 2020 mainly due to higher taxable income at certain terminals.

20. Current portion of derivative liabilities increased to US$9.7 million as at December 31, 2020 due to higher unrealized loss on mark-to-market valuation from interest rate swap arrangements at IGFBV and VICT expected to be realized in the next twelve months.

Liquidity and Capital Resources

This section discusses the Group's sources and uses of funds as well as its debt and equity capital profile.

Liquidity

The table below shows the Group's consolidated cash flows for the years ended December 31, 2019, 2020 and 2021:

Table 16 Consolidated Cash Flows

	For the Year Ended December 31				
(In thousands, except % change data)	2019	2020	**2021**	% Change 2019 vs 2020	% Change 2020 vs 2021
Net cash provided by operating activities	US$758,842	US$803,669	**US$947,188**	5.9	17.9
Net cash used in investing activities	(659,588)	(203,700)	**(146,384)**	(69.1)	(28.1)
Net cash used in financing activities	(305,198)	(107,216)	**(867,068)**	(64.9)	708.7
Effect of exchange rate changes on cash	(6,301)	7,245	**(10,974)**	(215.0)	(251.5)
Net increase (decrease) in cash and cash equivalents	(212,245)	499,998	**(77,238)**	(335.6)	(115.4)
Cash and cash equivalents, beginning	447,079	234,834	**734,832**	(47.5)	212.9
Cash and cash equivalents, end	US$234,834	US$734,832	**US$657,594**	212.9	(10.5)

Consolidated cash and cash equivalents decreased by 10.5 percent to US$657.6 million as at December 31, 2021 from US$734.8 million for the same period in 2020 mainly due to higher net cash used in financing activities in 2021.

Net cash provided by operating activities increased by 17.9 percent to US$947.2 million for year ended December 31, 2021 from US$803.7 million for the same period in 2020 mainly due to better results of operations in 2021.

Net cash used in investing activities for the year ended December 31, 2021 amounted to US$146.4 million which consists mainly of capital expenditures of US$165.0 million, including advances to contractors and suppliers, mainly for the acquisition of port facilities and equipment at ICTSNL and ongoing expansions at MICT, IDRC, VICT and CMSA, and infrastructure and equipment upgrades at CGSA; and acquisition of new terminal, MHCPSI. Meanwhile, net cash used in investing activities for the year ended December 31, 2020 amounted to US$203.7 million which consists mainly of capital expenditures of US$198.7 million, including advances to contractors and suppliers, mainly for expansions at MICT, CMSA, ICTSI Iraq, and IDRC, and infrastructure and equipment upgrades at CGSA; and upfront fee payment at KMT.

Net cash used in financing activities for the year ended December 31, 2021 amounted to US$867.1 million which consists mainly of payment for the redemption and repurchase of perpetual capital securities, including distributions to security holders totaling US$544.9 million, payment of dividends, repayment of loans at VICT, IDRC, IGFBV, SPICTL and CGSA, and acquisition of 10.00% non-controlling interest in IDRC amounting to US$20.0 million and 15.88% non-controlling interest in PICT amounting to US$15.7 million; tapered by cash received from issuances of new senior notes at ITBV and VICT amounting to $300.0 million and $210.4 million, respectively. Meanwhile, net cash used in financing activities for the same period in 2020 includes mainly the settlement of senior notes at ICTSI Parent amounting to US$179.3 million; pre-termination of loan at IGFBV amounting to US$110.0 million; repayment of loans at VICT, CGSA, IDRC, YICT, SPICTL and MITL; and payment of dividends and distributions to perpetual securities holders, tapered by cash received from issuances of new senior notes at ICTSI Parent amounting to US$391.9 million and senior unsecured perpetual capital securities amounting to US$227.0 million, net of debt issuance costs and the amount paid for the redemption of US$66.5 million outstanding perpetual securities, including premium and related distributions to security holders; and sale of 40,000,000 treasury shares amounting to US$95.4 million.

Capital Resources

The table below illustrates the Group's capital sources as at December 31, 2019, 2020 and 2021:

Table 17 Capital Sources

	As at December 31				
(In thousands, except % change data)	2019	2020	**2021**	% Change 2019 vs 2020	% Change 2020 vs 2021
Loans payable	US$–	US$2,828	**US$5,033**	100.0	77.9
Current portion of long-term debt	235,116	49,808	**76,836**	(78.8)	54.3
Long-term debt, net of current portion	1,427,513	1,714,671	**2,068,771**	20.1	20.7
Total short and long-term debt	1,662,629	1,767,307	**2,150,640**	6.3	21.7
Equity	1,634,526	1,861,620	**1,511,579**	13.9	(18.8)
	US$3,297,155	US$3,628,927	**US$3,662,219**	10.1	0.9

The Group's total debt and equity capital marginally increased by 0.9 percent as at December 31, 2021 primarily due to net income generated during the period; recognition of additional loan as a result of the acquisition of new terminal, MHCPSI; and debt and equity financing activities to fund acquisitions, expansion projects, capital expenditures, and other general corporate requirements; tapered by redemption and repurchase of perpetual capital securities, and distributions to holders of perpetual capital securities; dividend declaration; and repayment of loans.

Debt Financing

The table below provides the breakdown of the Group's outstanding loans as at December 31, 2021:

Table 18 Outstanding Loans

(In thousands)	Company	Final Maturity	Interest Rate	Amount
Long-term Debt				
Medium-Term Note (MTN) Programme				
Secured US Dollar Bond	ITBV	2023-2025	Fixed	US$772,966
Senior Notes				
Unsecured US Dollar Bond	Parent	2030	Fixed	392,834
Secured US Dollar Bond	ITBV	2031	Fixed	290,200
Secured AUD Bond	VICT	2039	Fixed	201,577
US dollar and Foreign Currency-denominated Term Loans and Securities				
Secured US Dollar Term Loan	IGFBV	2026	Fixed (a)	274,602
Secured PHP Term Loan	MHCPSI	2023	Floating (b)	130,249
Secured Euro Term Loan	ICTSI Middle East (ME) DMCC	2022	Floating	43,322
Secured US Dollar Term Loans	IDRC	2022-2023	Fixed	11,671
Secured PGK Term Loan	SPICTL	2024	Floating	10,170
Secured PGK Term Loan	MITL	2024-2026	Floating	10,739
Secured US Dollar Term Loans	CGSA	2027	Fixed	3,857
				2,142,187
Short-term Debt				
IQD Loan	ICTSI (M.E) DMCC	2022	Fixed	5,033
Total Debt				2,147,220
Effect of business combination(c)				3,420
Carrying Value of Debt				2,150,640
Less current portion and short-term(c)				81,869
Long-term debt, net of current portion				US$2,068,771

(a) Under interest rate swap agreement
(b) Converted from fixed to floating rate on July 9, 2021
(c) Represents the carrying value of the difference between the fair value and the book value of the debt at business combination

As a result of diligent liability management initiatives, the duration of debt capital has been extended resulting to 96.53 percent of the Group's total debt as at December 31, 2021, maturing in 2023 and beyond.

The table below is a summary of debt maturities, net of unamortized debt issuance cost, of the Group as at December 31, 2021:

Table 19 Outstanding Debt Maturities

(In thousands)	Amount
2022	US$77,350
2023	533,692
2024	8,656
2025	399,002
2026 and onwards	1,131,940
Total	US$2,150,640

Long-term Debt

MTN Programme

ICTSI Treasury B.V. (ITBV). On January 9, 2013, ITBV, a majority-owned subsidiary through ICTSI Ltd., established the MTN Programme that would allow ITBV from time to time to issue medium-term notes (MTN), unconditionally and irrevocably guaranteed by ICTSI and listed on the Singapore Stock Exchange. The aggregate nominal amount of the MTN outstanding will not at any time exceed US$750.0 million (or its equivalent in other currencies), subject to increase as described in the terms and conditions of the Programme Agreement. In August 2013, the maximum aggregate nominal amount of the MTN outstanding that may be issued under the Programme was increased to US$1.0 billion.

Pursuant to the MTN Programme, on January 9, 2013, ITBV and ICTSI signed a Subscription Agreement with HSBC and UBS AG, Hong Kong Branch, for the issuance of 10-year US$300.0 million guaranteed MTN (the "Original MTN"). The Original MTN was issued on January 16, 2013 to mature on January 16, 2023 at a fixed interest rate of 4.625 percent p.a., net of applicable taxes, set at a price of 99.014 and payable semi-annually in arrears. Moreover, on January 28, 2013, an additional US$100.0 million guaranteed MTN was issued to form a single series with the original MTN.

In June 2013, ICTSI purchased a total of US$6.0 million of ITBV's US$400.0 million MTN at US$5.7 million.

In September 2013, ITBV further issued US$207.5 million notes from the MTN Programme at a fixed interest rate of 5.875 percent p.a. payable semi-annually and will be due in 2025 ("2025 Notes"), in exchange for US$178.9 million of ICTSI's US$450.0 million senior notes due in 2020 ("2020 Notes"). Concurrent with the exchange offer, noteholders of the 2020 Notes provided their consent to the modifications to the terms and conditions of the 2020 Notes to conform to the terms and conditions of all the notes issued under the MTN Programme. Moreover, on April 30, 2014, an additional US$75.0 million notes were issued to form a single series with the 2025 Notes.

In January 2015, an additional US$117.5 million notes were issued to form a single series with the 2025 Notes. Of this new issue, US$102.6 million was used to fund the exchange for US$91.8 million of the 2020 Notes. The cash proceeds received by ITBV amounted to US$11.6 million, net of debt issuance cost. These new Notes were consolidated and formed a single series with the US$282.5 million 5.875 percent guaranteed Notes due 2025 issued on September 17, 2013 and April 30, 2014.

As at December 31, 2021, the carrying value of notes under the MTN programme amounted to US$773.0 million.

Senior Notes

ICTSI. On June 10, 2020, ICTSI signed a Subscription Agreement with Citigroup Global Markets Limited, Credit Suisse (Hong Kong) Limited and J.P. Morgan Securities Plc for the issuance of ten-year senior notes (the "Senior Notes"). The Senior Notes were issued on June 17, 2020 with an aggregate principal amount of US$400.0 million, maturing on June 17, 2030, at a fixed interest rate of 4.75 percent per annum, payable semi-annually in arrears and at a price of 99.607. The net proceeds of the Senior Notes amounting to US$391.9 million were used to refinance and extend the maturity of the Group's liabilities and for general corporate purposes. As at December 31, 2021, the carrying value of the Senior Notes amounted to US$392.8 million, net of debt issuance costs.

The Senior Notes were not registered with the Philippine SEC. The Senior Notes were offered in offshore transactions outside the United States in reliance on Regulation S under the Securities Act and, subject to certain exceptions, may not be offered or sold within the United States. The Senior Notes are traded and listed in the Singapore Stock Exchange.

ITBV. On November 9, 2021, ITBV signed a Subscription Agreement with Citigroup Global Markets Limited and The Hongkong and Shanghai Banking Corporation Limited for the issuance of ten-year Senior guaranteed fixed rate notes (the "New Notes"). The New Notes were issued on November 16, 2021 with an aggregate principal amount of US$300.0 million, maturing on November 16, 2031, at a fixed interest rate of 3.50 percent per annum, payable semi-annually in arrears and at a price of 100.00.

The proceeds of the New Notes amounting to US$290.1 million, net of debt issuance costs of US$9.9 million, were used for refinancing and general corporate purposes including, among others, to fund the Tender Offer relating to senior guaranteed perpetual securities of Royal Capital BV. As at December 31, 2021, the carrying value of the New Notes amounted to US$290.2 million, net of debt issuance costs.

The New Notes were not registered with the Philippine SEC. The New Notes were offered in offshore transactions outside the United States in reliance on Regulation S under the Securities

Act and, subject to certain exceptions, may not be offered or sold within the United States. The Senior Notes are traded and listed in the Singapore Stock Exchange.

Foreign Currency-denominated Term Loans and Notes

VICT. On July 15, 2016, VICT signed the syndicated project finance facilities with various international and regional banks for a principal amount of US$300.0 million (AUD398.0 million), comprising of term facilities totaling US$284.9 million (AUD378.0 million) with interest rates based on Australian Bank Bill Swap Reference Rate (bid) (BBSY) plus an average margin of 3.1 percent per annum and maturities until 2023, 2026 and 2031 and working capital facility of US$15.1 million (AUD20.0 million). The loan was fully paid on December 14, 2021.

On December 13, 2021, VICT signed a Note Purchase Agreement with various purchasers for the issuance and sale of Senior Secured Notes with an aggregate principal amount of US$290.5 million (AUD400.0 million), maturing on March 31, 2039, at a fixed interest rate of 4.27 percent per annum, payable semiannually in arrears. The issuance shall occurr according to a funding schedule. The first funding occurred on December 13, 2021 for an aggregate amount of US$203.4 million (AUD280.0 milllion). The proceeds were used to fund the prepayment of VICT's project finance facilities. The Senior Secured Notes is secured by certain assets of VICT and IOBV.

As at December 31, 2021, the outstanding balance of the notes amounted to US$201.6 million (AUD277.5 million), net of debt issuance costs.

In August 2016, VICT entered into interest rate swap transactions to hedge the interest rate exposures on its floating rate AUD-denominated loans maturing in 2023, 2026 and 2031. A total notional amount of AUD320.4 million floating rate loan was swapped to fixed rate. Under the interest rate swap arrangements, VICT pays annual fixed interest of a range of 2.10 to 2.5875 percent and receives floating rate of six-month Bank Bill Swap Bid Rate (BBSY) basis points on the notional amount. In March 2017, VICT entered into additional interest rate swap transactions to hedge an additional AUD5.5 million and AUD12.4 million of its AUD-denominated loans maturing in 2026 and 2031, respectively. VICT pays an annual fixed interest of 2.885 to 2.9730 percent for the loans maturing in 2026 and 2031, respectively. On December 14, 2021, VICT terminated the outstanding interest rate swap due to the payment of the underlying AUD-denominated floating rate loan. The amount deferred in equity representing the effective portion of the change in fair value of the swap amounting to AUD7.7 million (US$5.8 million) at the time of prepayment was transferred to profit and loss and recognized under "Other expenses" account in the 2021 consolidated statement of income.

ICTSI Global Finance B.V. (IGFBV). On March 21, 2019, IGFBV, as borrower, Metropolitan Bank and Trust Company, as lender, and ICTSI, as surety, signed a term loan facility amounting to US$300.0 million with interest based on three-month LIBOR plus an agreed margin and a tenor of 7 years. On April 29, 2019, IGFBV has fully availed the term loan facility. As at December 31, 2021, the outstanding balance of the term loan facility amounted to US$274.6 million, net of debt issuance costs.

In April 2019, the Group entered into an interest rate swap transaction to hedge the interest rate exposures of the ICTSI Global Finance B.V.'s floating rate US$-denominated loan maturing in 2026. A total notional amount of US$300.0 million floating rate loan was swapped to fixed rate. Under the interest rate swap arrangements, annual fixed interest of 3.6981 percent is being paid and floating interest of three-month LIBOR plus 130 basis points on the notional amount is being received. As at December 31, 2021, the market valuation loss on the outstanding interest rate swaps amounted to US$13.3 million.

SPICTL and MITL. On November 27, 2019, SPICTL and MITL, as borrowers, and ANZ Banking Group (PNG) Limited, as lender, signed a loan agreement which consists of a PGK five-year term loan facility of US$31.6 million (PGK106.9 million) and a PGK revolving loan facility of US$5.9 million (PGK20.0 million), with interest based on ANZ's published Indicator Lending Rate minus an agreed margin. In 2019, SPICTL and MITL has availed of US$17.8 million (PGK60.2 million) and US$13.8 million (PGK46.7 million), respectively, from the term loan facility. In 2021, SPICTL and MITL paid US$3.4 million (PGK12.0 million) and US$2.7 million (PGK9.3 million) of the loans, respectively.

On August 27, 2021, SPICTL and MITL signed an amendment to the loan agreement which consists of additional term loan facility of US$13.4 million (PGK47.0 million). On August 31, 2021, MITL availed of additional US$2.8 million (PGK10.0 million) from the term loan facility. As at December 31, 2021, the outstanding balance of the term loans of SPICTL and MITL amounted to US$10.2 million (PGK35.7 million) and US$10.7 million (PGK37.7 million), net of debt issuance costs, respectively.

MHCPSI. In December 2016, MHCPSI entered into a 7-year loan agreement with a local bank amounting to PhP7.0 billion (US$140.8 million) for capital expenditures and business expansion. The principal is payable in six annual amortizations of one percent (1%) of the total drawn principal amount commencing on March 14, 2017 and every anniversary thereafter. The balance of the loan, equivalent to 94% of the total drawn principal amount, shall be fully paid together with the accrued interest, on the last repayment date which shall coincide with the maturity date on March 14, 2023. The loan originally bears a fixed interest rate, payable quarterly.

The loan agreement was amended and effective July 9, 2021, interest is based on the higher of the prevailing 3-month BVAL plus agreed spread, and the prevailing Central Bank of the Philippines Overnight Reverse Repurchase Rate plus agreed spread. The security was also amended to be solely secured by the continuing suretyship of ICTSI. Except for the amendments on interest rate and security, the other terms and conditions of the loan agreement remained effective.

The loan was acquired through business combination. As at December 31, 2021, the carrying value of the loan amounted to US$133.7 million (Php6.8 billion). Excluding the effect of business combination, the outstanding balance of the loan amounted to US$130.2 million (Php6.6 billion).

US Dollar-denominated Term Loans

IDRC. On October 9, 2018, IDRC availed of a four-year term loan with Rawbank DRC amounting to US$25.0 million at a fixed interest rate. In 2021, IDRC has paid US$6.3 million of the loan. As at December 31, 2021, the outstanding balance of the loan amounted to US$5.2 million

On May 6, 2019, IDRC availed of another four-year term loan with Rawbank DRC amounting to US$3.0 million at a fixed interest rate. In 2021, IDRC has paid US$0.8 million of the loan. As at December 31, 2021, the outstanding balance of the loan amounted to US$0.9 million.

On July 22, 2020, IDRC availed of a three-year term loan with Rawbank DRC amounting to US$10.0 million at a fixed interest rate. In 2021, IDRC has paid US$3.3 million of the loan. As at December 31, 2021, the outstanding balance of the loan amounted to US$5.6 million.

CGSA. On March 29, 2016, CGSA (as "Borrower"), Metropolitan Bank and Trust Company (as "Lender") and ICTSI (as "Surety") signed a loan agreement which consists of two tranches of loans amounting to US$32.5 million (Tranche I) and US$7.5 million (Tranche II) with interest based on three-month LIBOR plus an agreed margin. Tranche I has a final maturity in March 2021 while Tranche II in May 2017. On May 30, 2017, CGSA fully paid the loan under Tranche II. In 2020, CGSA has paid a total amount of US$7.6 million of the loan under Tranche I. In March 2021, CGSA has fully paid the remaining balance of US$1.9 million of the loan under Tranche I.

On September 10, 2020, CGSA (as "Borrower"), Philippine National Bank (as "Lender") and ICTSI (as "Surety") signed a loan facility amounting to US$15.5 million at a fixed interest rate and with a tenor of 7 years. On November 27, 2020 and January 28, 2021, CGSA availed of US$2.5 million and US$2.0 million loans from the facility, respectively. In 2021, CGSA has paid US$0.6 million of the loans. The outstanding balance of the loans amounted to US$3.8 million as at December 31, 2021.

In November 2016, ICTSI entered into an interest rate swap transaction to hedge the interest rate exposures of the CGSA's floating rate US$-denominated floating rate loan maturing in 2021. A total notional amount of US$32.5 million floating rate loan was swapped to fixed rate. Under the interest rate swap arrangements, ICTSI pays annual fixed interest of 3.045 percent and receives floating rate of six-month LIBOR plus 160 basis points on the notional amount. On March 30, 2021, the interest rate swap matured and the amount deferred in equity representing the effective portion of the change in fair value of the swap amounting to US$17.5 thousand at the time of payment was transferred to profit and loss and recognized under "Interest expense and financing charges on borrowings" account in the 2021 consolidated statement of income.

Loan Facility Programme

ICTSI Middle East DMCC. On January 9, 2019, ICTSI Middle East DMCC, as borrower, and ICTSI, as guarantor, signed a term loan facility agreement with Citigroup Global Markets Asia Limited and Standard Chartered Bank, the original mandated lead arrangers and bookrunners, for the principal amount of US$297.6 million (EUR260.0 million) with interest rate based on EURIBOR plus an agreed margin and maturing on December 20, 2022. The term facility agreement was entered into pursuant to the Loan Facility Programme Agreement dated July 24, 2014 between IGFBV as the borrower, ICTSI as the guarantor, and The Bank of New York Mellon, Singapore Branch as the trustee ("Loan Programme"). ICTSI Middle East DMCC acceded to the Loan Programme as an additional borrower and an additional obligor thereunder.

On January 10, 2019, ICTSI Middle East DMCC has fully drawn the US$297.6 million (EUR260.0 million) from the facility. On June 12, 2019, ICTSI Middle East DMCC, as borrower, and ICTSI, as guarantor, signed an amendment and syndication agreement with various international and local banks for the term loan facility. On July 15, 2019 and December 17, 2019, partial pre-payment of US$219.1 million (EUR195.0 million) and US$30.0 million (EUR26.8 million), respectively, was made on the EUR260.0 million term loan facility. As at December 31, 2021, the outstanding balance of the loans amounted to US$43.3 million (EUR38.1 million), net of debt issuance costs.

Short-term Debt

ICTSI Iraq. On July 15, 2021, ICTSI ME DMCC signed an Overdraft Facility of up to IQD11.0 billion with National Bank of Iraq with interest based on prevailing market rate, renewable on a yearly basis. In July to December 2021, ICTSI ME DMCC availed loans totaling US$20.1 million (IQD29.3 billion) from the facility and paid a total amount of US$15.1 million (IQD22.0 billion). The outstanding loan amounted to US$5.0 million (IQD7.3 billion) as at December 31, 2021, and is secured by a short-term time deposit amounting to US$6.2 million.

Loan Covenants

The loans from local and foreign banks impose certain restrictions with respect to corporate reorganization, disposition of all or a substantial portion of ICTSI's and subsidiaries' assets, acquisitions of futures or stocks, and extending loans to others, except in the ordinary course of business. ICTSI is also required to comply with a specified financial ratio relating to their debt to EBITDA up to 4 times when incurring additional debt.

There was no material change in the covenants related to the Group's long-term debts. As at December 31, 2021, ICTSI and subsidiaries were in compliance with their loan covenants.

There were no other significant transactions pertaining to the Group's long-term debt as at December 31, 2021, except as discussed above.

Equity Financing

Perpetual Capital Securities

On January 29, 2015, RCBV issued US$300.0 million 6.25 percent Senior Guaranteed Perpetual Capital Securities unconditionally and irrevocably guaranteed by ICTSI at a price of 99.551 percent or US$298.7 million. The new issue was partly used to finance the tendered US$230.0 million 8.375 percent Subordinated Guaranteed Perpetual Capital Securities ("Original Securities) at a tender price of 107.625 or US$247.5 million. The cash proceeds received by RCBV amounted to US$46.7 million, net of debt issuance cost.

On August 26, 2015, RCBV issued US$450.0 million 5.50 percent Senior Guaranteed Perpetual Capital Securities unconditionally and irrevocably guaranteed by ICTSI. The cash proceeds received by RCBV amounted to US$436.3 million, net of debt issue cost, were used for refinancing, funding capital expenditures and general corporate purposes.

On March 10, 2016, RCBV (the "Issuer") and ICTSI (the "Guarantor") sent a notice to The Hong Kong and Shanghai Banking Corporation Limited (HSBC, as "Trustee" and "Agent") for the redemption of the remaining US$108.3 million of the US$350-million Subordinated Guaranteed Perpetual Capital Securities and payment of accrued distributions. The securities were eventually redeemed in May 2016.

On October 3, 2016, RCBV tendered its US$300.0 million 6.25 percent and US$450.0 million 5.50 percent Senior Guaranteed Perpetual Capital Securities for redemption at a price of 106.75 and 105.75, respectively. On October 20, 2016, RCBV redeemed a total of US$345.5 million of the tendered securities and paid the associated accrued distributions of US$9.3 million. Together with the redemption, RCBV issued US$375.0 million 4.875 percent Senior Guaranteed Perpetual Capital Securities unconditionally and irrevocably guaranteed by ICTSI at a price of 99.225 percent. The new issue was used to finance the redemption and payment of accrued distributions of the tendered securities.

On January 10, 2018, the Board approved the principal terms and conditions of the US$350.0 million 5.875 percent fixed-for-life Senior Guaranteed Perpetual Capital Securities (the "New Securities"). The New Securities were unconditionally and irrevocably guaranteed by ICTSI at par. On January 11, 2018, the Board approved the issuance of additional Senior Guaranteed Perpetual Capital Securities amounting to US$50.0 million ("Additional Securities") which was consolidated and formed a single series with the New Securities initially offered on January 10, 2018. The Additional Securities were also unconditionally and irrevocably guaranteed by ICTSI. The cash proceeds received by RCBV from the issuance of the New and Additional Securities amounted to US$392.3 million, net of debt issuance costs, which shall be used for the financing of acquisitions and capital expenditures and for general corporate purposes.

On March 14, 2019, RCBV (the "Issuer") and ICTSI (the "Guarantor") sent a notice to The Hong Kong and Shanghai Banking Corporation Limited (HSBC, as "Trustee" and "Agent") for the redemption of the remaining US$139.7 million of the US$300-million Senior Guaranteed Perpetual Capital Securities ("Securities") and payment of accrued distributions on May 5, 2019. The securities were redeemed on May 2, 2019.

On July 6, 2020, RCBV launched a cash tender offer for its US$450.0 million 5.50 percent Senior Guaranteed Perpetual Capital Securities (of which US$264.9 million was outstanding) at a tender price of 100.75 percent. On July 16, 2020 and July 31, 2020, RCBV redeemed a total of US$66.5 million and paid the related premium and accrued distributions of US$1.2 million. On July 16, 2020, RCBV issued US$300.0 million 5.00 percent Senior Unsecured Perpetual Capital Securities unconditionally and irrevocably guaranteed by ICTSI at a price of 98.979 percent. The new issue was used to finance the redemption and payment of accrued distributions of the tendered securities. The proceeds from the new issue, net of debt issuance costs and face value of the redeemed securities, amounting to US$228.3 million was recognized as additional perpetual capital securities.

On March 8, 2021, RCBV (the "Issuer") and ICTSI (the "Guarantor") sent a notice to The Hong Kong and Shanghai Banking Corporation Limited (HSBC, as "Trustee" and "Agent") for the redemption of the remaining US$198.3 million of the US$450 million Senior Guaranteed Perpetual Capital Securities and payment of accrued distributions on May 5, 2021. The proceeds from the issuance of Securities were initially recognized as part of equity in the consolidated balance sheet. The difference amounting to US$11.5 million between redemption price of US$203.8 million and the carrying amount of the Securities of US$192.3 million recorded under equity was treated as a direct reduction in retained earnings.

On April 5, 2021, RCBV repurchased and surrendered for cancellation US$2.0 million of the US$300.0 million Senior Unsecured Perpetual Capital Securities at US$2.2 million, including accrued distributions. The difference amounting to US$0.2 million between the purchase price of US$2.2 million and the carrying amount of the Securities of US$2.0 million recorded under equity, was treated as a direct reduction in retained earnings.

On November 19, 2021, RCBV redeemed US$85.2 million of the US$375.0 million 4.875 percent Senior Guaranteed Perpetual Capital Securities, including accrued distributions. The difference amounting to US$12.1 million between the purchase price of US$89.2 million and the carrying amount of the Securities of US$77.1 million record ed under equity, was treated as a direct reduction in retained earnings. On the same date, RCBV redeemed the US$183.8 million of the US$400.0 million 5.875 percent fixed-for-life Senior Guaranteed Perpetual Capital Securities, including accrued distributions. The difference amounting to US$8.4 million between the purchase price of US$188.6 million and the carrying amount of the Securities of US$180.2 million recorded under equity, was treated as a direct reduction in retained earnings.

Risks

ICTSI and its subsidiaries' geographically diverse operations expose the Group to various market risks, particularly foreign exchange risk, interest rate risk and liquidity risk, which movements may materially impact the financial results of the Group. The importance of managing these risks has significantly increased in light of the heightened volatility in both the Philippine and international financial markets.

With a view to managing these risks, the Group has incorporated a financial risk management function in its organization, particularly in the treasury operations

Foreign Exchange Risk

The Group has geographically diverse operations and transacts in currencies other than its functional currency. Consequently, the Group is exposed to the risk of fluctuation of the exchange rates between the US dollar and other local currencies such as PHP, AUD, BRL, MXN and EUR that may adversely affect its results of operations and financial position. The Group attempts to match its revenues and expenses whenever possible and, from time to time, engages in hedging activities. Changes in exchange rates affect the US dollar value of the Group's revenues and costs that are denominated in foreign currencies. The Group also enters into cross currency swap agreements in order to manage its exposure to fluctuations in the net investments in its subsidiaries denominated in foreign currencies.

The Group's non-US dollar currency-linked revenues was 51.8 percent and 55.3 percent of gross revenues for the periods ended December 31, 2020 and 2021, respectively. Foreign currency-linked revenues include the following: (1) arrastre charges of MICT; and (2) non-US dollar revenues of international subsidiaries. ICTSI incurs expenses in foreign currency for the operating and start up requirements of its international subsidiaries. Concession fees payable to port authorities in certain countries are either denominated in or linked to the US dollar.

Table 20 Revenue Currency Profile

Subsidiary	USD/EUR Composition	Local Currency
ICTSI	40% USD	60% PhP
VICT		100% AUD
PICT	85% USD	15% PKR
PNG		100% PGK
YICT		100% RMB
SBITC/ICTSI Subic	43% USD	57% USD
MICTSI		100% PhP
SCIPSI		100% PhP
DIPSSCOR		100% PhP
LGICT	25% USD	75% PhP
BIPI		100% PhP
OJA	77% USD	23% IDR
PTMTS		100% IDR
HIPS		100% PhP
CGT		100% PhP
MHCPSI		100% PhP
CMSA	29% USD	71% MXN
CGSA	100% USD	
OPC	100% USD	
TSSA		100% BRL
ICTSI Rio	54% USD	46% BRL
Tecplata	100% USD	
ICTSI Iraq	82% USD	18% IQD
IDRC	95% USD	5% CDF
MICTSL	97% EUR	3% MGA
BCT	56% USD/15% EUR	29% PLN
AGCT	88% EUR	12% HRK
BICTL	100% USD	
KMT		100% XAF
ICTSNL	30% USD	70% NGN
IRB Logistica		100% BRL

**MGA pegged to the EURO*

Interest Rate Risk
The Group's exposure to market risk for changes in interest rates (cash flow interest rate risk) relates primarily to the Group's bank loans and is addressed by a periodic review of the Group's debt mix with the objective of reducing interest cost and maximizing available loan terms. The Group also enters into interest rate swap agreements in order to manage its exposure to interest rate fluctuations.

Liquidity Risk
The Group manages its liquidity profile to be able to finance its working capital and capital expenditure requirements through internally generated cash and proceeds from debt and/or equity. As part of the liquidity risk management, the Group maintains strict control of its cash and makes sure that excess cash held by subsidiaries are up streamed timely to the Parent Company. The Group also monitors the receivables and payables turnover to ensure that these are at optimal levels. In addition, it regularly evaluates its projected and actual cash flow information and continually assesses the conditions in the financial market to pursue fund raising initiatives. These initiatives may include accessing bank loans, project finance facilities and the debt capital markets.

ICTSI monitors and maintains a level of cash and cash equivalents and bank credit facilities deemed adequate to finance the Group's operations, ensure continuity of funding and to mitigate the effects of fluctuations in cash flows.

There are no other known trends, demands, commitments, events or uncertainties that will materially affect the company's liquidity.

Consolidated Financial Statements

The Group's 2021 consolidated financial statements and accompanying notes are incorporated herein by reference.

Changes in and Disagreements with Accountants of Accounting and Financial Disclosure
There were no changes or disagreements with ICTSI's external auditors, SyCip Gorres Velayo & Co. (a member firm of Ernst & Young Global Limited), on accounting and financial statement disclosures.
Information on Independent Accountant

The principal external auditor is the firm SGV & Co. The Group has engaged Mr. Roel E. Lucas, partner of SGV & Co., for the audit of the Group's books and accounts in 2021.

External Audit Fees and Services

ICTSI paid its external auditors the following fees (in thousands) for the last three years for professional services rendered:

	2019	2020	**2021**
Audit Fees	US$1,439.3	US$1,458.0	**US$1,469.3**
Audit-related Fees	–	572.5	**406.2**
Tax Fees	325.1	266.0	**238.9**
Other Fees	1,125.3	227.8	**87.7**

Audit Fees include the audit of the Group's annual financial statements.

Audited-related Fees include the review of interim financial statements and issuance of comfort letters for the capital market raising transactions of the Group.

Tax fees paid to SGV & Co./Ernst & Young are for tax compliance, tax advisory services and transfer-pricing studies. Higher amount in 2019 was mainly due to increased number of engagements on tax advisory and on tax planning for the restructuring of the subsidiaries.

Other fees include due diligence services related to business development, sustainability reporting, studies and other various one-time engagements. Higher amount in 2019 was mainly due to the Group's initiatives to seek for new project opportunities.

The Audit Committee makes recommendations to the Board concerning the external auditors and pre-approves audit plans, scope and frequency before the conduct of the external audit. The Audit Committee reviews the nature of the non-audit related services rendered by the external auditors and the appropriate fees paid for these services.

The reappointment of SGV & Co. as the Company's external auditors was approved by the stockholders in a meeting held on April 15, 2021.

Statement of Management's Responsibility for Consolidated Financial Statements

The management of International Container Terminal Services, Inc. (the Company) is responsible for the preparation and fair presentation of the consolidated financial statements including the schedules attached therein, as at and for the years ended December 31, 2019, 2020 and 2021, in accordance with Philippine Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

The Board of Directors reviews and approves the consolidated financial statements including the schedules attached therein and submits the same to the stockholders.

SyCip Gorres Velayo & Co., the independent auditors, appointed by the stockholders, have audited the consolidated financial statements of the Company in accordance with Philippine Standards on Auditing, and in their report to the stockholders, have expressed their opinion on the fairness of presentation upon completion of such audit.

Enrique K. Razon Jr.
Chairman and President

Rafael D. Consing, Jr.
Senior Vice President and
Chief Financial Officer

Sandy A. Alipio
Senior Vice President, Global
Financial Controller

Independent Auditor's Report

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SyCip Gorres Velayo & Co.
6760 Ayala Avenue
1226 Makati City
Philippines

Tel: (632) 8891 0307
Fax: (632) 8819 0872
ey.com/ph

INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors
International Container Terminal Services, Inc.

Opinion

We have audited the consolidated financial statements of International Container Terminal Services, Inc. (ICTSI) and its subsidiaries (the Group), which comprise the consolidated balance sheets as at December 31, 2019, 2020 and 2021, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2019, 2020 and 2021, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period then ended in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSA). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics), together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements

Impairment Testing of Goodwill and Nonfinancial Assets with Impairment Indicators

Under PFRSs, the Group is required to annually perform an impairment test of the carrying amounts of goodwill and intangible assets not yet available for use. When indicators of impairment exist, the Group is also required to test for impairment its nonfinancial assets. The impairment testing is significant to our audit because the balance of goodwill and nonfinancial assets with impairment indicators of certain subsidiaries aggregating to US$400.0 million as of December 31, 2021 is material to the consolidated financial statements. In addition, management's assessment process involves significant judgment and estimation based on assumptions which are subject to higher level of estimation uncertainty due to the current economic conditions which have been impacted by the coronavirus pandemic. These assumptions used in the forecasted free cash flows include expected cash inflow, forecasted revenue growth, earnings before interest, tax, depreciation and amortization (EBITDA) margins at the cash-generating unit (CGU) level, capital expenditures and weighted average cost of capital, which are also affected by market or economic conditions in the country where the CGU operates.

The Group's disclosures about the impairment testing of goodwill and other nonfinancial assets are included in Notes 3 and 11 to the consolidated financial statements.

Audit Response

We involved our internal specialist to assist us in evaluating the assumptions and methodologies used by the Group in its recoverable amount calculations. These assumptions used in the forecasted free cash flow, include forecasted cash inflow, revenue growth, EBITDA margins at the CGU level, capital expenditures and weighted average cost of capital. We reviewed the basis and assumptions for estimates of free cash flows, particularly those relating to the expected cash inflow, forecasted revenue growth and EBITDA margins at the CGU level, by comparing against historical performance of the CGU, or comparable country, regional or global market data or against the historical performance of other subsidiaries of the Group in the region, taking into consideration in all cases, the impact associated with coronavirus pandemic. We tested the parameters used in the determination of the discount rate against market data. We also reviewed the Group's disclosures about those assumptions to which the outcome of the impairment test is most sensitive, specifically those that have the most significant effect on the determination of the recoverable amount of the goodwill and other nonfinancial assets.

Recognition and Measurement of Deferred Income Taxes

The Group operates port terminals in twenty (20) countries through several domestic and foreign subsidiaries that are governed by varying and complex income tax laws and regulations. Accordingly, management's assessment process for the recognition and measurement of deferred tax assets and liabilities involves the exercise of significant judgments and estimates based on the use of assumptions that are sensitive to future market or economic conditions as well as the forecasted performance of the relevant subsidiaries in the Group. The estimation uncertainty increased due to the effect of the coronavirus pandemic on the macroeconomic factors used in developing the assumptions. As of December 31, 2021, the Group recognized deferred tax assets amounting to US$337.8 million and deferred tax liabilities amounting to US$182.9 million. Meanwhile, deferred tax liabilities have not been recognized for undistributed cumulative earnings amounting to US$1,387.3 million as of December 31, 2021 because the Parent Company has control over the distribution of these earnings.

The Group's disclosure about deferred tax assets and liabilities are included in Notes 3 and 22 to the consolidated financial statements.

Audit Response

We involved our internal specialists in the countries where the Group's port terminals are located to review management's recognition and calculations of deferred tax. We reviewed the management's assessment on the availability of future taxable income in reference to financial forecast and tax strategies to support the realizability of the amounts recognized. We evaluated management's forecast by comparing revenue growth and EBITDA margins. We reviewed the basis and assumptions for estimates of free cash flows, in particular those relating to the forecasted revenue growth and EBITDA margins, which we compared against historical performance and available comparable market data, taking into consideration the impact associated with coronavirus pandemic. We also reviewed the timing of the reversal of future taxable and deductible temporary differences. We also reviewed the basis for nonrecognition of deferred tax liabilities on undistributed cumulative earnings of certain subsidiaries by reviewing the historical and forecasted dividend declaration made by those subsidiaries.

Accounting for the Acquisition of Manila Harbour Center Port Services, Inc. (MHCPSI)

On June 1, 2021, ICTSI signed a Share Purchase Agreement with Prime Strategic Holdings, Inc. to acquire 100% of the shares of Manila Harbour Center Port Services, Inc. (MHCPSI). On June 4, 2021, the facilities were transferred to ICTSI management after all conditions precedent have been satisfied and required regulatory approvals have been obtained. This matter is significant to our audit because the purchase price consideration is material to the consolidated financial statements, and significant judgment was used in the determination of whether the acquisition is a business in accordance with PFRS 3, Business Combination. In addition, the purchase price allocation exercise involves significant estimates, specifically on the determination of fair values of property and equipment, which resulted to a provisional goodwill of US$54.6 million.

The disclosures related to the acquisition and purchase price allocation of MHCPSI are included in Note 1.4 to the consolidated financial statements.

Audit Response

We reviewed the share purchase agreement entered into by ICTSI and Prime Strategic Holdings, Inc. We also reviewed management's assessment of the share acquisition in accordance with PFRS 3. We evaluated the methodologies and the inputs used for the purchase price allocation exercise, including the appraisal report for purposes of the fair value of property and equipment. We evaluated the competence, capabilities and qualifications of the external appraiser by considering their qualifications, experience and reporting responsibilities. We evaluated the methodology and assumptions used in the valuation of the property and equipment. We assessed the methodology adopted by referencing common valuation models and inspected the relevant information supporting the sales and listings of comparable properties. We also inquired from the external appraiser the basis of adjustments made to the sales price. We checked the mathematical accuracy of the provisional purchase price allocation and reviewed the adequacy of the disclosures in the consolidated financial statements.

Other Information

Management is responsible for the other information. The other information comprises the SEC Form 17-A for the year ended December 31, 2021 but does not include the consolidated financial statements and our auditor's report thereon, which we obtained prior to the date of this auditor's report, and the SEC Form 20 IS (Definitive Information Statement) and Annual Report for the year ended December 31, 2021, which is expected to be made available to us after that date.

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

In connection with our audits of the financial statements, our responsibility is to read the other information 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.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with PFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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Auditor's Responsibilities for the Audit of the Consolidated Financial Statements
Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 PSA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with PSA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Roel E. Lucas.

SYCIP GORRES VELAYO & CO.

Roel E. Lucas
Roel E. Lucas
Partner
CPA Certificate No. 98200
Tax Identification No. 191-180-015
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
SEC Accreditation No. 1079-AR-3 (Group A),
October 17, 2019, valid until October 16, 2022
SEC Firm Accreditation No. 0001-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
BIR Accreditation No. 08-001998-095-2019,
November 7, 2019, valid until November 6, 2022
PTR No. 8854317, January 3, 2022, Makati City

March 1, 2022

INTERNATIONAL CONTAINER TERMINAL SERVICES, INC. AND SUBSIDIARIES

Consolidated Balance Sheets

	December 31, 2019	December 31, 2020	**December 31, 2021**
ASSETS			
Noncurrent Assets			
Intangibles (Notes 1, 5, 16, 21 and 25)	US$2,101,978,670	US$2,043,267,378	**US$2,077,304,536**
Property and equipment (Notes 1, 6, 16, 21 and 25)	1,419,359,207	1,414,070,941	**1,510,840,297**
Right-of-use assets (Notes 1, 7 and 21)	575,598,262	612,137,861	**664,266,147**
Investment properties (Notes 8 and 21)	7,164,752	7,004,636	**6,374,130**
Investments in and advances to joint ventures and associate (Notes 1, 9 and 23)	443,218,451	444,596,909	**449,201,522**
Deferred tax assets (Notes 1, 3, 4 and 22)	321,374,611	342,762,156	**337,753,614**
Other noncurrent assets (Notes 1, 10, 11, 16, 21, 24, 25, 26 and 27)	413,789,197	362,266,865	**323,172,170**
Total Noncurrent Assets	5,282,483,150	5,226,106,746	**5,368,912,416**
Current Assets			
Cash and cash equivalents (Notes 1, 12, 27 and 28)	234,833,975	734,831,780	**657,593,529**
Receivables (Notes 1, 3, 13 and 28)	124,400,180	129,332,074	**135,012,389**
Spare parts and supplies (Notes 1 and 3)	37,064,763	38,257,648	**42,166,135**
Prepaid expenses and other current assets (Notes 1, 14, and 27)	72,095,443	66,795,804	**62,775,308**
Total Current Assets	468,394,361	969,217,306	**897,547,361**
	US$5,750,877,511	US$6,195,324,052	**US$6,266,459,777**
EQUITY AND LIABILITIES			
Equity Attributable to Equity Holders of the Parent			
Capital stock:			
Preferred stock (Note 15)	US$236,222	US$236,222	**US$236,222**
Common stock (Note 15)	67,330,188	67,330,188	**67,330,188**
Additional paid-in capital (Notes 15 and 20)	549,379,899	570,438,593	**572,814,879**
Cost of shares held by subsidiaries (Note 15)	(74,261,595)	(83,675,460)	**(72,492,481)**
Treasury shares (Notes 15 and 20)	(83,012,573)	(4,431,257)	**(12,481,187)**
Excess of consideration over the carrying value of non-controlling interests acquired or disposed (Notes 1 and 15)	(146,647,844)	(147,925,144)	**(171,875,534)**
Retained earnings (Note 15)	300,951,814	216,934,369	**346,227,001**
Perpetual capital securities (Note 15)	1,018,513,566	1,246,777,033	**795,224,279**
Other comprehensive loss - net (Notes 3, 9, 10, 15, 24 and 27)	(162,581,447)	(185,068,796)	**(203,295,485)**
Total equity attributable to equity holders of the parent	1,469,908,230	1,680,615,748	**1,321,687,882**
Equity Attributable to Non-controlling Interests (Note 15)	164,618,113	181,003,826	**189,891,121**
Total Equity	1,634,526,343	1,861,619,574	**1,511,579,003**
Noncurrent Liabilities			
Long-term debt - net of current portion (Notes 5, 6, 16, 21 and 27)	1,427,513,249	1,714,670,858	**2,068,771,450**
Concession rights payable - net of current portion (Notes 1, 5, 21, 25 and 27)	651,656,837	692,626,709	**711,846,090**
Lease liabilities - net of current portion (Notes 1, 7, and 27)	1,169,717,011	1,214,204,198	**1,253,371,229**
Deferred tax liabilities (Notes 4 and 22)	164,249,595	159,014,133	**182,930,636**
Other noncurrent liabilities (Notes 17, 24 and 27)	48,126,164	62,660,659	**41,844,164**
Total Noncurrent Liabilities	3,461,262,856	3,843,176,557	**4,258,763,569**
Current Liabilities			
Loans payable (Notes 18 and 27)	–	2,828,374	**5,032,970**
Accounts payable and other current liabilities (Notes 17, 19, 21, 23 and 26)	347,600,024	353,628,475	**321,863,798**
Current portion of long-term debt (Notes 5, 6, 16, 21 and 27)	235,115,540	49,807,882	**76,836,083**
Current portion of concession rights payable (Notes 1, 5, 25 and 27)	9,083,671	10,700,998	**11,188,766**
Current portion of lease liabilities (Notes 1, 7, and 27)	19,458,157	20,573,275	**29,223,519**
Income tax payable (Notes 4 and 22)	39,292,454	43,289,864	**46,411,741**
Derivative liabilities (Notes 17 and 27)	4,538,466	9,699,053	**5,560,328**
Total Current Liabilities	655,088,312	490,527,921	**496,117,205**
Total Liabilities	4,116,351,168	4,333,704,478	**4,754,880,774**
	US$5,750,877,511	US$6,195,324,052	**US$6,266,459,777**

See accompanying Notes to Consolidated Financial Statements.

INTERNATIONAL CONTAINER TERMINAL SERVICES, INC. AND SUBSIDIARIES

Consolidated Statements of Income

	Years Ended December 31		
	2019	2020	**2021**
INCOME			
Gross revenues from port operations (Notes 4 and 25)	US$1,481,411,618	US$1,505,499,942	**US$1,865,020,500**
Interest income (Notes 12 and 23)	22,763,877	19,288,909	**22,213,250**
Foreign exchange gain (Note 28)	13,125,990	4,891,016	**8,109,442**
Other income (Notes 1, 8, 17, 21 and 27)	12,954,057	16,264,054	**29,834,168**
	1,530,255,542	1,545,943,921	**1,925,177,360**
EXPENSES			
Port authorities' share in gross revenues (Notes 1, 7, 21, 23 and 25)	187,098,550	175,038,140	**202,638,705**
Manpower costs (Notes 20, 23 and 24)	230,009,047	239,631,866	**268,452,620**
Equipment and facilities-related expenses (Notes 7, 23 and 25)	109,444,655	102,018,001	**127,624,643**
Administrative and other operating expenses (Notes 7 and 23)	124,715,857	111,983,408	**127,247,842**
Depreciation and amortization (Notes 5, 6, 7 and 8)	234,964,577	230,136,959	**246,993,685**
Interest expense and financing charges on borrowings (Notes 16, 18, and 27)	108,201,028	109,692,555	**118,483,773**
Interest expense on concession rights payable (Note 5)	40,537,024	52,870,044	**58,255,441**
Interest expense on lease liabilities (Note 7)	102,439,467	97,402,306	**114,298,044**
Equity in net loss of joint ventures and an associate - net (Note 9)	19,747,127	12,269,308	**350**
Foreign exchange loss (Note 28)	3,879,791	9,128,357	**7,164,303**
Impairment losses on goodwill and nonfinancial assets (Notes 3, 5, 10 and 11)	156,000,000	180,306,901	**6,701,426**
Other expenses (Notes 1, 16, 21, 22, 23 and 27)	19,789,965	30,693,480	**45,357,429**
	1,336,827,088	1,351,171,325	**1,323,218,261**
CONSTRUCTION REVENUE (EXPENSE) (Note 25)			
Construction revenue	136,781,814	99,958,228	**61,944,312**
Construction expense	(136,781,814)	(99,958,228)	**(61,944,312)**
	–	–	–
INCOME BEFORE INCOME TAX	193,428,454	194,772,596	**601,959,099**
PROVISION FOR (BENEFIT FROM) INCOME TAX (Note 22)			
Current	64,399,476	78,733,601	**139,857,135**
Deferred	(3,638,596)	(23,604,229)	**(15,440,479)**
	60,760,880	55,129,372	**124,416,656**
NET INCOME	US$132,667,574	US$139,643,224	**US$477,542,443**
Attributable To			
Equity holders of the parent	US$100,366,870	US$101,764,236	**US$428,568,591**
Non-controlling interests	32,300,704	37,878,988	**48,973,852**
	US$132,667,574	US$139,643,224	**US$477,542,443**
Earnings Per Share (Note 29)			
Basic	US$0.020	US$0.020	**US$0.181**
Diluted	0.020	0.020	**0.181**

See accompanying Notes to Consolidated Financial Statements.

INTERNATIONAL CONTAINER TERMINAL SERVICES, INC. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

	Years Ended December 31		
	2019	2020	**2021**
NET INCOME FOR THE YEAR	US$132,667,574	US$139,643,224	**US$477,542,443**
OTHER COMPREHENSIVE GAIN (LOSS)			
Items to be reclassified to profit or loss in subsequent periods			
Exchange differences on translation of foreign operations' financial statements (Note 15)	18,007,340	3,516,392	**(34,297,719)**
Net change in unrealized mark-to-market values of derivatives (Notes 15 and 27)	(19,234,259)	(21,893,133)	**24,289,950**
Net unrealized mark-to-market gain (loss) on financial assets at FVOCI (Notes 10 and 15)	329,693	(258,230)	**394,483**
Net unrealized gain removed from equity and transferred to profit or loss	–	–	**5,766,664**
Share of other comprehensive gain (loss) of joint ventures (Notes 9 and 15)	4,737,990	7,687,495	**(8,972,613)**
Income tax relating to components of other comprehensive income (loss) (Note 27)	5,346,748	(1,206,914)	**(4,861,888)**
	9,187,512	(12,154,390)	**(17,681,123)**
Items not to be reclassified to profit or loss in subsequent periods			
Share of other comprehensive gain (loss) of joint ventures (Notes 9 and 15)	–	(360,769)	**46,764**
Actuarial losses on defined benefit plans - net of tax (Notes 15 and 24)	(1,615,082)	(1,372,412)	**(420,211)**
	(1,615,082)	(1,733,181)	**(373,447)**
	7,572,430	(13,887,571)	**(18,054,570)**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	US$140,240,004	US$125,755,653	**US$459,487,873**
Attributable To			
Equity holders of the parent	US$111,093,972	US$79,276,887	**US$410,341,902**
Non-controlling interests	29,146,032	46,478,766	**49,145,971**
	US$140,240,004	US$125,755,653	**US$459,487,873**

See accompanying Notes to Consolidated Financial Statements.

INTERNATIONAL CONTAINER TERMINAL SERVICES, INC. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the years ended December 31, 2019, 2020 and 2021

	Attributable to Equity Holders of the Parent (Note 15)												
	Preferred Stock	Common Stock	Additional Paid-in Capital	Preferred Shares Held by a Subsidiary	Common Shares Held by a Subsidiary	Treasury Shares	Other Comprehensive Loss - net	Retained Earnings	Perpetual Capital Securities	Excess of Consideration over the Carrying Value of Non-controlling Interests acquired or disposed	Total	Attributable to Non-controlling Interests	Total Equity
Balance at January 1, 2019	US$236,222	US$67,330,188	US$549,381,676	(US$72,492,481)	(US$1,769,114)	(US$58,112,070)	(US$173,308,549)	US$460,110,831	US$1,153,615,197	(US$142,555,041)	US$1,782,436,859	US$165,503,658	US$1,947,940,517
Net income for the year	-	-	-	-	-	-	-	100,366,870	-	-	100,366,870	32,300,704	132,667,574
Other comprehensive income (Note 15)	-	-	-	-	-	-	10,727,102	-	-	-	10,727,102	(3,154,672)	7,572,430
Total comprehensive income for the year (Note 15)	-	-	-	-	-	-	10,727,102	100,366,870	-	-	111,093,972	29,146,032	140,240,004
Cash dividends (Note 15)	-	-	-	-	-	-	-	(194,227,725)	-	-	(194,227,725)	(26,124,380)	(220,352,105)
Distributions on perpetual capital securities (Note 15)	-	-	-	-	-	-	-	(60,713,793)	-	-	(60,713,793)	-	(60,713,793)
Share-based payments (Note 20)	-	-	4,363,863	-	-	-	-	-	-	-	4,363,863	-	4,363,863
Issuance of treasury shares (Notes 15 and 20)	-	-	(4,365,640)	-	-	4,365,640	-	-	-	-	-	-	-
Purchase of treasury shares (Note 15)	-	-	-	-	-	(29,266,143)	-	-	-	-	(29,266,143)	-	(29,266,143)
Transactions with non-controlling interests (NCI):													
Acquisition of NCI in BIPI (Note 15.4)	-	-	-	-	-	-	-	-	-	-	-	(8,000,000)	(8,000,000)
Restructuring of SBITHI (Note 15.4)	-	-	-	-	-	-	(470,523)	152,559	-	-	(152,559)	-	-
Transfer of shares to NCI in MITL (Notes 1.2 and 15.4)	-	-	-	-	-	-	-	(3,774,839)	-	-	(3,774,839)	3,774,839	-
Redemption of perpetual capital securities (Note 15)	-	-	-	-	-	-	-	-	(139,686,000)	-	(139,686,000)	-	(139,686,000)
Balance at December 31, 2019	US$236,222	US$67,330,188	US$549,379,899	(US$72,492,481)	(US$1,769,114)	(US$83,012,573)	(US$173,581,447)	US$1,018,513,566	US$1,153,615,197	(US$142,555,041)	US$1,969,908,230	US$164,618,113	US$2,134,526,343
Balance at December 31, 2019	US$236,222	US$67,330,188	US$549,379,899	(US$72,492,481)	(US$1,769,114)	(US$83,012,573)	(US$173,581,447)	US$1,018,513,566	US$1,153,615,197	(US$142,555,041)	US$1,969,908,230	US$164,618,113	US$2,134,526,343
Net income for the year	-	-	-	-	-	-	-	101,764,236	-	-	101,764,236	37,878,988	139,643,224
Other comprehensive income (Note 15)	-	-	-	-	-	-	(22,487,349)	-	-	-	(22,487,349)	8,599,778	(13,887,571)
Total comprehensive income for the year (Note 15)	-	-	-	-	-	-	(22,487,349)	101,764,236	-	-	79,276,887	46,478,766	125,755,653
Cash dividends (Note 15)	-	-	-	-	-	-	-	(130,039,722)	-	-	(130,039,722)	(38,067,058)	(168,106,780)
Distributions on perpetual capital securities (Note 15)	-	-	-	-	-	-	-	(54,519,221)	-	-	(54,519,221)	-	(54,519,221)
Share-based payments (Note 20)	-	-	4,214,999	-	-	-	-	-	-	-	4,214,999	-	4,214,999
Issuance of treasury shares for share-based payments (Notes 15 and 20)	-	-	(4,120,334)	-	-	4,120,334	-	-	-	-	-	-	-
Sale of treasury shares (Note 15)	-	-	20,964,029	-	-	74,460,982	-	-	-	-	95,425,011	-	95,425,011
Acquisition of ICTSI shares by a subsidiary (Note 15.3)	-	-	-	-	(9,413,865)	-	-	-	-	-	(9,413,865)	-	(9,413,865)
Transfer of shares to NCI in SPICTL (Notes 1.2 and 15.4)	-	-	-	-	-	-	-	(1,277,300)	-	-	(1,277,300)	7,541,105	6,263,805
Capital contribution of NCI	-	-	-	-	-	-	-	-	-	-	-	432,900	432,900
Issuance and exchange of perpetual capital securities (Note 15)	-	-	-	-	-	-	-	(1,222,738)	228,263,467	-	227,040,729	-	227,040,729
Balance at December 31, 2020	US$236,222	US$67,330,188	US$570,438,593	(US$72,492,481)	(US$11,182,979)	(US$4,431,257)	(US$185,068,796)	US$216,934,369	US$1,246,777,033	(US$142,555,041)	US$1,680,615,748	US$181,003,826	US$1,861,619,574
Balance at December 31, 2020	**US$236,222**	**US$67,330,188**	**US$570,438,593**	**(US$72,492,481)**	**(US$11,182,979)**	**(US$4,431,257)**	**(US$185,068,796)**	**US$216,934,369**	**US$1,246,777,033**	**(US$142,555,041)**	**US$1,680,615,748**	**US$181,003,826**	**US$1,861,619,574**
Net income for the year	-	-	-	-	-	-	-	428,568,591	-	-	428,568,591	48,973,852	477,542,443
Other comprehensive income (Note 15)	-	-	-	-	-	-	(18,226,689)	-	-	-	(18,226,689)	172,119	(18,054,570)
Total comprehensive income for the year (Note 15)	-	-	-	-	-	-	(18,226,689)	428,568,591	-	-	410,341,902	49,145,971	459,487,873
Cash dividends (Note 15)	-	-	-	-	-	-	-	(205,881,257)	-	-	(205,881,257)	(28,461,788)	(234,343,045)
Share-based payments (Note 20)	-	-	**5,713,209**	-	-	-	-	-	-	-	**5,713,209**	-	**5,713,209**
Issuance of treasury shares for share-based payments (Notes 15 and 20)	-	-	**(3,336,923)**	-	-	**3,336,923**	-	-	-	-	-	-	-
Acquisition of ICTSI shares held by a subsidiary (Notes 1.2 and 15.3)	-	-	-	-	**11,182,979**	**(11,386,853)**	-	-	-	-	**(203,874)**	-	**(203,874)**
Acquisition/Sale of NCI (Notes 1.2 and 15.4)	-	-	-	-	-	-	-	-	-	-	-	**(11,796,888)**	**(35,747,278)**
Redemption and repurchase of perpetual capital securities (Note 15)	-	-	-	-	-	-	-	-	**(451,552,754)**	-	**(483,754,818)**	-	**(483,754,818)**
Distributions on perpetual capital securities (Note 15)	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance at December 31, 2021	**US$236,222**	**US$67,330,188**	**US$572,414,879**	**(US$72,492,481)**	**US$-**	**(US$12,481,187)**	**(US$203,295,485)**	**US$321,687,882**	**US$795,224,279**	**(US$142,555,041)**	**US$1,511,579,003**	**US$189,891,121**	**US$1,511,579,003**

See accompanying Notes to Consolidated Financial Statements.

INTERNATIONAL CONTAINER TERMINAL SERVICES, INC. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

	Years Ended December 31		
	2019	2020	**2021**
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	US$193,428,454	US$194,772,596	**US$601,959,099**
Adjustments for:			
Depreciation and amortization (Notes 5, 6, 7 and 8)	234,964,577	230,136,959	**246,993,685**
Interest expense on:			
Borrowings (Notes 16 and 18)	108,201,028	109,692,555	**118,483,773**
Concession rights payable (Note 5)	40,537,024	52,870,044	**58,255,441**
Lease liabilities (Note 7)	102,439,467	97,402,306	**114,298,044**
Loss (gain) on:			
Write-off of debt issuance costs and costs of securing a revolving credit facility due to cancellation (Notes 16 and 21)	2,737,326	658,333	**4,127,604**
Disposal of property and equipment - net (Note 21)	(118,749)	122,041	**(1,140,608)**
Equity in net loss of joint ventures and an associate - net (Note 9)	19,747,127	12,269,308	**350**
Impairment losses on goodwill and nonfinancial assets (Notes 5, 10 and 11)	156,000,000	180,306,901	**6,701,426**
Share-based payments (Notes 15 and 20)	4,236,787	4,243,851	**4,658,910**
Unrealized foreign exchange loss (gain)	(10,079,431)	431,633	**4,740,489**
Interest income (Notes 12 and 23)	(22,763,877)	(19,288,909)	**(22,213,250)**
Dividend income (Note 21)	(6,082)	(3,062)	**(4,619)**
Operating income before changes in working capital	829,323,651	863,614,556	**1,136,860,344**
Decrease (increase) in:			
Receivables	1,804,075	(4,108,970)	**(18,836,365)**
Prepaid expenses and other current assets	(22,392,890)	2,097,494	**6,437,254**
Spare parts and supplies	(1,595,010)	(1,522,713)	**(4,669,614)**
Increase (decrease) in:			
Accounts payable and other current liabilities	4,235,651	16,378,625	**(23,845,493)**
Pension liabilities	3,659,895	210,672	**135,221**
Cash generated from operations	815,035,372	876,669,664	**1,096,081,347**
Income taxes paid	(56,193,659)	(73,000,711)	**(148,893,744)**
Net cash flows provided by operating activities	758,841,713	803,668,953	**947,187,603**
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisitions of:			
Intangible assets (Notes 5 and 25)	(164,088,221)	(134,400,586)	**(58,679,194)**
Property and equipment (Note 6)	(59,343,506)	(49,765,899)	**(88,908,050)**
Additional shares in joint ventures and an associate (Notes 1 and 9)	(50,238,787)	(67,950)	**–**
A subsidiary (Note 1)	(175,194,780)	–	**(10,327,920)**
Proceeds from disposal of property and equipment (Notes 6 and 21)	3,588,384	216,715	**2,304,206**
Interest received	8,067,122	7,749,662	**13,170,151**
Dividends received	6,082	3,062	**4,619**
Payments for concession rights	(18,168,198)	(12,504,486)	**(15,852,803)**
Decrease (increase) in:			
Other noncurrent assets	(211,173,601)	(20,221,427)	**4,126,439**
Advances to a joint venture	6,957,483	5,290,734	**7,778,416**
Net cash flows used in investing activities	(659,588,022)	(203,700,175)	**(146,384,136)**

(Forward)

	Years Ended December 31		
	2019	2020	**2021**
CASH FLOWS FROM OPERATING ACTIVITIES			
Proceeds from :			
Long-term borrowings (Note 16)	US$712,390,058	US$553,038,769	**US$502,659,083**
Short-term borrowings (Note 18)	48,763	292,890,675	**20,089,437**
Sale of treasury shares (Note 15)	–	95,425,011	**–**
Issuance and exchange of perpetual capital securities (Note 15)	–	227,040,729	**–**
Payments of :			
Long-term borrowings (Note 16)	(326,291,565)	(481,129,026)	**(253,201,385)**
Lease liabilities	(8,349,175)	(19,997,075)	**(17,975,380)**
Interest on lease liabilities and concession rights payable	(90,007,837)	(142,206,618)	**(165,380,039)**
Interest on borrowings	(99,613,148)	(106,154,932)	**(112,491,661)**
Dividends (Note 15)	(215,499,171)	(170,878,253)	**(234,172,713)**
Short-term borrowings (Note 18)	(35,623,721)	(290,000,000)	**(17,901,985)**
Redemption and repurchase of perpetual capital securities (Note 15)	(139,686,000)	–	**(483,754,818)**
Distributions on perpetual capital securities (Note 15)	(60,713,793)	(54,519,221)	**(61,192,638)**
Contribution from (acquisition of) non-controlling interests	(8,000,000)	432,900	**(35,747,278)**
Acquisition of ICTSI shares held by a subsidiary (Note 15)	–	–	**(203,874)**
Acquisition of ICTSI common shares (Note 15)	(29,266,143)	–	**–**
Acquisition of ICTSI shares by a subsidiary (Note 15)	–	(9,413,865)	**–**
Decrease in other noncurrent liabilities	(4,586,601)	(1,745,281)	**(7,794,813)**
Net cash flows used in financing activities	(305,198,333)	(107,216,187)	**(867,068,064)**
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(6,300,708)	7,245,214	**(10,973,654)**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(212,245,350)	499,997,805	**(77,238,251)**
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	447,079,325	234,833,975	**734,831,780**
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 12)	US$234,833,975	US$734,831,780	**US$657,593,529**

See accompanying Notes to Consolidated Financial Statements.

INTERNATIONAL CONTAINER TERMINAL SERVICES, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

1 Corporate Information

1.1 General

International Container Terminal Services, Inc. (ICTSI or the Parent Company) was incorporated in the Philippines and registered with the Philippine Securities and Exchange Commission (SEC) on December 24, 1987. The registered office address of the Parent Company is ICTSI Administration Building, Manila International Container Terminal South Access Road, Manila. ICTSI's common shares are publicly traded in the Philippine Stock Exchange (PSE).

The consolidated financial statements were authorized for issue in accordance with a resolution of the Board of Directors (the Board) on March 1, 2022.

1.2 Port Operations

ICTSI and subsidiaries (collectively referred to as "the Group") entered into various concessions of port operations which include development, management, and operation of container terminals and related facilities around the world. As at March 1, 2022, the Group is involved in 35 terminal operations, including concessions and port development projects, in 20 countries worldwide. There are 11 terminal operations in the Philippines (including an inland container terminal, a barge terminal and combined terminal operations in Subic), three in Brazil (including an intermodal rail ramp terminal), two each in Indonesia, and Papua New Guinea (PNG), one each in China, Ecuador, Poland,Georgia, Madagascar, Croatia, Pakistan, Mexico, Honduras, Iraq, Argentina, Colombia, Democratic Republic (DR) of Congo, Australia, Cameroon and Nigeria; and an existing concession to construct, develop and operate a port in Tuxpan, Mexico.

Concessions for port operations entered into, acquired, extended, developed and terminated by ICTSI and subsidiaries for the last three years are summarized below:

Port of Toamasina, Madagascar. On December 10, 2021, MICTSL, which operates the port of Toamasina in Madagascar, signed an amendment to its concession agreement with the Société du Port a gestion Autonome de Toamasina extending the term of the concession by 15 years until October 2040. ICTSI has held the concession since 2005. The amendment also modified the annual fixed fees, obligations of the port authority, including the completion of expansion works, and obligation of MICTSL to pay upfront fees in accordance with the agreed schedule, among others.

Port of Karachi, Pakistan. On March 6, 2012, the Group, through its wholly-owned subsidiary IML, announced its intention to acquire from 35.0% to 55.0% of the issued and paid-up ordinary shares of PICT. Consequently, on March 30, 2012, IML signed a share purchase agreement with substantial shareholders of PICT for the purchase of 35.0% of the shares of PICT, involving the conduct of a minimum offer price, which was determined in accordance with the takeover laws of Pakistan. On August 10, 2012, IML commenced a public tender offer at the Karachi Stock Exchange to purchase outstanding shares of PICT. On October 18, 2012, IML completed the acquisition of 35.0% of the total issued capital of PICT for a purchase price of PKR5.7 billion (US$60.3 million). In November 2012, IML entered into a share purchase agreement with another shareholder to purchase an additional 6.627% of the issued capital of PICT. The acquisition was completed in November 2012 bringing ICTSI's total indirect ownership of PICT to 41.63%. On December 19, 2012, IML purchased an additional 6.25% of the issued capital of PICT on the Karachi Stock Exchange, bringing IML's direct and indirect ownership in PICT to 47.88%. On December 28, 2012, IML entered into a share purchase agreement for the purchase of Aeolina Investments Limited ("AIL"), a British Virgin Islands-registered company. AIL owns shares of stock of PICT representing 15.72% of the total issued capital of PICT.

In October 2021, ICTSI, through IML, a wholly-owned subsidiary of ICTSI Ltd., completed the acquisition of 15.88% of the total shares of stock of PICT for PKR2.7 billion (US$15.6 million) and further increased its ownership to 80.41%.

The concession agreement between PICT and Karachi Port Trust (KPT) is for a period of 21 years until 2023. As at March 1, 2022, discussion between PICT and KPT on the possibilities of extending the concession period and amending other commercial terms and conditions is still ongoing.

Port of Melbourne, Australia. On May 2, 2014, ICTSI, through its subsidiary in Australia, Victoria International Container Terminal Ltd. (VICT), signed a contract in Melbourne with Port of Melbourne Corporation (POMC) for the design, construction, commissioning, operation, maintaining and financing of the Webb Dock Container Terminal (Terminal) and Empty Container Park (ECP) at Webb Dock East (WDE) in the Port of Melbourne. The Contract grants VICT the rights to: (a) design, build and commission the new Terminal at berths WDE 4 and WDE 5, (b) design, build and commission the new ECP at WDE, and (c) operate the Terminal and ECP until June 30, 2040. Initially, VICT was 90% owned by ICTSI through ICTSI Far East Pte. Ltd. (IFEL), a wholly owned subsidiary, and 10% by Anglo Ports Pty Limited (Anglo Ports). On February 4, 2015, IFEL acquired the 10% non-controlling interest from Anglo Ports and became 100% owner of VICT. On January 7, 2016, IFEL's ownership interest in VICT was transferred to another subsidiary, ICTSI Oceania B.V. (IOBV), making IOBV the new 100% owner of VICT.

Phase 1 of the Terminal and the ECP with capacities of 350,000 TEUs and 250,000 TEUs, respectively, commenced commercial operations in the second quarter of 2017. Phase 2 of the Terminal commenced commercial operations in the first quarter of 2018 and has increased the capacity to 1,000,000 TEUs.

On August 3, 2021, POMC committed to carry out berth extension works adding 71 meters to the existing quay together with a designated hard stand area behind the extended quay that will collectively add 6,821.3 square meters to the original leased area. The POMC expansion works will commence in March 2022 and is expected to be completed in July 2023.

On September 15, 2021, VICT received the approval from the POMC for the commencement of the development of the first of two sub-phases of the Phase 3 expansion plan (Phase 3A). Phase 3A includes the addition of two super-post-Panamax ship-to-shore cranes with a 22-container outreach (about 50 meters), six automated container carriers (ACCs), six automated stacking cranes (ASCs), and the construction of three-yard modules (with 325 ground slots). Phase 3A development is ongoing and upon completion in the last quarter of 2023, the Phase 3A expansion will increase annual capacity up to an estimated 1,250,000 TEUs.

Phase 3B of the expansion plan comprises the construction of two additional yard modules and acquisition of one additional super-post-panamax ship-to-shore crane, four ASCs and three ACCs. Depending on market conditions, development of Phase 3B may commence towards the end of 2023 and completed in 2025, and will increase the terminal's annual capacity to 1,500,000 TEUs.

Manila Harbour Centre, Port of Manila, Philippines. On June 1, 2021, ICTSI signed a Share Purchase Agreement with Prime Strategic Holdings, Inc. to acquire 100% of the shares of Manila Harbor Center Port Services, Inc. (MHCPSI), operating a 10-hectare international breakbulk and bulk private port facility located at the northern side of the Manila Harbour Centre, Port of Manila. On June 4, 2021, the facilities were transferred to ICTSI management after all conditions precedent have been satisfied and required regulatory approvals have been obtained.

River Port, Matadi, Democratic Republic of Congo. On January 23, 2014, ICTSI, through its subsidiary, ICTSI Cooperatief U.A. (ICTSI Cooperatief), forged a business partnership with La Societe de Gestion Immobiliere Lengo (SIMOBILE) for the establishment and formation of a joint venture company, ICTSI DR Congo S.A. (IDRC). IDRC, which is initially 60%-owned by ICTSI Cooperatief, will build a new terminal along the river bank of the Congo River in Matadi and manage, develop and operate the same as a container terminal, as well as provide exclusive container handling services and general cargo services therein. On May 19, 2015, ICTSI, through its subsidiary, ICTSI Cooperatief, and its joint venture partner, SIMOBILE, transferred their respective 8% and 2% ownership interest in IDRC to Societe Commerciale Des Transports Et Des Ports S.A. (SCTP SA). SIMOBILE transferred to its subsidiary, La Societe d'Investissement et de Placement (SIP) Sprl, its 10% ownership in IDRC. Thereafter, IDRC is owned 52% by ICTSI, 28% by SIMOBILE, 10% by SIP Sprl and 10% by SCTP SA. On May 25, 2021, ICTSI, through its wholly-owned subsidiary IABV, concluded the acquisition of an additional 10% stake in IDRC from SIP Sprl, increasing ICTSI's effective ownership in IDRC from 52% to 62%.

Phase 1 of the facility consists of two berths that can handle 175,000 twenty-foot equivalent units (TEUs) and 350,000 metric tons. Phase 1 was completed in the fourth quarter of 2016. Initial operations started in the third quarter of 2016 while commercial operations started in January 2017.

Development of Phase 2 of the facility started in the first quarter of 2020 and is expected to be completed in the last quarter of 2023. The expansion project covers both yard and berth, including acquisition of port equipment. Upon completion of Phase 2, berth length will increase from 350 meters to 500 meters and capacity will increase to 400,000 TEUs and 800,000 metric tons. The empty container yard expansion was completed in the last quarter of 2020. As of March 1, 2022, the development of the full container yard is ongoing and is expected to be completed in the last quarter of 2023. The development of the quay will commence in the first quarter of 2022 and is expected to be completed in the last quarter of 2023.

Floriano Intermodal Terminal, Barra Mansa, Brazil. In May 2021, ICTSI, through its wholly-owned subsidiary ICTSI Americas B.V., established a new company, IRB Logistica. IRB Logistica entered into a long-term lease agreement with MMR Administração, Participações E Empreendimentos S.A. until February 2048 covering the intermodal rail ramp terminal facilities, and took over the operations of the terminal starting July 1, 2021. IRB Logistica offers sustainable cargo handling, transport, and storage services to the economic, industrial, and production centers in Rio de Janeiro, Minas Gerais, and São Paulo.

Port of Onne, Rivers State, Nigeria. ICTSI, through its Nigerian subsidiary, International Container Terminal Services Nigeria Ltd. (ICTSNL), signed a Lease Agreement with the Nigerian Port Authority in 2020, for the development and operation of a multipurpose terminal in the Port of Onne in Rivers State, Nigeria. ICTSNL started commercial operations in May 2021.

ICTSNL will further develop and equip Berths 9, 10 and 11 of the Federal Ocean Terminal, Onne Port Complex in Rivers State, Nigeria. The multipurpose terminal is designed to handle containers as well as general cargo, including project, heavy lift and roll-on/roll-off cargoes.

Located in the Gulf of Guinea in East Nigeria, the Port of Onne has earned its reputation as a modern and efficient gateway at the center of Africa's largest oil production region.

Port of Port Sudan, Sudan. On January 3, 2019, ICTSI, through its wholly-owned subsidiary ICTSI Middle East DMCC, signed a Concession Agreement with the Sea Ports Corporation of Sudan (SPC) to operate, manage and develop the South Port Container Terminal (SPCT) at Port of Sudan, Republic of the Sudan for 20 years. The Port of Sudan is the only major modern port in the

country and serves as the international gateway for more than 95% of Sudan's cargo flows.

Pursuant to the Agreement, ICTSI is required to pay: (a) an upfront fee of EUR530.0 million in installments of EUR410.0 million (US$467.2 million) and five other installments each in the amount of EUR24.0 million (US$27.3 million) from the third to the seventh operation year; (b) fixed monthly fee; and (c) royalty fee during the concession period. The Agreement is secured by a sovereign guarantee by the Republic of the Sudan. On January 13, 2019, ICTSI paid the initial installment of upfront fee of EUR410.0 million (US$470.2 million, the "Upfront Fee") and shown as part of "Other noncurrent assets" (see Note 10). In February 2019, ICTSI established Africa Gateway Terminal (AGT), a Sudanese entity, to operate the container terminal.

On January 8, 2019, the Ministry of Finance and Economic Planning of the Republic of the Sudan (the Ministry) issued a bond (the Refund Bond), which was subsequently amended, wherein it agreed to refund the Upfront Fee in case ICTSI is unable to take over operations by April 7, 2019.

On August 7, 2019, due to the ongoing political instability in the Republic of the Sudan and the failure of the Sudanese government to turn over SPCT on or before April 7, 2019, the Ministry sent ICTSI a letter confirming: (1) the remittance of EUR195.2 million (US$219.1 million) as partial repayment of the Upfront Fee under the terms of the Refund Bond and (2) that the balance will be repaid as soon as possible. On December 13, 2019, ICTSI, through ICTSI Middle East DMCC, received from the Sudanese Government a second partial repayment of the Upfront Fee in the amount of AED110.2 million (EUR26.8 million or US$29.8 million). ICTSI continues to regularly engage the Ministry into productive discussions on the remaining balance of the Upfront Fee under the terms of the Refund Bond, which the Ministry continues to expressly commit its obligations. ICTSI reserves and continues to reserve its rights under the Concession Agreement following a letter from SPC regarding its cancellation which ICTSI disputes, and to pursue remedies available under the Refund Bond. ICTSI has an excellent track record of managing and making significant investments in its container terminal infrastructure and is committed to making the Port of Sudan a leading port and strategic gateway to Africa, benefitting all of its stakeholders.

Umm Qasr, Iraq. ICTSI, through its wholly owned subsidiary, ICTSI (M.E.) DMCC [formerly ICTSI (M.E.) JLT] (ICTSI Dubai), and General Company for Ports of Iraq (GCPI) signed on April 10, 2014 the Contract for the Construction and Operation of Three New Quays and Management and Operation of Quay No. 20 ("Contract") in the Port of Umm Qasr ("Port") in Iraq. The Contract grants ICTSI the rights to: (a) manage and operate the existing container facility at Berth 20 of the Port for a period of 10 years, (b) build in three phases, under a build-operate-transfer (BOT) scheme, a new container and general cargo terminal in the Port for a concession period of 26 years, and (c) provide container and general cargo terminal services in both components. On March 1, 2016, an addendum to the Contract ("First Addendum") was signed by the parties granting ICTSI, through ICTSI Dubai, the right to manage and operate an additional existing Quay No. 19 for a total of 13 years, with the first three years for the completion of rehabilitation works. Also, the First Addendum extended the original term for the management and operation of Quay No. 20 from 10 to 13 years. On March 26, 2017, a second addendum to the Contract ("Second Addendum") was signed by the parties granting ICTSI, through ICTSI Dubai, the right to manage and operate Quay No. 21 co-terminus with the Contract and the First Addendum. The Second Addendum extended the term for the management and operation of Quay No. 19 and 20 from 13 to 21 years.

ICTSI commenced trial operations at Berth 20 in September 2014 and full-fledged commercial operations in November 2014. ICTSI commenced commercial operations of Berth 19 in June 2016. Berth 21 started commercial operations in the third quarter of 2018 while the rehabilitation works are expected to be completed in the second quarter of 2022.

Phase 1 of the expansion project (Berth 27) under the BOT scheme has 250 meters of berth with an estimated capacity of 300,000 TEUs. The facility has 600 meters of quay with an estimated capacity of 900,000 TEUs. Berth 27 was completed and fully operational in the first quarter of 2017. On October 22, 2017, ICTSI signed an agreement with GCPI for the Phase 2 of expansion development of the Port. The Phase 2 expansion project was substantially completed and fully operational in the fourth quarter of 2019 and involved the development of two new berths, Berths 25 and 26, including a 10.2-hectare yard area and installation of three new quay cranes. Additional yard area of 0.9 hectares and 3.8 hectares were further completed in January 2020 and December 2021, respectively. The expansion increased the Port's container handling capacity to 1,200,000 TEUs or by an additional 600,000 TEUs, and its capability to handle large container vessels of up to 10,000 TEUs.

Tuxpan, Mexico. On May 27, 2015, ICTSI, through its subsidiary, ICTSI Tuxpan B.V., acquired from Grupo TMM S.A.B and Immobiliaria TMM S.A. de C.V 100% of the capital stock of Terminal Maritima de Tuxpan, S.A de C.V (TMT) for US$54.5 million. TMT is a company duly incorporated in accordance with the laws of Mexico with a concession to construct and operate a maritime container terminal in the Port of Tuxpan, Mexico and is the owner of the real estate where the maritime container terminal will be constructed. The concession agreement was valid until May 25, 2021, subject to extension for another 20 years. The concession covers an area of 29,109.68 square meters, which is adjacent to the 43 hectares of land owned by TMT. As at March 1, 2022, management continues to negotiate its options on the concession including evaluating the long-term plans for the land.

Davao, Philippines. On April 21, 2006, the Philippine Ports Authority (PPA) granted Davao Integrated Port and Stevedoring Services Corporation (DIPSSCOR) a ten-year contract for cargo handling services at Sasa Wharf, Port of Davao in the Philippines that expired on April 20, 2016. Thereafter, the PPA granted DIPSSCOR a series of hold-over authority (HOA) on a temporary basis over the cargo handling services at Sasa Wharf, Port of Davao. Pursuant to the PPA Memorandum Circular No. 37-2020, "Further Extension of Validity of PPA Approvals/Permits During the Enhanced Community Quarantine (ECQ), Modified ECQ (MECQ), and General CQ (GCQ) Due to COVID-19 Pandemic," dated September 29, 2020, and in view of the restrictions affecting processing of HOAs, among others, all HOAs to operate cargo handling services that expired/ are expiring during the ECQ/MECQ/GCQ periods are deemed extended until December 31, 2020. On May 24, 2021, the HOA was issued by the PPA with the validity of twelve months from January 1, 2021 up to December 31, 2021 or until the award of a new contract by the PPA, whichever is earlier, unless cancelled or revoked for reason by the PPA during the validity of the HOA. As at March 1, 2022, DIPPSCOR continued to operate and has submitted the letter of intent including the requirements for the issuance of a new HOA.

South Cotabato, Philippines. On February 20, 2006, the PPA granted South Cotabato Integrated Port Services, Inc. (SCIPSI) a ten-year contract for the exclusive management and operation of arrastre, stevedoring, and other cargo handling services, except porterage, at Makar Wharf, Port of General Santos, General Santos City in the Philippines that expired on February 19, 2016. Thereafter, the PPA granted SCIPSI a series of HOA on a temporary basis over the cargo handling services at Makar Wharf, Port of General Santos. Pursuant to the PPA Memorandum Circular No. 37-2020, "Further Extension of Validity of PPA Approvals/Permits During the Enhanced Community Quarantine (ECQ), Modified ECQ (MECQ), and General CQ (GCQ) Due to COVID-19 Pandemic," dated September 29, 2020, and in view of the restrictions affecting processing of HOAs, among others, all HOAs to operate cargo handling services that expired/are expiring during the ECQ/MECQ/GCQ periods are deemed extended until December 31, 2020. On April 13, 2021, the HOA was issued by the PPA with the validity of twelve months from January 1, 2021 up to December 31, 2021 or until the award of a new contract by the PPA, whichever is earlier, unless cancelled or revoked for reason by the PPA during the validity of the HOA. As at March 1, 2022, SCIPSI continued to operate and has submitted the letter of intent including the requirements for the issuance of a new HOA.

Port of Kribi, Cameroon. On June 14, 2019, ICTSI was declared as the preferred bidder for the concession of Multi-Purpose Terminal of the Port of Kribi, Cameroon by the port authority, Port Autoneme de Kribi (PAK).

On July 27, 2020, the 25-year concession contract was officially signed by Kribi Multipurpose Terminal (KMT), a Cameroonian subsidiary of ICTSI, and PAK. ICTSI, through its subsidiary ICTSI Middle East DMCC, owns 75% of KMT's shares of stock while PAK owns 25%.

Under the concession contract, KMT was given the exclusive right to develop, operate, and maintain the multipurpose facility at Kribi, a newly built deep-water port located 150 kilometers South of Douala. Kribi port is surrounded by the Kribi Industrial Area, a 262 square-kilometer zone intended to accommodate new industrial and logistical developments that support the growing economy of Cameroon and the Cameroon-Chad-CAR (Central African Republic) transit Corridor.

The concession covers Phase 1 of the construction of the Kribi Deep-Sea Port, consisting of 615 meters of berth and corresponding facilities, 33 hectares of yard and 1,355 meters of breakwater. Phase 1 is divided into two sub-phases. Sub-phase 1 consists of a 265-meter berth (Quay 1.1), 10 hectares of yard and port equipment and facilities that was turned over to KMT upon effectivity of the concession. Sub-phase 2 consists of a 350-meter berth (Quay 1.2, an extension of Quay 1.1), and 23 hectares of yard (including facilities to be provided by PAK) that are currently and temporarily utilized by the container terminal operator and will be turned over to KMT upon completion of the Phase 2 of the Kribi Deep-Sea Port where the container terminal operator will transfer to.

KMT has started commercial operations on October 1, 2020.

Motukea and Lae, Papua New Guinea. In September 2017, ICTSI received a notification from PNG Ports Corporation Limited (PNGPCL), a PNG state-owned enterprise, of the confirmation by the Independent Consumer and Competition Commission in PNG with respect to the two 25-year agreements signed by ICTSI's PNG subsidiaries, Motukea International Terminal Limited (MITL), and South Pacific International Container Terminal Limited (SPICTL), with PNGPCL for the operation, management and development of the two international ports in Motukea and Lae in PNG. SPICTL and MITL were allowed by PNGPCL to take over the port facilities and begin operations at the Port of Lae in February 2018 and at the Port of Motukea in May 2018, respectively. The terminal operating agreements (TOAs) and other related contracts took effect on June 1, 2018, after all the parties have complied with the agreed conditions precedent.

ICTSI, through its subsidiaries, International South Pacific, Ltd. (ISPL), MITL, and SPICTL entered into Subscription and Shareholders Agreements (SSA) with the impacted communities (IC) for the management and governance of and the further transfers and/or issues of shares of MITL and SPICTL. The SSAs became effective upon the effectivity of the TOAs.

On August 8, 2019, ISPL entered into agreements with the local Tatana and Baruni communities, represented by Noho-Mage Holdings Limited (Noho-Mage), for the latter to acquire a 30% stake in MITL. In accordance with the agreements, the shares, representing a 30% stake in MITL, together with all the benefits and rights attached to those shares, will be transferred to Noho-Mage, following the entry of its name in the share register of MITL. On December 20, 2019, 30% of the shares held by ISPL were transferred to Noho-Mage after these shares were entered in MITL's share register under the name of Noho-Mage. The share transfer increased non-controlling interests by US$3.8 million (PGK12.8 million), while ISPL retained a 70% ownership stake in MITL.

On February 15, 2020, ISPL entered into share acquisition agreements with the local communities, Ahi Terminal Services Limited (Ahi) and Labu Investment Limited (Labu), for the transfer of SPICTL shares from ISPL to Ahi and Labu with each local community acquiring a 15% stake in SPICTL. The transfer of 30% of SPICTL shares from ISPL to the local communities became effective upon the signing of the said agreements. The share transfer increased non-controlling interests by US$7.5 million (PGK25.6 million), while ISPL retained a 70% ownership stake in SPICTL.

Port of Rio de Janeiro City, Federative Republic of Brazil. On July 19, 2019, ICTSI, through its wholly-owned subsidiary ICTSI Americas B.V, signed a Share Purchase Agreement with Boreal Empreendimentos e Participações S.A. (Boreal) to acquire 100% of the shares of Libra Terminal Rio S.A. (ICTSI Rio), which holds the concession rights to operate, manage and develop the container terminal Terminal de Contêineres 1 (T1Rio) in the port of Rio de Janeiro City, Federative Republic of Brazil. The concession of T1Rio commenced in 1998 and was extended in 2011 until 2048. On December 12, 2019, the Share Purchase Agreement was completed after all conditions precedent and required regulatory approvals were obtained, and at the same time, the facilities were turned over to ICTSI

Port of Guayaquil, Ecuador. On December 3, 2019, Contecon Guayaquil, S.A. (CGSA) and Autoridad Portuaria de Guayaquil signed the addendum to the concession agreement extending the term of the concession until December 2046, from the original term until July 2027. The addendum sets out the revised investment commitments of CGSA and modified the manner of determining the variable fee (see Note 25.4).

Manila North Harbor, Philippines. On September 21, 2017, the Board of ICTSI granted the authority to acquire shares in Manila North Harbour Port, Inc. (MNHPI). On the same date, ICTSI signed a Share Purchase Agreement (SPA) with Petron Corporation for the acquisition of 10,449,000 MNHPI shares, representing 34.83% of the total issued and outstanding shares of MNHPI for a consideration of Php1.75 billion (US$33.8 million). The completion of the SPA was subject to several conditions, one of which was the approval of the acquisition by the PPA which was obtained on October 20, 2017. The SPA was completed on October 30, 2017. An additional investment cost of Php2.45 billion (US$47.3 million) was incurred in relation to this acquisition.

On September 5, 2018, ICTSI signed an SPA with Harbour Centre Port Terminal, Inc. (HCPTI) for the acquisition of 4,550,000 shares in MNHPI from HCPTI. The subject shares represent 15.17% of the total issued and outstanding shares of MNHPI. The consideration is Php910.0 million (US$17.3 million). The Philippine Competition Commission and the PPA approved the acquisition of shares on March 15, 2019 and April 26, 2019, respectively. With the approval of the PPA, ICTSI's shareholdings in MNHPI increased from 34.83% to 50% effective on April 26, 2019. An additional investment cost of Php2.7 billion (US$50.3 million) was incurred in relation to this acquisition. As a result, MNHPI became a joint venture of ICTSI.

1.3 Subsidiaries, Joint Ventures and Associates

				Percentage of Ownership					
				2019		2020		**2021**	
	Place of Incorporation	Nature of Business	Functional Currency	Direct	Indirect	Direct	Indirect	**Direct**	**Indirect**
Subsidiaries:									
Asia									
International Container Terminal Holdings, Inc. (ICTHI) and Subsidiaries	Cayman Islands	Holding Company	US Dollar	100.00	–	100.00	–	**100.00**	**–**
ICTSI Ltd.	Bermuda	Holding Company	US Dollar	–	100.00	–	100.00	**–**	**100.00**
ICTSI Mauritius Ltd.	Mauritius	Holding Company	US Dollar	–	100.00	–	100.00	**–**	**100.00**
Aeolina Investments Limited	British Virgin Islands	Holding Company	US Dollar	–	100.00	–	100.00	**–**	**100.00**
ICTSI Far East Pte. Ltd. (IFEL)	Singapore	Holding Company	US Dollar	–	100.00	–	100.00	**–**	**100.00**
New Muara Container Terminal Services Sdn Bhd (NMCTS)	Brunei	Port Management	Brunei Dollar	–	100.00	–	100.00	**–**	**100.00**
PT ICTSI Jasa Prima Tbk (IJP) and Subsidiaries	Indonesia	Maritime infrastructure and logistics	US Dollar	–	80.16	–	80.16	**–**	**80.16**
PT PBM Olah Jasa Andal (OJA)	Indonesia	Port Management	US Dollar	–	80.16	–	80.16	**–**	**80.16**
PT Makassar Terminal Services, Inc. (MTS)	Indonesia	Port Management	Indonesian Rupiah	–	95.00	–	95.00	**–**	**95.00**
PT Container Terminal Systems Solutions Indonesia	Indonesia	Software Developer	US Dollar	–	100.00	–	100.00	**–**	**100.00**
ICTSI (Hong Kong) Limited (IHKL)	Hong Kong	Holding Company	US Dollar	–	100.00	–	100.00	**–**	**100.00**

(Forward)

				Percentage of Ownership					
				2019		2020		**2021**	
	Place of Incorporation	Nature of Business	Functional Currency	Direct	Indirect	Direct	Indirect	**Direct**	**Indirect**
Yantai International Container Terminals, Limited (YICT)	China	Port Management	Renminbi	–	51.00	–	51.00	**–**	**51.00**
Pentland International Holdings, Ltd.	British Virgin Islands	Holding Company	US Dollar	–	100.00	–	100.00	**–**	**100.00**
ICTSI Georgia Corp. (IGC)	Cayman Islands	Holding Company	US Dollar	–	100.00	–	100.00	**–**	**100.00**
Global Procurement Ltd	Bermuda	Holding Company	US Dollar	–	100.00	–	100.00	**–**	**100.00**
ICTSI Honduras Ltd.	Bermuda	Holding Company	US Dollar	–	100.00	–	100.00	**–**	**100.00**
ICTSI Ltd. Regional Headquarters	Philippines	Regional Headquarters	Philippine Peso	–	100.00	–	100.00	**–**	**100.00**
International Container Terminal Services (India) Private Limited [(l)]	India	Port Management	Indian Rupee	–	100.00	–	100.00	**–**	**–**
Container Terminal de Venezuela Conterven CA (CTVCC)	Venezuela	Holding Company	US Dollar	–	95.00	–	95.00	**–**	**95.00**
Australian International Container Terminals Limited (AICTL)	Australia	Port Management	Australian Dollar	–	70.00	–	70.00	**–**	**70.00**
Mindanao International Container Terminal Services, Inc. (MICTSI)	Philippines	Port Management	Philippine Peso	100.00	–	100.00	–	**100.00**	**–**
Abbotsford Holdings, Inc.	Philippines	Holding Company	Philippine Peso	100.00	–	100.00	–	**100.00**	**–**
Hijo International Port Services, Inc. (HIPS)	Philippines	Port Management	Philippine Peso	–	65.00	–	65.00	**–**	**65.00**
DIPSSCOR	Philippines	Port Management	Philippine Peso	–	96.95	–	96.95	**–**	**96.95**
IWI Container Terminal Holdings, Inc. (IWI CTHI.)	Philippines	Warehousing	Philippine Peso	100.00	–	100.00	–	**100.00**	**–**
IW Cargo Handlers, Inc.	Philippines	Port Equipment Rental	US Dollar	–	100.00	–	100.00	**–**	**100.00**
Container Terminal Systems Solutions Philippines, Inc.	Philippines	Software Developer	US Dollar	–	100.00	–	100.00	**–**	**100.00**
Bauan International Port, Inc. (BIPI)	Philippines	Port Management	Philippine Peso	–	80.00	–	80.00	**–**	**80.00**
Prime Staffing and Selection Bureau, Inc.	Philippines	Manpower Recruitment	Philippine Peso	100.00	–	100.00	–	**100.00**	**–**
ICTSI Subic, Inc. (ICTSI Subic)	Philippines	Port Management	US Dollar	–	90.50	–	90.50	**–**	**90.50**
Subic Bay International Terminal Holdings, Inc. (SBITHI)	Philippines	Holding Company	US Dollar	90.50	–	90.50	–	**90.50**	**–**
Subic Bay International Terminal Corporation (SBITC)	Philippines	Port Management	US Dollar	–	90.50	–	90.50	**–**	**90.50**
Cordilla Properties Holdings, Inc.	Philippines	Holding Company	Philippine Peso	100.00	–	100.00	–	**100.00**	**–**
SCIPSI	Philippines	Port Management	Philippine Peso	35.82	14.41	35.82	14.41	**35.82**	**14.41**
MHCPSI [(h)]	Philippines	Port Management	Philippine Peso	–	–	–	–	**100.00**	**–**
ICTSI Dubai	United Arab Emirates	BDO	US Dollar	100.00	–	100.00	–	**100.00**	**–**
ICTSI Capital B.V. (ICBV)	The Netherlands	Holding Company	US Dollar	–	100.00	–	100.00	**–**	**100.00**
Icon Logistiek B.V. [(n)]	The Netherlands	Holding Company	US Dollar	–	100.00	–	100.00	**–**	**–**
Royal Capital B.V. (RCBV)	The Netherlands	Holding Company	US Dollar	–	75.00	–	75.00	**–**	**75.00**
ICTSI Cooperatief U.A. (ICTSI Cooperatief)	The Netherlands	Holding Company	US Dollar	1.00	99.00	1.00	99.00	**1.00**	**99.00**
Global Container Capital, B.V. [(n)]	The Netherlands	Holding Company	US Dollar	–	100.00	–	100.00	**–**	**–**

(Forward)

				Percentage of Ownership					
				2019		2020		**2021**	
	Place of Incorporation	Nature of Business	Functional Currency	Direct	Indirect	Direct	Indirect	**Direct**	**Indirect**
ICTSI Treasury B.V. (ITBV)	The Netherlands	Holding Company	US Dollar	–	75.00	–	75.00	**–**	**75.00**
ICTSI Americas B.V.(IABV)	The Netherlands	Holding Company	US Dollar	–	100.00	–	100.00	**–**	**100.00**
ICTSI Africa B.V. [n]	The Netherlands	Holding Company	US Dollar	–	100.00	–	100.00	**–**	**100.00**
ICTSI Sudan B.V. (formerly ICTSI Cameroon B.V.) [n]	The Netherlands	Holding Company	US Dollar	–	100.00	–	100.00	**–**	**–**
CMSA B.V.	The Netherlands	Holding Company	US Dollar	–	100.00	–	100.00	**–**	**100.00**
Tecplata B.V. [n]	The Netherlands	Holding Company	US Dollar	–	100.00	–	100.00	**–**	**–**
SPIA Colombia B.V.	The Netherlands	Holding Company	US Dollar	–	100.00	–	100.00	**–**	**100.00**
TSSA B.V. [n]	The Netherlands	Holding Company	US Dollar	–	100.00	–	100.00	**–**	**–**
CGSA B.V	The Netherlands	Holding Company	US Dollar	–	100.00	–	100.00	**–**	**100.00**
SPIA Spain S.L	Spain	Holding Company	US Dollar	–	100.00	–	100.00	**–**	**100.00**
CGSA Transportadora S.L.	Spain	Holding Company	US Dollar	–	100.00	–	100.00	**–**	**100.00**
Crixus Limited	British Virgin Islands	Holding Company	US Dollar	–	100.00	–	100.00	**–**	**100.00**
VICT	Australia	Port management	Australian Dollar	–	100.00	–	100.00	**–**	**100.00**
ICTSI Tuxpan B.V.	The Netherlands	Holding Company	US Dollar	–	100.00	–	100.00	**–**	**100.00**
ICTSI Global Finance B.V. (IGFBV)	The Netherlands	Holding Company	US Dollar	–	75.00	–	75.00	**–**	**75.00**
IOBV	The Netherlands	Holding Company	US Dollar	–	100.00	–	100.00	**–**	**100.00**
ICTSI Asia Pacific Business Services, Inc. (APBS)	Philippines	Business Process Outsourcing	US Dollar	–	100.00	–	100.00	**–**	**100.00**
ICTSI Ltd. Regional Operating Headquarters (ROHQ)	Philippines	Regional Operating Headquarters	US Dollar	–	100.00	–	100.00	**–**	**100.00**
ICTSI Project Delivery Services Co. Pte. Ltd	Singapore	Port Equipment Sale and Rental	US Dollar	–	100.00	–	100.00	**–**	**100.00**
ICTSI QFC LLC	Qatar	Holding Company	US Dollar	–	100.00	–	100.00	**–**	**100.00**
ICTSI South Asia Pte. Ltd.	Singapore	Holding Company	US Dollar	–	100.00	–	100.00	**–**	**100.00**
Laguna Gateway Inland Container Terminal, Inc. (LGICT)	Philippines	Port Management	Philippine Peso	–	60.00	–	60.00	**–**	**60.00**
ICTSI Middle East DMCC	United Arab Emirates	Holding Company	US Dollar	–	100.00	–	100.00	**–**	**100.00**
ICTSI Global Cooperatief U.A.	The Netherlands	Holding Company	US Dollar	99.00	1.00	99.00	1.00	**99.00**	**1.00**
Consultports S.A. de C.V.	Mexico	BDO	Mexican Peso	–	100.00	–	100.00	**–**	**100.00**
Asiastar Consultants Limited	Hong Kong	Management Services	US Dollar	–	100.00	–	100.00	**–**	**100.00**
CGT	Philippines	Port Management	Philippine Peso	–	100.00	–	100.00	**–**	**100.00**
Intermodal Terminal Holdings, Inc.	Philippines	Holding Company	Philippine Peso	100.00	–	100.00	–	**100.00**	**–**

(Forward)

				Percentage of Ownership					
				2019		2020		**2021**	
	Place of Incorporation	Nature of Business	Functional Currency	Direct	Indirect	Direct	Indirect	**Direct**	**Indirect**
ICTSI Americas B.V. (Multinational Headquarters)	Panama	BDO	US Dollar	–	100.00	–	100.00		**100.00**
ISPL	Papua New Guinea	Holding Company	Papua New Guinean Kina	–	100.00	–	100.00	**–**	**100.00**
MITL	Papua New Guinea	Port Management	Papua New Guinean Kina	–	70.00	–	70.00	**–**	**70.00**
SPICTL	Papua New Guinea	Port Management	Papua New Guinean Kina	–	100.00	–	70.00	**–**	**70.00**
Tungsten RE Ltd.	Bermuda	Insurance Company	US Dollar	–	100.00	–	100.00	**–**	**100.00**
Europe, Middle East and Africa (EMEA)									
Tartous International Container Terminal, Inc. (TICT)	Syria	Port Management	US Dollar	100.00	–	100.00	–	**100.00**	**–**
Madagascar International Container Terminal Services, Ltd. (MICTSL)	Madagascar	Port Management	Euro	–	100.00	–	100.00	**–**	**100.00**
Baltic Container Terminal Ltd. (BCT)	Poland	Port Management	US Dollar	–	100.00	–	100.00	**–**	**100.00**
Adriatic Gate Container Terminal (AGCT)	Croatia	Port Management	Euro	–	51.00	–	51.00	**–**	**51.00**
Batumi International Container Terminal LLC (BICTL)	Georgia	Port Management	US Dollar	–	100.00	–	100.00	**–**	**100.00**
Lekki International Container Terminal Services LFTZ Enterprise (LICTSLE)[g]	Nigeria	Port Management	US Dollar	–	100.00	–	100.00	**–**	**–**
IDRC [i]	DR Congo	Port Management	US Dollar	–	52.00	–	52.00	**–**	**62.00**
ICTSI (M.E.) DMCC Iraq Branch (ICTSI Iraq)	Iraq	Port Management	US Dollar	–	100.00	–	100.00	**–**	**100.00**
Africa Gateway Terminal (AGT) [c]	Sudan	Port Management	Euro	–	100.00	–	100.00	**–**	**100.00**
KMT [f]	Cameroon	Port Management	XAF	–	–	–	75.00	**–**	**75.00**
ICTSNL [e]	Nigeria	Port Management	US Dollar	–	–	–	85.00	**–**	**75.00**
Pakistan International Container Terminal (PICT) [m]	Pakistan	Port Management	Pakistani Rupee	–	64.53	–	64.53	**–**	**80.41**
Americas									
CGSA	Ecuador	Port Management	US Dollar	51.00	49.00	51.00	49.00	**51.00**	**49.00**
Contecon Manzanillo S.A. (CMSA) [b]	Mexico	Port Management	Mexican Peso	1.00	99.00	1.00	99.00	**1.00**	**99.00**
Tecon Suape, S.A. (TSSA)	Brazil	Port Management	Brazilian Real	–	100.00	–	100.00	**–**	**100.00**
ICTSI Oregon	U.S.A	Port Management	US Dollar	–	100.00	–	100.00	**–**	**100.00**
C. Ultramar, S.A.	Panama	Holding Company	US Dollar	–	100.00	–	100.00	**–**	**100.00**
Future Water, S.A.	Panama	Holding Company	US Dollar	–	100.00	–	100.00	**–**	**100.00**
Kinston Enterprise, Inc.	Panama	Holding Company	US Dollar	–	100.00	–	100.00	**–**	**100.00**
International Ports of South America and Logistics SA	Uruguay	Holding Company	US Dollar	–	100.00	–	100.00	**–**	**100.00**
Tecplata S.A. (Tecplata)	Argentina	Port Management	US Dollar	–	100.00	–	100.00	**–**	**100.00**

(Forward)

	Place of Incorporation	Nature of Business	Functional Currency	Percentage of Ownership 2019 Direct	2019 Indirect	2020 Direct	2020 Indirect	2021 Direct	2021 Indirect
Nuevos Puertos S. A. (NPSA)	Argentina	Holding Company	US Dollar	4.00	96.00	4.00	96.00	**4.00**	**96.00**
Operadora Portuaria Centroamericana, S.A. (OPC)	Honduras	Port Management	US Dollar	30.00	70.00	30.00	70.00	**30.00**	**70.00**
TMT	Mexico	Port Management	Mexican Peso	–	100.00	–	100.00	**–**	**100.00**
CMSA Servicios Portuarios SA De CV	Mexico	Manpower Services	Mexican Peso	–	100.00	–	100.00	**–**	**100.00**
CMSA Servicios Profesionales Y De Especialistas SA De CV	Mexico	Manpower Services	Mexican Peso	–	100.00	–	100.00	**–**	**100.00**
Logipuerto S.A.	Ecuador	Logistics Solutions Provider	US Dollar	–	100.00	–	100.00	**–**	**100.00**
ICTSI Rio [d]	Brazil	Port Management	Brazilian Real	–	100.00	–	100.00	**–**	**100.00**
IRB Logistica [k]	Brazil	Rail Ramp Terminal Management	Brazilian Real	–	–	–	–	**–**	**100.00**
Joint Ventures:									
Sociedad Puerto Industrial Aguadulce SA (SPIA)	Colombia	Port Management	US Dollar	–	49.79	–	49.79	**–**	**49.79**
Falconer Aircraft Management, Inc. (FAMI)	Philippines	Aircraft Management	Philippine Peso	–	49.00	–	49.00	**–**	**49.00**
Aviation Concepts Technical Services, Inc.	Philippines	Aircraft Management	US Dollar	–	49.00	–	49.00	**–**	**49.00**
MNHPI [a]	Philippines	Port Management	Philippine Peso	50.00	–	50.00	–	**50.00**	**–**
Associate:									
Asiaview Realty and Development Corporation (ARDC)	Philippines	Realty	Philippine Peso	–	49.00	–	49.00	**–**	**49.00**

[a] Acquired 34.83% stake as an associate on October 30, 2017 and additional 15.17% stake as joint venture on April 26, 2019
[b] Changed its functional currency from US Dollar to Mexican Peso on August 31, 2019
[c] Established in February 2019 and has not yet started commercial operations as at March 1, 2022
[d] Acquired on December 12, 2019
[e] Established in June 2020 and started commercial operations in May 2021; sold 10% stake to minority effective December 31, 2021
[f] Established in July 2020 and started commercial operations on October 1, 2020
[g] On March 29, 2021, request for winding up and deregistration has been approved by Nigeria Export Processing Zones Authority
[h] Acquired on June 4, 2021
[i] Acquired additional 10% stake on May 25, 2021
[k] Established in May 2021 and started commercial operations on July 1, 2021
[l] Dissolved effective March 19, 2021
[m] Previously shown under Asia Segment and acquired additional 15.88% stake in October 2021
[n] Effective December 31, 2021, ICTSI Sudan B.V. was merged to ICTSI Africa B.V., Tecplata B.V to Icon Logsitiek B.V., and TSSA BV., GCC B.V and Icon Logistiek B.V. to ICTSI Americas B.V

1.4 Purchase Price Allocation

ICTSI Rio

On July 19, 2019, ICTSI, through its wholly-owned subsidiary ICTSI Americas B.V, signed a Share Purchase Agreement with Boreal Empreendimentos e Participações S.A. (Boreal) to acquire 100% of the shares of ICTSI Rio. On December 12, 2019, the Share Purchase Agreement was completed after all conditions precedent and required regulatory approvals were obtained, and at the same time, the facilities were turned over to ICTSI.

The finalized fair values of the identifiable assets and liabilities of ICTSI Rio at the date of acquisition were:

Assets	
Property and equipment	US$11,245,385
Intangibles	225,892,981
Right-of-use assets	4,806,263
Deferred tax assets	14,977,793
Other noncurrent assets	9,336,812
Cash and cash equivalents	4,522,137
Receivables	3,289,657
Spare parts and supplies	907,105
Prepaid expenses and other current assets	9,382,490
	US$284,360,623

(Forward)

Liabilities	
Concession rights payable	US$99,997,680
Lease liabilities	4,982,873
Deferred tax liabilities	47,013,464
Accounts payable and other current liabilities	13,434,102
	US$165,428,119
Total identifiable net assets at fair value	US$118,932,504
Goodwill arising on acquisition	60,784,413
Purchase consideration transferred and satisfied by cash	US$179,716,917
Cash paid at acquisition date	US$179,716,917
Less cash and cash equivalents of ICTSI Rio	4,522,137
Net cash outflow	US$175,194,780

Gross revenues and net loss attributable to equity holders of the parent of ICTSI Rio from acquisition date to December 31, 2019 amounted to US$2.6 million (BRL10.2 million) and US$0.3 million (BRL1.1 million), respectively. If the acquisition had taken place at the beginning of the year, consolidated revenues would have been higher by US$52.7 million (BRL208.1 million) and net income attributable to equity holders of the parent would have been higher by US$9.9 million (BRL38.9 million) for the year ended December 31, 2019.

MHCPSI

On June 1, 2021, ICTSI signed a Share Purchase Agreement (SPA) with Prime Strategic Holdings, Inc. (PSHI) to acquire 100% of the shares of MHCPSI for a consideration of Php2.4 billion (US$51.2 million). On June 4, 2021, the facilities were transferred to ICTSI management after all conditions precedent have been satisfied and required regulatory approvals have been obtained.

The provisional fair values of the identifiable assets and liabilities of MHCPSI at the date of acquisition were:

Assets	
Property and equipment	US$158,511,220
Other noncurrent assets	32,140,787
Cash and cash equivalents	40,911,920
Receivables	1,435,903
Spare parts and supplies	192,339
Prepaid expenses and other current assets	493,243
	US$233,685,412
Liabilities	
Long-term debt	US$144,424,108
Deferred tax liabilities	32,644,549
Other noncurrent liabilities	10,623,363
Accounts payable and other current liabilities	6,720,738
Income tax payable	774,000
	US$195,186,758
Total identifiable net assets at fair value	US$38,498,654
Goodwill arising on acquisition	54,617,233
Purchase consideration satisfied in cash and additional consideration contingent at date of acquisition	US$93,115,887
Cash paid at acquisition date	US$51,239,840
Less cash and cash equivalents of MHCPSI	40,911,920
Net cash outflow	US$10,327,920

From the date of acquisition until December 31, 2021, MHCPSI contributed US$17.4 million (Php857.8 million) of gross revenues and US$5.7 million (Php282.8 million) net income attributable to equity holders of the Group. If the combination had taken place at the beginning of 2021, the Group's gross revenues from operations would have increased by US$12.9 million (Php634.0 million) and the net income attributable to equity holders would have increased by US$3.3 million (Php160.8 million).

2 Basis of Preparation and Consolidation and Statement of Compliance

2.1 Basis of Preparation

The consolidated financial statements have been prepared on a historical cost basis, except for financial assets at FVOCI and derivative financial instruments, which have been measured at fair value. The consolidated financial statements are presented in United States dollars (US dollar, USD or US$), the Parent Company's functional and presentation currency. All values are rounded to the nearest US dollar unit, except when otherwise indicated.

2.2 Basis of Consolidation

The consolidated financial statements of the Group include the accounts of ICTSI and its subsidiaries where the Parent Company has control. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Subsidiaries. Subsidiaries are entities controlled by the Parent Company. Subsidiaries are consolidated from the date of acquisition or incorporation, being the date on which the Group obtains control, and continue to be consolidated until the date such control ceases.

Non-controlling Interests. Non-controlling interests represent the portion of profit or loss and net assets in PICT, MTS, AICTL, CTVCC, SBITC, SBITHI, ICTSI Subic, BIPI, DIPSSCOR, YICT, SCIPSI, RCBV, AGCT, IJP, OJA, ITBV, HIPS, IGFBV, IDRC, LGICT, SPICTL, MITL, ICTSNL and KMT not held by the Group and are presented separately in the consolidated statement of income and the consolidated statement of comprehensive income, and consolidated balance sheet separate from equity attributable to equity holders of the parent.

An acquisition, transfer or sale of a non-controlling interest is accounted for as an equity transaction. No gain or loss is recognized in an acquisition of a non-controlling interest. The difference between the fair value of the consideration and book value of the share in the net assets acquired is presented under "Excess of consideration over the carrying value of non-controlling interests acquired or disposed" account within the equity section of the consolidated balance sheet. If the Group loses control over a subsidiary, it: (i) derecognizes the assets (including goodwill) and liabilities of the subsidiary, the carrying amount of any non-controlling interest and the cumulative translation differences recorded in equity; (ii) recognizes the fair value of the consideration received, the fair value of any investment retained and any surplus or deficit in the consolidated statement of income; and (iii) reclassifies the Parent Company's share of components previously recognized in other comprehensive income (OCI) to the consolidated statement of income or retained earnings, as appropriate.

Transactions Eliminated on Consolidation. All intragroup transactions and balances including income and expenses, and unrealized gains and losses are eliminated in full.

Accounting Policies of Subsidiaries. The financial statements of subsidiaries are prepared for the same reporting year using uniform accounting policies as those of the Parent Company.

Functional and Presentation Currency. The Group's consolidated financial statements are presented in US dollar, which is ICTSI's functional and presentation currency. Each entity in the Group determines its own functional currency, which is the currency that best reflects the economic substance of the underlying transactions, events and conditions relevant to that entity, and items included in the financial statements of each entity are measured using that functional currency. When there is a change in those underlying transactions, events and conditions, the entity re-assesses its functional currency. When there is a change in functional currency, the entity accounts for such change in accordance with the Group's accounting policy on Change in Functional Currency.

At the reporting date, the assets and liabilities of subsidiaries whose functional currency is not the US dollar are translated into the presentation currency of ICTSI using the Bloomberg closing rate at balance sheet date and, their statements of income are translated at the Bloomberg weighted average daily exchange rates for the year. The exchange differences arising from the translation are taken directly and deferred to the consolidated statement of comprehensive income under the "Exchange differences on translation of foreign operations financial statements" account. Upon disposal of the foreign entity, the deferred cumulative translation amount recognized in the consolidated statement of comprehensive income relating to that particular foreign operation is recognized in the consolidated statement of income.

2.3 Statement of Compliance

The consolidated financial statements of the Group have been prepared in compliance with PFRS. PFRS includes Philippine Accounting Standards (PAS) and International Financial Reporting Interpretations Committee (IFRIC) interpretations issued by the Financial Reporting Standards Council (FRSC).

3 Summary of Significant Accounting Policies, Significant Accounting Judgments, Estimates and Assumptions

3.1 Changes in Accounting Policies

The accounting policies adopted are consistent with those of the previous financial year except that the Group has adopted the following amended standards as at January 1, 2021:

Several amendments and interpretations apply for the first time in 2021, but do not have an impact on the consolidated financial statements of the Group.

- Interest Rate Benchmark Reform – Phase 2: Amendments to PFRS 9, PAS 39, PFRS 7, PFRS 4 and PFRS 16

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR).

- To require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest
- To permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued
- To provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component

A hedging relationship is affected if the reform gives rise to uncertainties about the timing and or amount of benchmark-based cash flows of the hedged item or the hedging instrument. The amendments apply to the Group's interest rate swaps designated as cash flow hedges relating to the Group's variable rate loans as at December 31, 2021 (see Note 21.3). To mitigate the risk, the Group has started to discuss with lender banks, and simultaneously with swap counterparties, with a goal to mirror any changes in the loan to the swap arrangements to ensure hedge effectiveness.

The amendments are effective for annual reporting periods beginning on or after January 1, 2021 and apply retrospectively, however, the Group is not required to restate prior periods. The Group continues to monitor the developments on the transition to alternative benchmark rates and intends to adopt the practical expedients as and when these become applicable and are necessary.

- ***Amendments to PFRS 16, COVID-19-Related Rent Concessions beyond June 30, 2021***

On May 28, 2020, the Board issued COVID-19-Related Rent Concessions - Amendment to PFRS 16, *Leases*. The amendments provide relief to lessees from applying PFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the COVID-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a COVID-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the COVID-19 related rent concession the same way it would account for the change under PFRS 16, if the change were not a lease modification.

The amendment was intended to apply until June 30, 2021, but as the impact of the COVID-19 pandemic is continuing, on March 31, 2021, the Board extended the period of the application of the practical expedient to June 30, 2022.

The amendment applies to annual reporting periods beginning on or after April 1, 2021.

The amendment did not have any impact on the consolidated financial statements of the Group, as the Group has not received COVID-19-related rent concessions.

3.2 Significant Accounting Judgments, Estimates and Assumptions

Judgments

In the process of applying the Group's accounting policies, management has made the following judgments, in addition to those involving estimations, that can have significant effects on the amounts recognized in the consolidated financial statements:

Determination of Control or Joint Control over an Investee Company. Control is presumed to exist when an investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. On the other hand, joint control is presumed to exist when the investors contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

Determination of Acquisition of Group of Assets as a Business in Accordance with PFRS 3. Management uses judgment in assessing if the group of assets and liabilities acquired would constitute a business. In accordance with PFRS 3, business is defined as an integrated set of activities and assets that is capable of being conducted and managed for the purpose of providing a return in the form of dividends, lower costs or other economic benefits directly to investors or other owners, members or participants.

Functional Currency. Management uses judgment in assessing the functional currency of the Parent Company and its subsidiaries. Each entity in the Group determines its own functional currency, which is the currency that best reflects the economic substance of the underlying events and circumstances relevant to that entity (see Note 1.3). CMSA changed its functional currency from US dollar to Mexican Peso on August 31, 2019 as there was a change in the currency that primarily influences its revenue and expenses, and cash flows.

Service Concession Arrangements. The Group has determined that the concession contracts of the Parent Company, SBITC, MICTSL, CGSA, Tecplata, AGCT, ICTSI Subic, PICT, OPC, ICTSI Iraq, SPICTL, MITL, ICTSI Rio, and KMT are within the scope of IFRIC 12, Service Concession Arrangements, accounted for under the intangible asset model. The intangible assets pertaining to concession rights as at December 31, 2019, 2020 and 2021 are presented in Note 5 to the consolidated financial statements.

Gross versus Net Revenue Recognition. The Group assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. The Group has concluded that it is acting as principal in all of its revenue arrangements because the Group is the primary obligor who is responsible for providing the services to the customers and the Group bears the credit risk. The Group accounts and presents its revenues from port operations and the port authorities' share in revenues on a gross basis.

Revenue from contracts with customers. The Group applied the following judgements that significantly affect the determination of the amount and timing of revenue from contracts with customers:

- ***Identifying performance obligations***
  The Group provides port services, mainly cargo handling, to its customers. The Group has determined that each of the services are capable of being distinct.
- ***Determining the transaction price***
  The Group determined that the transaction price is in accordance with the tariff rates published by port authorities in certain jurisdictions or agreed rates with the customers.

- ***Determining the timing of satisfaction of port services***
  The Group concluded that the revenue for port operations is to be recognized when the services are rendered.

Deferred Tax Assets. Deferred tax assets are recognized for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgement is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies, taking into consideration effect of significant events (i.e. COVID-19) on the macroeconomic factors used in developing the assumptions.

Deferred tax assets recognized as at December 31, 2019, 2020 and 2021 are disclosed in Note 22 to the consolidated financial statements. Unrecognized deferred tax assets on net operating loss carryover (NOLCO) and other losses of certain subsidiaries amounted to US$26.6 million, US$5.6 million and US$8.2 million as at December 31, 2019, 2020 and 2021, respectively. These losses relate to subsidiaries that have a history of losses and may not be used to offset taxable income elsewhere in the Group. The subsidiaries neither have any taxable temporary difference nor any tax planning opportunities available that could partly support the recognition of these losses as deferred tax assets. On this basis, the Group has determined that it cannot recognize deferred tax assets on these tax losses carried forward.

Determination of uncertainties over its income tax treatments. The Group applied significant judgement in identifying any uncertainties over its income tax treatments especially that the Group operates in a complex multinational environment. The Group did not have any significant uncertainties over its income tax treatments.

Contingencies. The Group is currently a party in a number of legal cases and negotiations involving cargo, labor, tax, contracts and other issues. The Group's estimate of the probable costs for the resolution of these cases and negotiations has been developed in consultation with outside counsels handling the defense for these matters and is based upon an analysis of probable results. Management and its legal counsels believe that the Group has substantial legal and factual bases for its position and is of the opinion that losses arising from these actions, if any, will not have a material adverse impact on the Group's consolidated financial position and results of operations. It is possible, however, that future results of operations could be materially affected by changes in estimates or in the effectiveness of strategies relating to these proceedings. Provision for claims and losses amounted to US$16.2 million, US$18.4 million and US$18.5 million as at December 31, 2019, 2020 and 2021, respectively (see Notes 19 and 26).

Estimates and Assumptions

The key estimates and assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date that may 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.

Concession Rights. The determination of the initial cost of concession rights on service concession arrangements requires management to make estimates and assumptions to determine the extent to which the Group receives a right or license to charge users of the public service. Management is also required to make estimates and assumptions in determining the fair value of concession rights acquired through business combinations. In making those estimates, management is required to determine a suitable discount rate to calculate the present value of these cash flows. While the Group believes that the assumptions used are reasonable and appropriate, these estimates and assumptions can materially affect the consolidated financial statements. The carrying amounts of concession rights as at December 31, 2019, 2020 and 2021 are disclosed in Note 5 to the consolidated financial statements.

Right-of-use assets. The determination of the initial cost of right-of-use assets on lease arrangements requires management to make estimates and assumptions. In making those estimates, management is required to determine a suitable discount rate to calculate the present value of these cash flows. While the Group believes that the assumptions used are reasonable and appropriate, these estimates and assumptions can materially affect the consolidated financial statements. The carrying amounts of right-of-use assets as at December 31, 2019, 2020 and 2021 are disclosed in Note 7 to the consolidated financial statements.

Determination of Fair Values of Identifiable Assets and Liabilities. In the process of determining the goodwill in relation to the Group's acquisition of an associate and a subsidiary, management uses estimates and assumptions in determining the fair value of identifiable assets and liabilities of the associate and subsidiary, which includes using discounted cash flow method or determining the value of an asset through a third party independent appraisal using market value approach. In terms of discounted cash flow method, management is required to use a suitable discount rate and determine the present of value of cash flows. While the Group believes that the assumptions used are reasonable and appropriate, these estimates and assumptions can materially affect the consolidated financial statements. The goodwill and the share in the fair values of identifiable assets and liabilities of ICTSI Rio and MHCPSI are disclosed in Note 1 and Note 9 to the consolidated financial statements, respectively.

Construction Revenue and Cost Recognition. The Group's revenue from construction services in relation to its service concession arrangement is recognized using the input method and measured by reference to the percentage of costs incurred to date to estimated total costs for each contract.

Expenditures to cover the work program for the development of the concession area or committed investments for each port development or project are provided in the concession agreement. When the costs incurred to date exceed the committed investments, an assessment is conducted to determine the cause of the cost overrun. Cost overruns arising from uncontrollable factors such as oil price, wage increases and changes in technical work programs due to unforeseen economic, political and geological conditions are capitalized while all other cost overruns are treated as period costs.

Impairment of Nonfinancial Assets and Assets Not Yet Available for Use. PFRS requires nonfinancial assets to be tested for impairment when certain impairment indicators are present, while it also requires goodwill and intangible asset that has not yet been brought into use to be tested for impairment annually, irrespective of whether there are any indications of impairment. Nonfinancial assets include intangible assets (including goodwill and intangible assets not yet available for use), property and equipment, right-of-use assets, investment properties, investments in a joint venture and associates, and certain other noncurrent assets.

Management is required to make estimates and assumptions to determine the future cash flows to be generated from the continued use and ultimate disposition of these assets in order to determine the recoverable values of these assets. While the Group believes that the assumptions used are reasonable and appropriate, these estimates and assumptions can materially affect the consolidated financial statements. In addition, the assumptions may be subjected to higher level of estimation uncertainty due to the impact of COVID-19. Future adverse events may cause management to conclude that the affected assets are impaired and may have a material impact on the financial condition and results of operations of the Group. The carrying amounts of intangible assets, including goodwill and intangible assets not yet available for use, property and equipment, right-ofuse assets, investment properties, investments in and advances to joint ventures and associates, and certain other noncurrent assets are disclosed in Notes 5, 6, 7, 8, 9 and 10 to the consolidated financial statements, respectively. Impairment losses on nonfinancial assets, other than goodwill, recognized in 2019, 2020 and 2021 amounted to US$156.0 million, US$180.3 million and US$6.7 million, respectively (see Notes 5, 10 and 11).

Impairment of Goodwill. Purchase accounting requires extensive use of accounting estimates to allocate the purchase price to the fair market values of the acquiree's identifiable assets and liabilities at the acquisition date. It also requires the acquirer to recognize goodwill. The Group's business acquisitions have resulted in goodwill which is subject to a periodic impairment test. The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value-in-use of the cash-generating units to which goodwill is allocated. Estimating the value-inuse requires the Group to make an estimate of the expected future cash flows from the cashgenerating unit and also to choose a suitable discount rate to calculate the present value of those cash flows.

The carrying amounts of goodwill as at December 31, 2019, 2020 and 2021 are disclosed in Note 5 to the consolidated financial statements. There are no impairment losses on goodwill recognized in 2019, 2020 and 2021 (see Notes 5 and 11).

Estimating Useful Lives. Management determines the estimated useful lives and the related depreciation and amortization charges for its concession rights, computer software, property and equipment, and investment properties based on the period over which these assets are expected to provide economic benefits. Management's estimation of the useful lives of concession rights, computer software, property and equipment, and investment properties is based on collective assessment of industry practice, internal technical evaluation, and experience with similar assets. These estimations are reviewed periodically and could change significantly due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of these assets. Management will increase the depreciation and amortization charges where useful lives are less than what have previously been estimated.

A reduction in the estimated useful lives of intangible assets (including concession rights), property and equipment, right-of-use assets and investment properties will increase recorded expenses and decrease noncurrent assets. The carrying values of concession rights, property and equipment, and investment properties are disclosed in Notes 5, 6 and 8 to the consolidated financial statements, respectively.

Fair Value of Financial Instruments. When the fair values of financial assets and financial liabilities recorded in the consolidated balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

The fair values of financial assets and liabilities by category and the fair value hierarchy are set out in Note 27 to the consolidated financial statements.

Estimating Net Realizable Value of Spare Parts and Supplies. The Group carries spare parts and supplies at net realizable value when such value is lower than cost due to damage, physical deterioration, obsolescence, changes in price levels or other causes. The carrying amounts of spare parts and supplies carried at net realizable value as at December 31, 2019, 2020 and 2021 amounted to US$37.1 million, US$38.3 million and US$42.2 million, respectively.

The cost of these spare parts and supplies amounted to US$41.6 million, US$43.3 million and US$45.8 million as at December 31, 2019, 2020 and 2021, respectively.

Write-downs of spare parts and supplies charged to the consolidated statements of income amounted to US$1.5 million in 2019, US$1.6 million in 2020 and US$0.1 million in 2021.

Pension Cost. The determination of the obligation and cost for pension benefits is dependent on the selection of certain assumptions provided by the Group to its actuaries in calculating such amounts. Those assumptions were described in Note 24 and included among others, discount rate and future salary increases. In accordance with PAS 19, *Employee Benefits*, actual results that differ from the Group's assumptions are included in other comprehensive income and are not reclassified to profit or loss in subsequent periods. While it is believed that the Group's assumptions are reasonable and appropriate, significant differences in actual experience or significant changes in assumptions may materially affect the Group's pension and other pension obligations.

The carrying values of pension assets and pension liabilities as at December 31, 2019, 2020 and 2021 are disclosed in Note 24 to the consolidated financial statements.

Definition of Default and Credit-impaired Financial Assets
The Group defines a financial instrument as in default, which is fully aligned with the definition of credit-impaired, when a customer is more than 120 days past due on its contractual obligations. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full.

The criteria above have been applied to all financial instruments held by the Company and are consistent with the definition of default used for internal credit risk management purposes. The default definition has been applied consistently to calculate Company's expected loss.

An instrument is considered to be no longer in default (i.e. to have cured) when it no longer meets any of the default criteria.

Measurement of expected credit losses (ECL). ECLs are derived from unbiased and probability weighted estimates of expected loss, and are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate, or an approximation thereof. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

Inputs, assumptions and estimation techniques
General approach for debt financial assets measured at amortized cost other than trade receivables. The ECL is measured on either a 12-month or lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit-impaired. Expected credit losses are the discounted product of the Probability of Default (PD), Loss Given Default (LGD), and Exposure at Default (EAD), defined as follows:

- ***Probability of default***. The PD represents the likelihood of a debtor or customer defaulting on its financial obligation, either over the next 12 months, or over the remaining life of the obligation. PD estimates are estimates at a certain date, which are calculated based on available market data using rating tools tailored to the various categories of counterparties and exposures. If a counterparty or exposure migrates between rating classes, then this will lead to a change in the estimate of the associated PD. PDs are estimated considering the contractual maturities of exposures.

  The 12-month and lifetime PD represent the expected point-in-time probability of a default over the next 12 months and remaining lifetime of the financial instrument, respectively, based on conditions existing at the balance sheet date and future economic conditions that affect credit risk.

- ***Loss given default***. LGD represents the Group's expectation of the extent of loss on a defaulted exposure, taking into account the mitigating effect of collateral, its expected value when realized and the time value of money. LGD varies by type of counterparty, type of seniority of claim and availability of collateral or other credit support. LGD is expressed as a percentage loss per unit of exposure at the time of default (EAD).

- ***Exposure at default.*** EAD is based on the amounts the Group expects to be owed at the time of default, over the next 12 months or over the remaining lifetime.

Simplified approach for trade receivables. The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by customer type and geography).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrices to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

Other than the considerations on the impact of COVID-19 on macro-economic factors used as inputs to the ECL calculation, there have been no significant changes in estimation techniques or significant assumptions made during the reporting period.

Incorporation of forward-looking information. The Group incorporates forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL.

To do this, the Group has considered a range of relevant forward-looking macro-economic assumptions for the determination of unbiased general industry adjustments and any related specific industry adjustments that support the calculation of ECLs.

Based on the Group's evaluation and assessment and after taking into consideration external actual and forecast information, the Group considers two or more economic scenarios and the relative probabilities of each outcome. External information includes economic data and forecasts published by governmental bodies, monetary authorities and selected private-sector and academic institutions.

The Group has identified and documented key drivers of credit risk and credit losses of each portfolio of financial instruments and, using an analysis of historical data, has estimated relationships between macro-economic variables and credit risk and credit losses. The Group considers macro-economic factors such as GDP growth rates and inflation rates of selected countries in its analysis.

Predicted relationship between the key indicators and default and loss rates on portfolios of financial assets have been developed based on analyzing historical data over the past 5 years. The methodologies and assumptions including any forecasts of future economic conditions are reviewed regularly.

The Group has not identified any uncertain event that it has assessed to be relevant to the risk of default occurring but where it is not able to estimate the impact on ECL due to lack of reasonable and supportable information.

Grouping of instruments for losses measured on collective basis. For expected credit loss provisions modelled on a collective basis, a grouping of exposures is performed on the basis of shared risk characteristics, such that risk exposures within a group are homogeneous. The Group considers in its collective assessment the type of customers and its geographical location.

The appropriateness of groupings is monitored and reviewed on a periodic basis by Group. As at December 31, 2019, 2020, and 2021, the total gross carrying amount of loans and receivables for which lifetime ECLs have been measured on a collective basis amounted to US$107.2 million, US$108.9 million, and US$112.6 million, respectively.

The carrying values of receivables and the related allowance for credit losses of the Group are disclosed in Note 13.

COVID-19 Pandemic. The impact of COVID-19 to the Group's business operations relates to any potential interruptions or disruptions. The operations in the Philippines and other terminals around the world remain fully operational with no disruptions recorded to date.

To ensure ongoing impacts of COVID-19 have been appropriately reflected in the Group's consolidated financial statements, the Group has assessed the impact of COVID-19 on its assets and liabilities:

- The forecast used for impairment testing include the Group's best estimates of the potential future impact from COVID-19 pandemic. Cash flow projections have been adjusted to reflect a range of possible outcomes, weighted by their expected occurrence.

- Collectability of accounts with customers continues to be closely monitored. A material change in the provision for impairment of trade receivables has not been identified.

- There were no onerous contracts or additional provisions that have been recognized resulting from the direct impact of COVID-19.

- The Group has also considered the increased uncertainty in determining key assumptions within the assessment of future taxable income of the entities of the Group upon which recognition of deferred tax assets is assessed, including forecast of revenue and expenses, among others.

The Group continues to monitor the risks and the ongoing impacts from COVID-19 on its business.

3.3 Significant Accounting Policies

Intangibles
Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is recognized at fair value at acquisition date. Following initial recognition, intangible assets, except goodwill, are carried at cost less any accumulated amortization and any accumulated impairment losses. Internally generated intangible assets are not capitalized, and expenditure is reflected in the consolidated statement of income in the year in which the expenditure is incurred. The Group accounts for goodwill following the accounting policy on Business Combinations and Goodwill.

The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible assets with finite lives are amortized over their useful economic life and assessed for impairment whenever there is an indication that intangible assets may be impaired. The amortization period and method for an intangible asset with a finite useful life is reviewed at least annually. Changes in expected useful life or the expected pattern of consumption of

future economic benefits embodied in the asset are accounted for by changing the amortization period and method, as appropriate, and treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the consolidated statement of income under the "Depreciation and amortization" account, which is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives such as goodwill and intangible assets not yet brought into use are not amortized but tested for impairment annually, either individually or at the cash-generating unit level, irrespective of whether there is any indication of impairment. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

The following intangibles are recognized and determined by the Group to have finite useful lives:

Concession Rights. Concession rights are either purchased or acquired through business combinations or recognized on service concession arrangements.

Concession rights purchased or acquired through business combinations are recognized at fair value at the date of acquisition and are categorized as upfront fees.

Concession rights on service concession arrangements are recognized when the Group effectively receives a license or right to charge users for the public service it provides. Concession rights consist of:

a. Upfront fees payments on the concession contracts;

b. The cost of port infrastructure constructed (concession rights) and under construction (contract assets), including related borrowing costs, and port equipment purchased and committed in accordance with the terms and conditions of the concession arrangements accounted for under IFRIC 12. These are not recognized as property and equipment of the Group but as an intangible asset; and

c. Future fixed fee considerations in exchange for the license or right for concession arrangements accounted for under IFRIC 12. Fixed fees are recognized at present value using the discount rate at the inception date with a corresponding liability recognized. Interest on the unwinding of discount of the liability and foreign exchange differences arising from translations are recognized in the consolidated statement of income.

Subsequent costs and expenditures related to port infrastructure and equipment arising from the Group's commitments to the concession contracts, or that increase future revenue are recognized as additions to the intangible asset and are stated at cost. Capital expenditures necessary to support the Group's operation as a whole are recognized as property and equipment and accounted for in accordance with the accounting policy on Property and Equipment. When the Group has contractual obligations that it must fulfill as a condition of its license to: (i) maintain the infrastructure to a specified level of serviceability or, (ii) to restore the infrastructure to a specified condition before it is handed over to the grantor at the end of the service concession arrangement, it recognizes and measures these contractual obligations in accordance with the accounting policy on Provisions. Repairs and maintenance and other expenses that are routinary in nature are expensed and recognized in the consolidated statement of income as incurred in accordance with the accounting policy on Equipment and Facilities-related Expenses.

Concession rights are amortized using the straight-line method over the term of the concession arrangements ranging from 1 to 34 years. Upfront fees are amortized upon the effectivity of the concession agreement while port infrastructure and fixed fees are amortized when the terminal is ready for use or upon start of commercial operations, whichever is earlier.

Concession rights liability shall be remeasured by discounting the revised concession payments when there is a change in future payments resulting from a change in an index or a rate used to determine those payments. The amount of the remeasurement of the concession rights liability shall be adjusted against concession rights asset.

Computer Software Cost. Computer software cost, excluding those considered as integral part of property and equipment, includes costs incurred in the development and acquisitions of computer software used in operations. Computer software is amortized when it is available for use on a straight-line method over five years.

Gains and losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the consolidated statement of income when the asset is derecognized.

Contract Assets

Contract assets, classified as part of concession rights, refer to on-going construction and upgrade services on concession arrangements under the scope of IFRIC 12.

Business Combinations and Goodwill

Business combinations are accounted for using the acquisition method.

Initial Measurement

The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects to measure the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs incurred such as finder's fees; advisory, legal, accounting, valuation and other professional or consulting fees; and general administrative costs, including the costs of maintaining an internal acquisitions department or business development offices are expensed and included as part of "Administrative and other operating expenses" account in the consolidated statement of income.

When the Group acquires a business, it assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the previously held equity interest in the acquiree is remeasured at its acquisition date fair value and any resulting gain or loss is recognized in the consolidated statement of income.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of PAS 39, *Financial Instruments: Recognition and Measurement*, is measured at fair value with the changes in fair value recognized in the consolidated statement of income. If the contingent consideration is not within the scope of PAS 39, it is measured in accordance with appropriate PFRS. Contingent consideration that is classified as equity is not remeasured until it is finally settled within equity.

Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interest over the net fair value of the identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the re-assessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in the consolidated statement of income.

If the initial accounting for business combination can be determined only provisionally by the end of the year during which the combination has occurred because either the fair values to be assigned to the acquiree's identifiable assets, liabilities or contingent liabilities or the cost of the combination can be determined only provisionally, the Group accounts for the combination using provisional values. Adjustments to these provisional values because of completing the initial accounting shall be made within 12 months from the acquisition date. The carrying amount of an identifiable asset, liability or contingent liability that is recognized as a result of completing the initial accounting shall be calculated as if the asset, liability or contingent liability's fair value at the acquisition date had been recognized from that date. Goodwill or any gain recognized shall be adjusted from the acquisition date by an amount equal to the adjustment to the fair value at the acquisition date of the identifiable asset, liability or contingent liability being recognized or adjusted.

Subsequent Measurement

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. For purposes of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or group of units. Each unit or group of units to which the goodwill is allocated:

- represents the lowest level within the Group at which the goodwill is monitored for internal management purposes; and
- is not larger than a segment based on the Group's format determined in accordance with PFRS 8, *Operating Segments*

Where goodwill forms part of a cash-generating unit (group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained. When subsidiaries are sold, the difference between the selling price and the net assets plus cumulative translation differences and goodwill is recognized as gain or loss in the consolidated statement of income.

Goodwill is shown as part of "Intangibles" account in the consolidated balance sheet.

Acquisition of Assets

When assets are acquired, through corporate acquisitions or otherwise, management considers the substance of the assets and activities of the acquired entity in determining whether the acquisition represents an acquisition of a business. When assets are acquired, through corporate acquisitions or otherwise, management considers the substance of the assets and activities of the acquired entity in determining whether the acquisition represents an acquisition of a business.
When such an acquisition is not judged to be an acquisition of a business, it is not treated as a business combination. Rather, the cost to acquire the entity is allocated between the identified assets and liabilities of the entity based on their relative fair values at the acquisition date. Accordingly, no goodwill or additional deferred tax arises.

Property and Equipment

Property and equipment, except land, are stated at cost less accumulated depreciation, amortization and any impairment in value. Land is stated at cost less any impairment in value.

The initial cost of property and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Such cost also includes the cost of replacing part of the property and equipment and borrowing costs for long-term construction projects if the recognition criteria are met, and any obligation related to the retirement of the asset. Expenditures incurred after the property and equipment have been put into operations, such as repairs and maintenance and overhaul costs, are generally recognized in the consolidated statement of income in accordance with the accounting policy on Equipment and Facilities-related Expenses. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as additional costs of property and equipment. When significant parts of property and equipment are required to be replaced at intervals, the Group recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. When assets are sold or retired, their costs and accumulated depreciation, amortization and impairment losses, if any, are eliminated from the accounts and any gain or loss resulting from their disposal is included in the consolidated statement of income of such period.

Depreciation and amortization start when the property and equipment are available for use and computed using the straight-line method over the estimated useful lives of the assets or the terms of the operating contract with port authorities or concessions, whichever is shorter.

The estimated useful lives of property and equipment are as follows:

Land improvements	7-25 years
Leasehold rights and improvements	5-48 years or terms of the operating contract with port authorities or concessions, whichever is shorter
Port facilities and equipment	5-25 years or terms of the operating contract with port authorities or concessions, whichever is shorter
Transportation equipment	3-5 years
Office equipment, furniture and fixtures	3-5 years
Miscellaneous equipment	5 years

The useful lives, depreciation and amortization method, and any residual values are reviewed periodically and adjusted prospectively, if appropriate, to ensure that the periods and method of depreciation and amortization are consistent with the expected pattern of economic benefits from items of property and equipment.

Fully depreciated assets are retained in the accounts until they are no longer in use and no further depreciation and amortization is charged to current operations.

An item of property and equipment and any significant part initially recognized are derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the property and equipment) is included in the consolidated statement of income when the asset is derecognized.

Construction in progress represents structures under construction and is stated at cost. This includes cost of construction and other direct costs. Construction in progress is not depreciated until such time the relevant assets are completed and available for operational use.

Port equipment spare parts represent major components or parts of port equipment such as quay cranes, which generally include insurance spares, that are critical for the continuous operations of the terminal equipment and facilities that have significantly different patterns of consumption of economic benefits. Spare parts are classified as property and equipment if the expected time of use is more than twelve months and provided that the capitalization thresholds are met.

Borrowing Costs

Borrowing costs that are directly attributable to the acquisition or construction of a qualifying asset including intangibles and property and equipment while the qualifying asset is under construction are capitalized as part of the cost of that asset. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds, including interest in respect of lease liabilities recognized in accordance with PFRS 16. Capitalization of borrowing cost should commence when: (i) expenditures for the asset and borrowing costs are being incurred; and (ii) activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalization ceases when the asset is substantially ready for its intended use or sale. If active development is interrupted for an extended period, capitalization is suspended. When construction occurs piecemeal and use of each part is possible as construction continues, capitalization of each part ceases upon substantial completion of that part. For borrowing of funds associated with a specific asset, the actual rate on that borrowing is used. Otherwise, a weighted average cost of borrowing is used.

All other borrowing costs are expensed as incurred.

However, if the carrying amount of the asset after capitalization of borrowing costs exceeds its recoverable amount, an impairment loss is recognized.

Leases

Right-of-use assets

The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received and estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the lease term ranging from 1 to 35 years. Right-of-use assets are subject to impairment.

Lease liabilities

At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Lease liabilities that are expected to be settled for no more than 12 months after the reporting period are classified as current liabilities presented as Current portion of lease liabilities. Otherwise, these are classified as noncurrent liabilities.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the leases of low-value assets recognition exemption to leases of office equipment that are considered of low value. Lease payments on shortterm leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

Remeasurement of lease liabilities

A lessee shall remeasure the lease liability by discounting the revised lease payments, if either:

a. there is a change in the amounts expected to be payable under a residual value guarantee.
b. there is a change in future lease payments resulting from a change in an index or a rate used to determine those payments. The lessee shall remeasure the lease liability to reflect those revised lease payments only when there is a change in the cash flows (i.e. when the adjustment to the lease payments takes effect). A lessee shall determine the revised lease payments for the remainder of the lease term based on the revised contractual payments.

A lessee shall recognize the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. However, if the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, a lessee shall recognize any remaining amount of the remeasurement in profit or loss.

Group as Lessor. Leases where the Group does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same bases as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

Investment Properties

Investment properties consisting mainly of land and improvements and buildings are initially measured at cost including transaction costs. Subsequent to initial recognition, improvements and buildings are stated at cost less depreciation and amortization, and any impairment in value.

Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets ranging from 15 to 25 years.

Investment properties are derecognized when either they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. Any gains or losses are measured as the difference

between the net disposal proceeds and the carrying amount of the asset and recognized in the consolidated statement of income upon retirement or disposal.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the cost and the carrying amount of the property transferred do not change. If an owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the accounting policy on Property and Equipment up to the date of change in use.

Investments in Joint Ventures and in Associates
Investment in associates in which the Group exercises significant influence and which is neither a subsidiary nor a joint venture of the Group is accounted for under the equity method of accounting.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control. The Group's investment in a joint venture is accounted for using the equity method.

Under the equity method, the cost of investment in associates and joint ventures is carried in the consolidated balance sheet at cost plus post acquisition changes in the Group's share of net assets of the associates and the joint ventures. Goodwill, if any, relating to associates or joint ventures is included in the carrying amount of the investment and is not amortized or separately tested for impairment. The consolidated statement of income reflects the share of the results of operations of the associates and joint ventures. Where there has been a change recognized directly in the equity of the associates and the joint ventures, the Group recognizes its share of any changes and discloses this, when applicable, in the consolidated statement of changes in equity. Unrealized profits or losses resulting from transactions between the Group and the associates and joint ventures are eliminated to the extent of the interest in the associates and joint ventures.

The reporting dates of the associates, the joint ventures and the Parent Company are identical and the accounting policies of the associates and joint ventures conform to those used by the Group for like transactions and events in similar circumstances.

After application of the equity method, the Group determines whether it is necessary to recognize an impairment loss on its investment in its associates or joint ventures. At each reporting date, the Group determines whether there is objective evidence that the investment in the associates or joint ventures is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associates or joint ventures and its carrying value, and then recognizes the loss as “Equity in net loss of joint ventures and an associate - net” in the consolidated statements of income.

Upon loss of joint control over the joint venture and loss of significant influence over the associates, the Group measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the joint venture and the associates upon loss of joint control and significant influence, respectively, and the fair value of the retained investment and proceeds from disposal is recognized in the consolidated statement of income.

Impairment of Nonfinancial Assets
Intangibles, except intangibles not yet brought into use, property and equipment, right-of-use assets, investment properties, investment in associates and joint ventures, and other nonfinancial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognized in the consolidated statement of income. The recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal or value-in-use. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit to which the asset belongs. Fair value less costs of disposal is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date less costs of disposal while value-in-use is the present value of estimated future cash flows expected to arise from the continuing use of an asset or from its disposal at the end of its useful life.

In assessing value-in-use, the estimated future cash flows are discounted to their present value using the pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's cash generating unit to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses, including impairment on spare parts and supplies, are recognized in the consolidated statement of income in expense categories consistent with the function of the impaired asset.

For these nonfinancial assets excluding goodwill and intangibles not yet brought into use, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. In such instance, the carrying amount of the asset is increased to its recoverable amount. However, that increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated statement of income.

Intangibles not yet brought into use are tested for impairment annually irrespective of whether there is any impairment indicator.

The following assets have specific characteristic for impairment testing:

Goodwill. Goodwill is reviewed for impairment, annually or more frequently, if events or changes in circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of the cash-generating unit, which is also the operating entity acquired through business combination and to which the goodwill relates or has been allocated. When the recoverable amount of the cash-generating unit is less than its carrying amount, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods.

The Group performs its annual impairment test for intangibles not yet brought into use and goodwill at December 31.

Investments in Joint Ventures and in Associates. After application of the equity method, the Group determines whether it is necessary to recognize additional impairment loss of the Group.s investment in its associates and joint ventures.
The Group determines at each balance sheet date whether there is any objective evidence that the investment in joint ventures and in associates is impaired. If this is the case, the Group calculates the amount of impairment as being the difference between the recoverable amount of the associates and joint ventures and the carrying amount of the investment, and recognizes the amount in the consolidated statement of income. The Group's investment in ARDC has been fully provided with an allowance for probable loss (see Note 9).

Fair Value Measurement
The Group measures financial instruments, such as, derivatives, at fair value at each balance sheet date. Also, fair values of nonfinancial assets such as investment properties and financial instruments measured at amortized cost are disclosed in Notes 8 and 27.1, respectively.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a nonfinancial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by reassessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of the fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Financial Instruments - Classification and Measurement

Classification of financial assets. Financial assets are classified in their entirety based on the contractual cash flows characteristics of the financial assets and the Group's business model for managing the financial assets. The Group classifies its financial assets into the following measurement categories:

- financial assets measured at amortized cost
- financial assets measured at fair value through profit or loss
- financial assets measured at fair value through other comprehensive income, where cumulative gains or losses previously recognized are reclassified to profit or loss
  financial assets measured at fair value through other comprehensive income, where cumulative gains or losses previously recognized are not reclassified to profit or loss

Contractual cash flows characteristics. If the financial asset is held within a business model whose objective is to hold assets to collect contractual cash flows or within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, the Group assesses whether the cash flows from the financial asset represent solely payments of principal and interest (SPPI) on the principal amount outstanding.

In making this assessment, the Group determines whether the contractual cash flows are consistent with a basic lending arrangement, i.e., interest includes consideration only for the time value of money, credit risk and other basic lending risks and costs associated with holding the financial asset for a particular period of time. In addition, interest can include a profit margin that is consistent with a basic lending arrangement. The assessment as to whether the cash flows meet the test is made in the currency in which the financial asset is denominated. Any other contractual terms that introduce exposure to risks or volatility in the contractual cash flows that is unrelated to a basic lending arrangement, such as exposure to changes in equity prices or commodity prices, do not give rise to contractual cash flows that are solely payments of principal and interest on the principal amount outstanding.

Business model. The Group's business model is determined at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. The Group's business model does not depend on management's intentions for an individual instrument.

The Group's business model refers to how it manages its financial assets in order to generate cash flows. The Group's business model determines whether cash flows will result from collecting contractual cash flows, selling financial assets or both. Relevant factors considered by the Group in determining the business model for a group of financial assets include how the performance of the business model and the financial assets held within that business model are evaluated and reported to the Group;s key management personnel, the risks that affect the performance of the business model (and the financial assets held within that business model) and how these risks are managed and how managers of the business are compensated.

Financial assets at amortized cost

A financial asset is measured at amortized cost if (i) it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and (ii) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

The Group's financial assets at amortized cost includes cash in banks (see Note 12), trade receivables (see Note 13), receivable from port authority (Note 14) and receivables from related parties (see Note 23).

Financial assets at fair value through other comprehensive income (FVOCI)

Debt instruments. A debt financial asset is measured at FVOCI if (i) it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and (ii) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. These financial assets are initially recognized at fair value plus directly attributable transaction costs and subsequently measured at fair value. Gains and losses arising from changes in fair value are included in other comprehensive income within a separate component of equity. Impairment losses or reversals, interest income and foreign exchange gains and losses are recognized in profit and loss until the financial asset is derecognized. Upon derecognition, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss. This reflects the gain or loss that would have been recognized in profit or loss upon derecognition if the financial asset had been measured at amortized cost. Impairment is measured based on the ECL model.

As at December 31, 2019, 2020 and 2021, the Group does not have debt instruments at FVOCI.

Equity instruments. The Group may also make an irrevocable election to measure at FVOCI on initial recognition investments in equity instruments that are neither held for trading nor contingent consideration recognized in a business combination in accordance with PFRS 3. Amounts recognized in OCI are not subsequently transferred to profit or loss. However, the Group may transfer the cumulative gain or loss within equity. Dividends on such investments are recognized in profit or loss, unless the dividend clearly represents a recovery of part of the cost of the investment.

As at December 31, 2019, 2020, 2021, the Group elected to classify irrevocably all equity investments as financial asset at FVOCI (see Note 10).

Financial assets at fair value through profit or loss (FVTPL)

Financial assets at FVTPL are measured as at unless these are measured at amortized cost or at FVOCI. Included in this classification are equity investments held for trading and debt instruments with contractual terms that do not represent solely payments of principal and interest. Financial assets held at FVTPL are initially recognized at fair value, with transaction costs recognized in the statement of income as incurred. Subsequently, they are measured at fair value and any gains or losses are recognized in the parent company statements of income.

Additionally, even if the asset meets the amortized cost or the FVOCI criteria, the Group may choose at initial recognition to designate the financial asset at FVTPL if doing so eliminates or significantly reduces a measurement or recognition inconsistency (an accounting mismatch) that would otherwise arise from measuring financial assets on a different basis.

Trading gains or losses are calculated based on the results arising from trading activities of the Group, including all gains and losses from changes in fair value for financial assets and financial liabilities at FVTPL, and the gains or losses from disposal of financial investments.

The Group's financial assets at FVTPL consists of derivative instruments not designated under hedge accounting (see Note 27).

Classification of financial liabilities

Financial liabilities are measured at amortized cost, except for the following:

- financial liabilities measured at fair value through profit or loss;
- financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the Group retains continuing involvement;
- financial guarantee contracts;
- commitments to provide a loan at a below-market interest rate; and
- contingent consideration recognized by an acquirer in accordance with PFRS 3.

A financial liability may be designated at fair value through profit or loss if it eliminates or significantly reduces a measurement or recognition inconsistency (an accounting mismatch) or:

- if a host contract contains one or more embedded derivatives; or
- if a group of financial liabilities or financial assets and liabilities is managed and its performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Where a financial liability is designated at fair value through profit or loss, the movement in fair value attributable to changes in the Group's own credit quality is calculated by determining the changes in credit spreads above observable market interest rates and is presented separately in other comprehensive income.

Reclassifications of financial instruments

The Group reclassifies its financial assets when, and only when, there is a change in the business model for managing the financial assets. Reclassifications shall be applied prospectively by the Group and any previously recognized gains, losses or interest shall not be restated. The Group does not reclassify its financial liabilities.

Impairment of Financial Assets

PFRS 9 introduces a single, forward-looking "expected loss" impairment model.

The Group recognizes ECL for the following financial assets that are not measured at FVTPL:

- debt instruments that are measured at amortized cost and FVOCI;
- contract assets;
- trade receivables;
- loan commitments; and
- financial guarantee contracts.

No ECL is recognized on equity investments.

ECLs are measured in a way that reflects the following:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Financial assets migrate through the following three stages based on the change in credit quality since initial recognition:

Stage 1: 12-month ECL. For credit exposures where there have not been significant increases in credit risk since initial recognition and that are not credit-impaired upon origination, the portion of lifetime ECLs that represent the ECLs that result from default events that are possible within the 12- months after the reporting date are recognized.

Stage 2: Lifetime ECL - not credit-impaired. For credit exposures where there have been significant increases in credit risk since initial recognition on an individual or collective basis but are not creditimpaired, lifetime ECLs representing the ECLs that result from all possible default events over the expected life of the financial asset are recognized.

Stage 3: Lifetime ECL - credit-impaired. Financial assets are credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of those financial assets have occurred. For these credit exposures, lifetime ECLs are recognized and interest revenue is calculated by applying the credit-adjusted effective interest rate to the amortized cost of the financial asset.

Loss allowance
For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For all debt financial assets other than trade receivables, ECLs are recognized using the general approach wherein the Group tracks changes in credit risk and recognizes a loss allowance based on either a 12-month or lifetime ECLs at each reporting date.

Loss allowances are recognized based on 12-month ECL for debt investment securities that are assessed to have low credit risk at the reporting date. A financial asset is considered to have low credit risk if:

- the financial instrument has a low risk of default; and
- the borrower has a strong capacity to meet its contractual cash flow obligations in the near term;
- adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Group considers certain debt investment securities to have low credit risk when its credit risk rating is equivalent to the globally understood definition of investment grade.

Determining the stage for impairment. At each reporting date, the Group assesses whether there has been a significant increase in credit risk for financial assets since initial recognition by comparing the risk of default occurring over the expected life between the reporting date and the date of initial recognition. The Group considers reasonable and supportable information that is relevant and available without undue cost or effort for this purpose. This includes quantitative and qualitative information and forward-looking analysis.

Exposures that have not deteriorated significantly since origination, or where the deterioration remains within the Group's investment grade criteria are considered to have a low credit risk. The provision for credit losses for these financial assets is based on a 12-month ECL. The low credit risk exemption has been applied on debt investments that meet the investment grade criteria of the Group from the time of origination.

An exposure will migrate through the ECL stages as asset quality deteriorates. If, in a subsequent period, asset quality improves and also reverses any previously assessed significant increase in credit risk since origination, then the loss allowance measurement reverts from lifetime ECL to 12-month ECL.

Write-off policy
The Group writes-off a financial asset, in whole or in part, when the asset is considered uncollectible, it has exhausted all practical recovery efforts and has concluded that it has no reasonable expectations of recovering the financial asset in its entirety or a portion thereof.

Derecognition of Financial Assets and Liabilities
Financial Assets. A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a “pass-through” arrangement; and either: a) has transferred substantially all the risks and rewards of ownership of the asset; or b) has neither transferred nor retained substantially all the risks and rewards of ownership of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through agreement, and has neither transferred nor retained substantially all the risks and rewards of ownership of the asset nor transferred control of the asset, the asset is recognized to the extent of the Group's continuing involvement in the asset. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Financial Liabilities. A financial liability is derecognized when the obligation under the liability is discharged or cancelled or has expired.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in the consolidated statement of income. Otherwise, where the net present value of the cash flows under the new terms discounted using the effective interest rate of the original debt is less than 10 percent different from the discounted present value of the remaining cash flows of the original debt instrument, the financial liability is not derecognized.

Day 1 Difference
Where the transaction price in a non-active market is different from the fair value of other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Group recognizes the difference between the transaction price and fair value (a Day 1 difference) in the consolidated statement of income unless it qualifies for recognition as some other type of asset. In case where data used are not observable, the difference between the transaction price and model value is recognized in the consolidated statement of income when the inputs become observable or when the instrument is derecognized. For each transaction, the Group determines the appropriate method of recognizing the Day 1 difference.

Offsetting Financial Instruments
Financial assets and financial liabilities are offset and the net amount reported in the consolidated balance sheet if, and only if, there is a currently enforceable legal right to set off the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. The Group has currently enforceable right when if the right is not contingent on a future event, and is legally enforceable in the normal course of business, event of default, and event of insolvency or bankruptcy of the Group and all of the counterparties.

Classification of Financial Instruments Between Debt and Equity
A financial instrument is classified as debt, if it provides for a contractual obligation to:

- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Group; or
- satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

If the Group does not have an unconditional right to avoid delivering cash or another financial asset to settle its contractual obligation, the obligation meets the definition of a financial liability.

The components of issued financial instruments that contain both liability and equity elements are accounted for separately, with the equity component being assigned the residual amount, after deducting from the instrument as a whole the amount separately determined as the fair value of the liability component on the date of issue.

Cash and Cash Equivalents
Cash includes cash on hand and in banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less and are subject to an insignificant risk of change in value.

Cash does not include restricted cash, which is classified in the consolidated balance sheet either as a current or noncurrent asset depending on the relationship to the asset for which the funds are restricted. If cash is restricted for investments, the restricted portion is classified as noncurrent.

Spare Parts and Supplies
Spare parts and supplies inventories are valued at the lower of cost and net realizable value. Net realizable value is the current replacement cost.

Cost is determined by using the first-in, first-out method. If the cost of spare parts and supplies inventories exceeds its net realizable value, write-downs are made for the differences between the cost and the net realizable value.

Prepaid Expenses and Other Current Assets
Prepayments are expenses paid in advance and recorded as asset before they are utilized. This account comprises the following:

Input Tax. Input tax is recognized when an entity in the Group purchases goods or services from a Value Added Tax (VAT)-registered supplier or vendor. This account is offset, on a per entity basis, against any output tax previously recognized.

Prepaid Port Fees, Insurance, Bonds and Other Expenses, and Deposits. Prepaid insurance, port fees, bonds and other

expenses, and deposits are apportioned over the period covered by the payment and charged to the appropriate account in the consolidated statement of income when incurred.

Creditable Withholding Tax. Creditable withholding tax is deducted from income tax payable on the same year the revenue was recognized.

Tax Credits. Tax credits granted and tax credit certificates are issued by tax authorities in lieu of tax refunds, which can be used to offset against future tax liabilities and customs duties. In some jurisdictions, tax credit certificates can be sold or exchanged for cash and cash equivalents.

Prepayments that are expected to be realized within 12 months from the balance sheet date are classified as current assets. Otherwise, these are classified as noncurrent assets.

Advances to Suppliers and Contractors

Advances to suppliers and contractors are reclassified to the proper asset or expense account and deducted from the contractors' billings as specified in the provisions of the contract.

Capital Stock and Additional Paid-in Capital

Capital stock is measured at par value for all shares issued. When the Parent Company issues more than one class of stock, a separate account is maintained for each class of stock and the number of shares issued.

When the shares are sold at a premium, the difference between the proceeds and the par value is credited to "Additional paid-in capital" account. When shares are issued for a consideration other than cash, the proceeds are measured by the fair value of the consideration received. In case the shares are issued to extinguish or settle the liability of the Parent Company, the shares shall be measured either at the fair value of the shares issued or fair value of the liability settled, whichever is more reliably determinable.

Direct costs incurred related to equity issuance, such as underwriting, accounting and legal fees, printing costs and taxes are chargeable to "Additional paid-in capital" account. If additional paid-in capital is not sufficient, the excess is charged against the retained earnings.

Cost of Shares Held by Subsidiaries

Own equity instruments which are held by subsidiaries are treated as treasury shares and recognized and deducted from equity at cost. No gain or loss is recognized in the consolidated statement of income on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration is recognized as additional paid-in capital.

Treasury Shares

Own equity instruments which are reacquired (treasury shares) are recognized at cost and deducted from equity. No gain or loss is recognized in the consolidated statement of income on the purchase, sale, issue or cancellation of the Parent Company's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognized as additional paid-in capital. Voting rights related to treasury shares are nullified for the Parent Company and no dividends are allocated to them respectively. Shares vested during the reporting period are satisfied with treasury shares.

Retained Earnings

Retained earnings are the result of Group's accumulated profits or losses, declaration of dividends and the effects of retrospective application or retrospective restatement recognized in accordance with PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*.

Foreign Currency Transactions

Transactions in foreign currencies are initially recorded by each entity at its functional currency ruling at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are retranslated at the entity's functional currency rate of exchange at the balance sheet date. All foreign currency differences are taken to the consolidated statement of income except exchange differences on foreign currency borrowings that provide a hedge against a net investment in a foreign operation. These foreign currency borrowings include long-term receivables or loans to a foreign operation denominated in either the functional currency of the parent or of the foreign operations. Related exchange differences arising from net investment in foreign operations are taken directly to equity until the disposal of the net investment, at which time they are recognized in the consolidated statement of income. Tax charges and credits attributable to exchange differences on those borrowings are also dealt with in equity.

Nonmonetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Nonmonetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Any goodwill arising from the acquisition of a foreign operation and any fair value adjustments made to the carrying amounts of assets and liabilities arising from the acquisition are treated as assets and liabilities of the foreign operations and translated at the closing exchange rate at the balance sheet date.

Year-end Exchange Rates

The following rates of exchange have been adopted by the Group in translating foreign currency balance sheet and statement of income items as at and for the years ended December 31:

	2019		2020		**2021**	
	Closing	Average	Closing	Average	**Closing**	**Average**
Foreign currency to 1 unit of US dollar (USD or US$):						
Argentine peso (AR$)	59.873	48.366	84.146	70.569	**102.736**	**95.133**
Australian dollar (AUD)	1.424	1.438	1.300	1.447	**1.377**	**1.331**
Brazilian real (BRL or R$)	4.025	3.947	5.194	5.161	**5.571**	**5.397**
Brunei dollar (BND)	1.345	1.366	1.323	1.380	**1.351**	**1.345**
Central African franc (XAF)	-	-	534.538	575.811	**576.501**	**554.947**
Chinese renminbi (RMB)	6.963	6.908	6.527	6.898	**6.356**	**6.450**
Colombian peso (COP)	3,287.230	3,282.870	3,428.260	3,695.480	**4,064.920**	**3,749.723**
Croatian kuna (HRK)	6.634	6.628	6.180	6.612	**6.610**	**6.368**
Euro (EUR or €)	0.892	0.893	0.819	0.876	**0.880**	**0.845**
Georgian lari (GEL)	2.863	2.818	3.291	3.115	**3.089**	**3.217**
Honduran lempira (HNL)	24.629	24.572	24.124	24.645	**24.490**	**24.077**
Hong Kong dollar (HKD)	7.791	7.835	7.753	7.756	**7.797**	**7.773**
Indian rupee (INR)	71.380	70.408	73.070	74.103	**74.338**	**73.936**
Indonesian rupiah (IDR or Rp)	13,866.000	14,142.000	14,050.000	14,529.000	**14,263.000**	**14,297.000**
Iraqi dinar (IQD)	1,182.872	1,187.112	1,460.000	1,215.773	**1,460.000**	**1,460.000**
Malagasy ariary (MGA)	3,630.000	3,644.020	3,868.820	3,803.500	**3,971.610**	**3,848.260**
Mexican peso (MXN)	18.927	19.248	19.914	21.482	**20.529**	**20.286**
Nigerian naira (NGN)	-	-	-	-	**424.83000**	**407.6000**
Pakistani rupee (PKR or Rs)	154.874	150.356	160.189	161.857	**176.500**	**163.048**
Papua New Guinean kina (PGK)	3.383	3.385	3.536	3.459	**3.510**	**3.514**
Philippine peso (PHP or ₱)	50.635	51.793	48.023	49.629	**50.999**	**49.280**
Polish zloty (PLN)	3.794	3.839	3.733	3.897	**4.035**	**3.863**
Singaporean dollar (SGD)	1.346	1.364	1.322	1.379	**1.349**	**1.344**
United Arab Emirates dirham (AED)	3.673	3.673	3.673	3.673	**3.673**	**3.673**

Starting 2018, Argentina's economy has been considered as hyperinflationary. Accordingly, companies in Argentina whose functional currency is AR$ are required to apply PAS 29, *Financial Reporting in Hyperinflationary Economies*. As at December 31, 2021, the functional currency of Tecplata remains to be US$.

Determination of and Change in Functional Currency
Functional currency is the currency of the primary economic environment in which the entity operates, which is normally the one in which it primarily generates and expends cash. The Group considers the following factors in determining its functional currency:

a. the currency:
   a. that mainly influences sales prices for goods and services (this will often be the currency in which sales prices for its goods and services are denominated and settled); and

   b. of the country whose competitive forces and regulations mainly determine the sales prices of its goods and services.

b. the currency that mainly influences labor, material and other costs of providing goods or services (this will often be the currency in which such costs are denominated and settled).

When there is a change in an entity's functional currency, the entity should apply the translation procedures applicable to the new functional currency prospectively from the date of change. An entity translates all items into the new functional currency using the exchange rate at the date of the change. The resulting translated amounts for nonmonetary items are treated as their historical cost. Exchange differences arising from the translation at the date of change are recognized as cumulative translation adjustment reported under the consolidated statement of comprehensive income and presented in the equity section of the consolidated balance sheet. Exchange differences arising from translation of a foreign operation recognized in other comprehensive income are not reclassified from equity to the consolidated statement of income until the disposal of the foreign operation.

The comparative financial statements shall be presented into the new presentation currency in accordance with the translation procedures described in PAS 21, *The Effects of Changes in Foreign Exchange* Rates, as follows:

a. all assets and liabilities at the exchange rates prevailing at the balance sheet date;
b. equity items at historical exchange rates;
c. revenue and expense items at the approximate exchange rates prevailing at the time of transactions; and
d. all resulting exchange differences are recognized in cumulative translation adjustments account, presented as part of the consolidated statement of comprehensive income.

Concession Rights Payable
Concession rights payable is recognized at the date of inception as the present value of the fixed portion of port fees or rental fees to the port authorities if the arrangement qualifies under IFRIC 12, *Service Concession Arrangements*. This account is debited upon payment of port fees or rental fees to the port authorities. Such payments are apportioned between interest payment and payment of the principal. Interest arising from the accretion of concession rights payable is presented under "Interest expense on concession rights payable" account in the consolidated statement of income.

Concession rights payable that are expected to be settled for no more than 12 months after the reporting period are classified as current liabilities presented as Current portion of concession rights payable. Otherwise, these are classified as noncurrent liabilities.

Accounts Payable and Other Current Liabilities
Accounts payable is part of the working capital used in the normal operating cycle of the Group. Other current liabilities are not settled as part of the Group's normal operating cycle but are due for settlement within 12 months after the balance sheet date. Accounts payable and other current liabilities are recognized in the period when incurred. This account classification includes the following:

Trade Payable. Trade payable represents payable to port authorities other than concession rights pertaining to upfront fees payable in installments and fixed fees, such as accrual of variable portion of port fees and those payable to suppliers and vendors of goods and services.

Accrued Expenses. Accrued expenses are comprised of accruals relating to interest, salaries and benefits, and output and other taxes, among others.

Provisions for Claims and Losses. Provisions for claims and losses pertain to estimated probable losses on cargo, labor-related and other claims from third parties. Provision for losses not settled at the balance sheet date is re-assessed and adjusted, if necessary.

Customers' Deposits. Customers' deposits represent advance payment of customers subject to refund or for future billing applications.

Pension Benefits
Defined Benefit Plans. The Parent Company, BCT, BIPI, DIPSSCOR, LGICT, SBITC, ICTSI Subic, ROHQ, MTS, IJP, OJA, SCIPSI, MICTSL, MICTSI, AGCT, CGSA, CMSA, OPC, ICTSI Iraq and APBS have separate, noncontributory, defined benefit retirement plans covering substantially all of its regular employees. The pension plans of the Parent Company, BIPI, DIPSSCOR, SBITC and SCIPSI are funded.

The cost of providing benefits under the defined benefit plans is determined separately for each plan using the projected unit credit actuarial valuation method. Projected unit credit method reflects services rendered by employees to the date of valuation and incorporates assumptions concerning employees' projected salaries.
Defined benefit costs comprise service cost, net interest on the net defined benefit liability or asset and remeasurements of net defined benefit liability or asset.

Service costs which include current service costs, past service costs and gains or losses on nonroutine settlements are recognized as expense in profit or loss. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by independent qualified actuaries.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on government bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognized as expense or income in profit or loss.

Remeasurements comprising actuarial gains and losses, difference between the return on plan assets and interest income and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognized immediately in other comprehensive income in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods.

Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the creditors of the Group, nor can they be paid directly to the Group. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations). If the fair value of the plan assets is higher than the present value of the defined benefit obligation, the measurement of the resulting defined benefit asset is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

Defined Contribution Plan. YICT, ICTSI Oregon and PICT have defined contribution plans under a state pension scheme. Contributions under the plan are recorded as expense in the consolidated statement of income. There are no further obligations beyond the contribution.

Share-based Payment Transactions
Certain qualified officers and employees of the Parent Company and subsidiaries receive remuneration for their services in the form of equity shares of the Parent Company (equity-settled transactions).

The cost of equity-settled transactions with officers and employees is measured by reference to the fair value of the stock at the date on which these are granted.

The cost of equity-settled transactions is recognized, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the vesting date).

Revenue Recognition
Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment, excluding incentives, output tax, and other sales taxes or duties. The Group assesses its revenue arrangements against specific criteria to determine if it is acting as principal or agent. The Group has concluded that it is acting as principal in substantially all its revenue arrangements. The following specific recognition criteria must also be met before revenue is recognized:

Revenue Contract with Customer
Gross Revenues from Port Operations. Revenue, net of any incentives, is generally recognized when the services are rendered. The performance obligations are satisfied and payment is generally due upon completion and billing of the services. In circumstances wherein the collection is not certain, the Group makes an assessment of the probability of collecting the consideration to which it will be entitled in exchange for the services that it performed. In evaluating whether collectibility of an amount of consideration is probable, the Group considers the customer's ability and intention to pay the amount of consideration when it becomes due.

Construction Revenue and Cost. When the Group provides construction or upgrade services on concession arrangements accounted for within the scope of IFRIC 12, the consideration is measured at the fair value of the construction services provided.

Government Grants
Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is initially recognized as a liability in the consolidated balance sheet and recognized as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to the acquisition or construction of a fixed asset, it is initially recognized as a liability in the consolidated balance sheet and recognized as income in equal amounts over the period of depreciation of the related asset.

Expenses
Expenses are recognized as incurred. Expenses constitute the following:
Port Authorities' Share in Gross Revenues. Port authorities' share in gross revenues includes variable fees paid to port authorities as stipulated in the concession agreements.

Manpower Costs. Manpower costs include remunerations and benefits provided by the Group to its officers and employees such as salaries, wages, allowances, and bonuses, among others.

Equipment and Facilities-related Expenses. Equipment and facilities-related expenses include expenses incurred for general repairs and maintenance of the Group's port facilities and other equipment such as consumption of fuel, oil and lubricants, contracted services, power, light and water, and technology and systems development expenses.

Administrative and Other Operating Expenses. Administrative and other operating expenses include costs of administering the business as incurred by administrative and corporate departments such as professional fees, transportation and travel, taxes and licenses, security and janitorial services, insurance and bonds, representation, utilities and general office expenses. This account also includes costs of business development offices in relation to the acquisition of new terminals or projects under exploratory stage.

Taxes
Current Tax. Income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the balance sheet date in the countries where the Group operates and generates taxable income.

Current tax relating to items recognized directly in equity is recognized in equity and not in the consolidated statement of income. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred Tax. Deferred tax is provided using the liability method on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting income nor taxable income or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences and carryforward benefits of unused tax credits and unused tax losses or NOLCO, to the extent that it is probable that sufficient future taxable income will be available against which the deductible temporary differences, and the carryforward benefits of unused tax credits and NOLCO can be utilized except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting income nor taxable income or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable income will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each balance sheet date and are recognized to the extent that it has become probable that future taxable income will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date.

Deferred tax relating to items recognized outside the consolidated statement of income is recognized outside of the consolidated statement of income. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of business combination, but not satisfying the criteria for separate recognition at that date, are recognized subsequently if new information about facts and circumstances change. The adjustment is treated as a reduction to goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period; otherwise, these shall be recognized in profit or loss.

Project Development Costs
Project development costs that do not qualify for capitalization as port infrastructure recognized as concession rights or property and equipment are expensed as incurred.

Preoperating Expenses
Preoperating expenses are expensed as incurred.

Earnings Per Share
Basic earnings per common share is computed by dividing the net income attributable to equity holders of the parent, adjusted by the effect of cumulative distributions on subordinated perpetual capital securities classified as equity in accordance with PAS 32, *Financial Instruments: Presentation*, by the weighted average number of common shares outstanding during each year after giving retroactive effect to stock dividends declared during the year.

Diluted earnings per common share is computed in the same manner, adjusted for the effect of the shares issuable to qualified officers and employees under the Parent Company's stock incentive plan which are assumed to be exercised at the date of grant.

Where the effect of the vesting of stock under the stock incentive plan is anti-dilutive, basic and diluted earnings per share are stated at the same amount.

Geographical Segments
The Group operates principally in one industry segment which is cargo handling and related services. The Group's operating business is organized and managed separately according to location, namely Asia, Europe, the Middle East and Africa (EMEA), and Americas. Financial information on geographical segments is presented in Note 4 to the consolidated financial statements.

Provisions
General. Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the consolidated statement of income, net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a borrowing cost.

Contingent Liabilities Recognized in a Business Combination. A contingent liability recognized in a business combination is initially measured at its fair value. Subsequently, it is measured at the higher of the amount that would be recognized in accordance with the requirements for provisions above or the amount initially recognized less, when appropriate, cumulative amortization recognized in accordance with the requirements for revenue recognition.

Contingencies
Contingent assets and liabilities are not recognized in the consolidated financial statements. Contingent assets are disclosed in the notes to consolidated financial statements when an inflow of economic benefits is probable and recognized in the consolidated balance sheet and the related income in the consolidated statement of income when an inflow of economic benefits is virtually certain. On the other hand, contingent liabilities are disclosed in the notes to consolidated financial statements unless the possibility of an outflow of resources embodying economic benefits is remote.

Events after the Balance Sheet Date
Post year-end events that provide additional information about the Group's position at the balance sheet date (adjusting events) are reflected in the consolidated financial statements. Post year-end events that are not adjusting events are disclosed in the notes to consolidated financial statements when material.

3.4 Future Changes in Accounting Policies

Pronouncements issued but not yet effective as at December 31, 2021 are listed below. The Group intends to adopt the following pronouncements when they become effective. Unless otherwise indicated, adoption of these pronouncements is not expected to have a significant impact on the consolidated financial statements of the Group.

Deferred

- Amendments to PFRS 10, *Consolidated Financial Statements*, and PAS 28, Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

On January 13, 2016, the FRSC deferred the original effective date of January 1, 2016 of the said amendments until the International Accounting Standards Board (IASB) completes its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

The amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors'

interests in the associate or joint venture. The amendments will apply in future transactions of the Group.

Effective beginning on or after January 1, 2022

- Amendments to PFRS 3, *Reference to the Conceptual Framework*

The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements. The amendments added an exception to the recognition principle of PFRS 3, Business Combinations to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of PAS 37, Provisions, Contingent Liabilities and Contingent Assets or Philippine-IFRIC 21, Levies, if incurred separately.

At the same time, the amendments add a new paragraph to PFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

The amendments are effective for annual reporting periods beginning on or after January 1, 2022 and apply prospectively.

- Amendments to PAS 16, *Plant and Equipment: Proceeds before Intended Use*.

The amendments prohibit entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendment is effective for annual reporting periods beginning on or after January 1, 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

- Amendments to PAS 37, *Onerous Contracts - Costs of Fulfilling a Contract*

The amendments specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The amendments are effective for annual reporting periods beginning on or after January 1, 2022. The Group will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments.

- *Annual Improvements to PFRSs* 2018-2020 Cycle

  - Amendments to PFRS 1, *First-time Adoption of Philippines Financial Reporting Standards, Subsidiary as a first-time adopter*

    The amendment permits a subsidiary that elects to apply paragraph D16(a) of PFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to PFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of PFRS 1.

    The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted.

  - Amendments to PFRS 9, *Financial Instruments, Fees in the '10 per cent' test for derecognition of financial liabilities*

    The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

    The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted. The Group will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

Effective beginning on or after January 1, 2023

- Amendments to PAS 12, *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

  The amendments narrow the scope of the initial recognition exception under PAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

  The amendments also clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognized in the financial statements (and interest expense) or to the related asset component (and interest expense).

  An entity applies the amendments to transactions that occur on or after the beginning of the earliest comparative period presented for annual reporting periods on or after January 1, 2023.

- Amendments to PAS 8, *Definition of Accounting Estimates*

  The amendments introduce a new definition of accounting estimates and clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, the amendments clarify that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors.

  An entity applies the amendments to changes in accounting policies and changes in accounting estimates that occur on or after January 1, 2023 with earlier adoption permitted.

  The amendments are not expected to have a material impact on the Group.

- Amendments to PAS 1 and PFRS Practice Statement 2, *Disclosure of Accounting Policies*

  The amendments provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by:

  - Replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies, and
  - Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures

  The amendments to the Practice Statement provide non-mandatory guidance. Meanwhile, the amendments to PAS 1 are effective for annual periods beginning on or after January 1, 2023. Early application is permitted as long as this fact is disclosed.

  The amendments are not expected to have a material impact on the Group.

Effective beginning on or after January 1, 2024

- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current*

  The amendments clarify paragraphs 69 to 76 of PAS 1, *Presentation of Financial Statements*, to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

  - What is meant by a right to defer settlement
  - That a right to defer must exist at the end of the reporting period
  - That classification is unaffected by the likelihood that an entity will exercise its deferral right
  - That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

  The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and must be applied retrospectively. However, in November 2021, the International Accounting Standards Board (IASB) tentatively decided to defer the effective date to no earlier than January 1, 2024.

Effective beginning on or after January 1, 2025

- PFRS 17, *Insurance Contracts*

  PFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, PFRS 17 will replace PFRS 4, *Insurance Contracts*. This new standard on insurance contracts applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply.

  The overall objective of PFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in PFRS 4, which are largely based on grandfathering previous local accounting policies, PFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of PFRS 17 is the general model, supplemented by:

  - A specific adaptation for contracts with direct participation features (the variable fee approach)
  - A simplified approach (the premium allocation approach) mainly for short-duration contracts

  On December 15, 2021, the FRSC amended the mandatory effective date of PFRS 17 from January 1, 2023 to January 1, 2025. This is consistent with Circular Letter No. 2020-62 issued by the Insurance Commission which deferred the implementation of PFRS 17 by two (2) years after its effective date as decided by the IASB.

PFRS 17 is effective for reporting periods beginning on or after January 1, 2025, with comparative figures required. Early application is permitted. The new standard is not applicable to the Group.

4 Segment Information

A segment is a distinguishable component of the Group that is engaged either in providing types of services (business segment) or in providing the services within a particular economic environment (geographic segment).

The Group operates principally in one industry segment which is cargo handling and related services. ICTSI has organized its cargo handling and related business into three geographical segments:

- Asia - includes Manila International Container Terminal (MICT), BIPI, DIPSSCOR, SCIPSI, SBITC, ICTSI Subic, HIPS, MICTSI, LGICT, CGT, MNHPI and MHCPSI in the Philippines; YICT in China; OJA, IJP and MTS in Indonesia; VICT in Australia; MITL and SPICTL in PNG; and AICTL, ICTHI, ICTSI Ltd. and other holding companies and those companies incorporated in The Netherlands for the purpose of supporting the funding requirements of the Group;

- EMEA - includes BCT in Poland, BICTL in Georgia, AGCT in Croatia, MICTSL in Madagascar, PICT* in Pakistan, ICTSNL in Nigeria, IDRC in DR Congo, ICTSI Iraq in Iraq, AGT in Sudan; and KMT in Cameroon; and

- Americas - includes TSSA, ICTSI Rio and IRB Logistica in Brazil, CGSA in Ecuador, SPIA in Colombia, Tecplata in Argentina, CMSA and TMT in Mexico, OPC in Honduras and ICTSI Oregon in Oregon, U.S.A.

* - previously part of Asia Segment, comparative numbers were restated

Management monitors the operating results of each operating unit separately for making decisions about resource allocation and performance assessment. The Group evaluates segment performance based on contributions to gross revenues, which is measured consistently with gross revenues from port operations in the consolidated statement of income.

Financing is managed on a group basis and centralized at the Parent Company level or at the entities created solely for the purpose of obtaining funds for the Group. Funding requirements that are secured through debt are recognized as liabilities of the Parent Company or of the entity issuing the debt instrument, classified under the geographical region of Asia and are not allocated to other geographical segments where funds are eventually transferred and used.

The tables below present financial information on geographical segments as at and for the years ended December 31:

2019				
	Asia	EMEA	Americas	Consolidated
Volume [a]	4,850,812	2,347,355	2,979,852	10,178,018
Gross revenues	US$695,862,574	US$362,795,231	US$422,753,813	US$1,481,411,618
Capital expenditures [b]	116,023,896	55,951,252	70,525,050	242,500,198
Other information:				
Segment assets [c]	2,918,306,614	810,794,357	1,700,401,929	5,429,502,900
Segment liabilities [d]	2,901,811,241	143,333,068	867,664,810	3,912,809,119

2020				
	Asia	EMEA	Americas	Consolidated
Volume [a]	4,701,070	2,399,834	3,092,480	10,193,384
Gross revenues	US$695,410,746	US$361,519,011	US$448,570,185	US$1,505,499,942
Capital expenditures [b]	89,357,577	62,964,410	46,391,690	198,713,677
Other information:				
Segment assets [c]	3,433,842,633	887,693,706	1,531,025,557	5,852,561,896
Segment liabilities [d]	3,105,121,745	208,455,654	817,823,082	4,131,400,481

2021				
	Asia	**EMEA**	**Americas**	**Consolidated**
Volume [a]	**5,128,783**	**2,657,555**	**3,377,135**	**11,163,473**
Gross revenues	**US$836,614,273**	**US$425,897,273**	**US$602,508,954**	**US$1,865,020,500**
Capital expenditures [b]	**80,663,259**	**55,553,786**	**28,766,221**	**164,983,266**
Other information:				
Segment assets [c]	**3,366,794,654**	**888,367,997**	**1,673,543,512**	**5,928,706,163**
Segment liabilities [d]	**3,411,248,115**	**179,313,581**	**934,976,701**	**4,525,538,397**

[a] Measured in TEUs.

[b] Capital expenditures consist of amount disbursed for the acquisition of port facilities and equipment classified as intangibles under IFRIC 12 amounting to US$164.1 million, US$134.4 million, and US$58.7 million in 2019, 2020 and 2021, respectively, property and equipment amounting to US$59.3 million, US$49.8 million, and US$88.9 million in 2019, 2020 and 2021, respectively, as shown in the consolidated statements of cash flows, and current and noncurrent advances to suppliers and contractors amounting to US$19.1 million, US$14.5 million, and US$17.4 million in 2019, 2020 and 2021, respectively.

[c] Segment assets do not include deferred tax assets amounting to US$321.4 million, US$342.8 million and US$337.8 million as at December 31, 2019, 2020 and 2021, respectively.

[d] Segment liabilities do not include income tax payable amounting to US$39.3 million, US$43.3 million and US$46.4 million, and deferred tax liabilities amounting to US$164.2 million, US$159.0 million and US$182.9 million as at December 31, 2019, 2020 and 2021, respectively.

Moreover, management monitors the Group's earnings before interest, taxes, depreciation and amortization (EBITDA) on a consolidated basis for decision-making purposes. The following table shows the computation of EBITDA as derived from the consolidated net income attributable to equity holders of the parent for the years ended December 31:

	2019	2020	**2021**
Net income attributable to equity holders of the parent	US$100,366,870	US$101,764,236	**US$428,568,591**
Non-controlling interests	32,300,704	37,878,988	**48,973,852**
Provision for income tax	60,760,880	55,129,372	**124,416,656**
Income before income tax	193,428,454	194,772,596	**601,959,099**
Add (deduct):			
Depreciation and amortization	234,964,577	230,136,959	**246,993,685**
Interest and other expenses [a]	450,594,402	492,362,951	**350,260,766**
Interest and other income [b]	(48,843,924)	(40,443,979)	**(60,156,860)**
EBITDA [c]	US$830,143,509	US$876,828,527	**US$1,139,056,690**

[a] Interest and other expenses include the following as shown in the consolidated statements of income: foreign exchange loss; interest expense on concession rights payable and lease liabilities; interest expense and financing charges on borrowings; impairment losses on goodwill and nonfinancial assets; equity in net loss of joint ventures and an associate; and other expenses.

[b] Interest and other income include the following as shown in the consolidated statements of income: foreign exchange gain; interest income; and other income.

[c] EBITDA is not a uniform or legally defined financial measure. EBITDA is presented because the Group believes it is an important measure of its performance and liquidity. EBITDA is also frequently used by securities analysts, investors and other interested parties in the evaluation of companies in the industry.

The Group EBITDA figures are not, however, readily comparable with other companies' EBITDA figures as they are calculated differently and thus must be read in conjunction with related additional explanations. EBITDA has limitations as an analytical tool and should not be considered in isolation or as a substitute for analysis of the Group's results as reported under PFRS. Some of the limitations concerning EBITDA are:

- *EBITDA does not reflect cash expenditures or future requirements for capital expenditures or contractual commitments;*
- *EBITDA does not reflect changes in, or cash requirements for working capital needs;*
- *EBITDA does not reflect fixed port fees and leases that are capitalized as concession assets under IFRIC 12 and right-of-use assets under PFRS 16;*
- *EBITDA does not reflect the interest expense, or cash requirements necessary to service interest or principal debt payments;*
- *Although depreciation and amortization are non-cash charges, the assets being depreciated or amortized will often have to be replaced in the future, and EBITDA does not reflect any cash requirements for such replacements; and*
- *Other companies in the industry may calculate EBITDA differently, which may limit its usefulness as a comparative measure.*

Because of these limitations, EBITDA should not be considered as a measure of discretionary cash available to the Group to invest in the growth of the business. The Group compensates for these limitations by relying primarily on PFRS results and uses EBITDA only as supplementary information.

All segment revenues are from external customers. Gross revenues from port operations of ICTSI and other Philippine-based subsidiaries comprised 36.7 percent, 32.8 percent and 32.4 percent of the consolidated gross revenues from port operations for the years ended December 31, 2019, 2020 and 2021, respectively. Gross revenues from port operations outside the Republic of the Philippines comprised 63.3 percent, 67.2 percent and 67.6 percent of the consolidated gross revenues from port operations for the years ended December 31, 2019, 2020 and 2021, respectively.

5 Intangibles

This account consists of:

2019

	Concession Rights (Note 25)						
	Upfront Fees	Fixed Fees	Port Infrastructure	Subtotal	Computer Software	Goodwill	Total
Cost							
Balance at beginning of year	US$304,248,885	US$656,679,929	US$1,585,219,842	US$2,546,148,656	US$67,286,067	US$120,459,614	US$2,733,894,337
Acquisitions or additions	–	33,016,365	165,571,229	198,587,594	657,484	–	199,245,078
Transfers from (to) other accounts (Notes 6 and 10)	–	–	(8,750,793)	(8,750,793)	1,424,994	–	(7,325,799)
Effect of business combination	–	122,437,834	149,095,065	271,532,899	8,990,238	60,381,782	340,904,919
Translation adjustments	(2,410,672)	534,681	(1,237,698)	(3,113,689)	(2,293,734)	(1,035,973)	(6,443,396)
Balance at end of year	301,838,213	812,668,809	1,889,897,645	3,004,404,667	76,065,049	179,805,423	3,260,275,139
Accumulated Amortization and Impairment Losses							
Balance at beginning of year	109,315,261	67,638,977	451,656,899	728,611,137	37,386,104	70,782,575	836,779,816
Amortization for the year	10,032,101	27,080,649	69,445,141	106,557,891	8,946,146	–	115,504,037
Impairment loss for the year (Note 11)	–	–	156,000,000	156,000,000	–	–	156,000,000
Effect of business combination	–	12,275,287	36,996,199	49,271,486	5,797,046	–	55,068,532
Translation adjustments	(1,023,530)	(954,763)	(2,322,148)	(4,300,441)	(978,152)	222,677	(5,055,916)
Balance at end of year	118,323,832	206,040,150	711,776,091	1,036,140,073	51,151,144	71,005,252	1,158,296,469
Net Book Value	US$183,514,381	US$606,628,659	US$1,178,121,554	US$1,968,264,594	US$24,913,905	US$108,800,171	US$2,101,978,670

2020

	Concession Rights (Note 25)						
	Upfront Fees	Fixed Fees	Port Infrastructure	Subtotal	Computer Software	Goodwill	Total
Cost							
Balance at beginning of year	US$301,838,213	US$812,668,809	US$1,889,897,645	US$3,004,404,667	US$76,065,049	US$179,805,423	US$3,260,275,139
Acquisitions or additions	23,726,566	70,850,779	111,069,053	205,646,398	1,526,773	–	207,173,171
Disposals	–	–	–	–	(673,848)	–	(673,848)
Transfers from (to) other accounts (Notes 6 and 10)	–	–	(20,761,227)	(20,761,227)	2,057,613	–	(18,703,614)
Adjustments to provisional values in a business combination (Note 1.4)	438,376	–	–	438,376	–	402,631	841,007
Translation adjustments	6,710,932	(25,497,381)	(29,979,447)	(48,765,896)	(4,418,799)	(12,423,222)	(65,607,917)
Balance at end of year	332,714,087	858,022,207	1,950,226,024	3,140,962,318	74,556,788	167,784,832	3,383,303,938
Accumulated Amortization and Impairment Losses							
Balance at beginning of year	US$118,323,832	US$206,040,150	US$711,776,091	US$1,036,140,073	US$51,151,144	US$71,005,252	US$1,158,296,469
Amortization for the year	8,989,489	29,531,141	57,304,267	95,824,897	9,268,256	–	105,093,153
Disposals	–	–	–	–	(669,578)	–	(669,578)
Impairment loss for the year (Note 11)	–	–	100,000,000	100,000,000	–	–	100,000,000
Transfers from other accounts (Notes 6 and 10)	–	–	(13,022,411)	(13,022,411)	–	–	(13,022,411)
Translation adjustments	2,061,278	(2,159,885)	(7,762,141)	(7,860,748)	(2,127,726)	327,401	(9,661,073)
Balance at end of year	129,374,599	233,411,406	848,295,806	1,211,081,811	57,622,096	71,332,653	1,340,036,560
Net Book Value	US$203,339,488	US$624,610,801	US$1,101,930,218	US$1,929,880,507	US$16,934,692	US$96,452,179	US$2,043,267,378

2021

	Concession Rights (Note 25)						
	Upfront Fees	**Fixed Fees**	**Port Infrastructure**	**Subtotal**	**Computer Software**	**Goodwill**	**Total**
Cost							
Balance at beginning of year	**US$332,714,087**	**US$858,022,207**	**US$1,950,226,024**	**US$3,140,962,318**	**US$74,556,788**	**US$167,784,832**	**US$3,383,303,938**
Acquisitions or additions	**–**	**18,737,593**	**57,693,367**	**76,430,960**	**1,041,885**	**–**	**77,472,845**
Disposals	**–**	**–**	**–**	**–**	**(38,126)**	**–**	**(38,126)**
Transfers from (to) other accounts (Notes 6 and 10)	**–**	**–**	**4,961,490**	**4,961,490**	**3,529,921**	**–**	**8,491,411**
Effect of business combination (Note 1.4)	**–**	**–**	**–**	**–**	**1,290**	**54,617,233**	**54,618,523**
Remeasurement [(a)]	**–**	**27,023,445**	**–**	**27,023,445**	**–**	**–**	**27,023,445**
Translation adjustments	**(1,999,397)**	**(14,390,528)**	**(12,626,600)**	**(29,016,525)**	**(1,289,108)**	**(9,791,891)**	**(40,097,524)**
Balance at end of year	**330,714,690**	**889,392,717**	**2,000,254,281**	**3,220,361,688**	**77,802,650**	**212,610,174**	**3,510,774,512**
Accumulated Amortization and Impairment Losses							
Balance at beginning of year	**129,374,599**	**233,411,406**	**848,295,806**	**1,211,081,811**	**57,622,096**	**71,332,653**	**1,340,036,560**
Amortization for the year	**10,101,228**	**31,640,834**	**53,460,544**	**95,202,606**	**9,697,510**	**–**	**104,900,116**
Translation adjustments	**(921,478)**	**(3,115,117)**	**(5,915,765)**	**(9,952,360)**	**(1,143,965)**	**(370,375)**	**(11,466,700)**
Balance at end of year	**138,554,349**	**261,937,123**	**895,840,585**	**1,296,332,057**	**66,175,641**	**70,962,278**	**1,433,469,976**
Net Book Value	**US$192,160,341**	**US$627,455,594**	**US$1,104,413,696**	**US$1,924,029,631**	**US$11,627,009**	**US$141,647,896**	**US$2,077,304,536**

Concession Rights

Additions to concession rights under port infrastructure in 2019 mainly pertain to construction of various civil works and acquisitions of port facilities and equipment in ICTSI, OPC, ICTSI Iraq and PNG entities, recognition of additional capitalized fixed fees in CGSA arising from the extension of the concession period, and acquisition of ICTSI Rio (see Note 25). In 2020, additions to concession rights mainly pertain to the upfront fee payment and capitalization of fixed fees in the new terminal, KMT, and construction of various civil works and acquisitions of port facilities and equipment in existing terminals in ICTSI, CGSA, and ICTSI Iraq. In 2021, additions to concession rights mainly pertain to the capitalized fixed fees due to extension of concession contract at MICTSL and construction of various civil works and acquisitions of port facilities and equipment in existing terminals in ICTSI, CGSA, ICTSI Iraq, and SPICTL. Additions to concession rights under port infrastructure which are not yet available for use are not amortized but tested for impairment at December 31 in accordance with the Group's accounting policy on Impairment Testing on Nonfinancial Assets (see Note 11).

Concession rights have remaining amortization periods ranging from 1 to 34 years.

Upon recognition of the fair value of fixed fee on concession contracts, the Group also recognized the corresponding concession rights payable. The undiscounted minimum payments pertaining to concession rights payable as at December 31, 2021 are as follows:

	Amount
2022	US$71,954,621
2023	75,220,894
2024	74,755,374
2025	75,002,611
2026 onwards	1,316,059,069
Total	US$1,612,992,569

Interest expense on concession rights payable amounted to US$40.5 million in 2019, US$52.9 million in 2020 and US$58.3 million in 2021.

Capitalized borrowing costs amounted to US$1.7 million in 2019 at a capitalization rate of 7.0 percent in 2019, and nil in 2020 and 2021. Unamortized borrowing costs amounted to

US$27.0 million, US$25.4 million and US$24.2 million as at December 31, 2019, 2020 and 2021, respectively.

Nonfinancial Assets of Tecplata. In 2019 and 2020, an impairment charge of US$156.0 million and US$100.0 million, respectively was recorded in respect of the Group's concession right assets consisting of port infrastructure in Tecplata based on value-in-use calculation using discounted cash flows throughout the estimated period of concession. The remaining carrying value of Tecplata's concession right assets as at December 31, 2020 after the impairment charge is US$25.5 million. There is no impairment charge in 2021. The reportable segment of Tecplata is Americas. The impairment charge in Tecplata was a result of lower projected cash flows arising from the current unfavorable economic conditions in Argentina.

The discount rate used is the pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the asset. The Group used discount rates that is also based on the industry's WACC. Management assumed a discount rate of 14.95%, 16.34% and 13.20% for Tecplata as at December 31, 2019, 2020, and 2021 respectively. Management recognizes that unfavorable conditions can materially affect the assumptions used in the determination of value-in-use.

Computer Software

Computer software have remaining amortization periods ranging from one to five years.

Goodwill

Goodwill arises from the excess of acquisition costs over fair values of net assets at acquisition dates of the following subsidiaries:

	2019	2020	**2021**
MHCPSI (Note 1.4)	US$–	US$–	**US$51,148,363**
ICTSI Rio (Note 1.4)	61,757,061	48,180,242	**44,912,241**
PICT	19,629,689	18,978,192	**17,224,354**
AGCT	16,547,252	17,763,106	**16,607,827**
YICT	9,468,674	10,101,156	**10,373,074**
Others	1,397,495	1,429,483	**1,382,037**
	US$108,800,171	US$96,452,179	**US$141,647,896**

Goodwill is not amortized but subject to an annual impairment testing as at December 31 (see Note 11).

6 Property and Equipment

This account consists of:

2019

	Land and Land Improvements	Leasehold Rights and Improvements	Port Facilities and Equipment	Transportation Equipment	Office Equipment, Furniture and Fixtures	Miscellaneous Equipment	Port Equipment Spare Parts	Construction in Progress	Total
Cost									
Balance at beginning of year	US$108,885,763	US$673,716,408	US$861,863,887	US$55,375,509	US$55,785,899	US$42,896,583	US$4,535,083	US$22,904,435	US$1,825,963,567
Additions	8,416,612	3,342,391	30,987,332	2,748,607	3,418,275	926,957	410,058	47,424,086	97,674,318
Disposals	–	(168,304)	(11,262,711)	(2,291,215)	(1,680,038)	(263,718)	(211,752)	–	(15,877,738)
Effect of business combination (Note 1. 4)	–	1,655,162	10,872,600	2,255,426	872,840	3,515,581	–	2,573,967	21,745,576
Translation adjustments	3,425,120	324,934	726,359	(56,478)	(235,655)	577,801	37,050	4,845,985	9,645,116
Transfers from (to) other accounts (Notes 5 and 10)	17,867,906	8,095,543	15,780,113	16,446,108	1,338,016	589,852	(15,389)	(32,128,237)	27,973,912
Balance at end of year	138,595,401	686,966,134	908,967,580	74,477,957	59,499,337	48,243,056	4,755,050	45,620,236	1,967,124,751
Accumulated Depreciation and Amortization									
Balance at beginning of year	3,235,257	128,030,395	227,750,778	37,426,525	47,736,417	13,090,089	1,530,149	–	458,799,610
Depreciation and amortization for the year	2,271,825	31,805,749	42,308,401	4,670,497	4,345,116	3,562,305	133,194	–	89,097,087
Disposals	–	(104,559)	(7,948,711)	(2,206,782)	(1,629,467)	(273,026)	–	–	(12,162,545)
Effect of business combination (Note 1. 4)	–	341,836	4,969,238	1,398,062	473,772	3,317,284	–	–	10,500,192
Translation adjustments	90,889	546,809	1,141,313	(123,804)	(162,091)	56,934	(18,850)	–	1,531,200
Balance at end of year	5,597,971	160,620,230	268,221,019	41,164,498	50,763,747	19,753,586	1,644,493	–	547,765,544
Net Book Value	US$132,997,430	US$526,345,904	US$640,746,561	US$33,313,459	US$8,735,590	US$28,489,470	US$3,110,557	US$45,620,236	US$1,419,359,207

2020	Land and Land Improvements	Leasehold Rights and Improvements	Port Facilities and Equipment	Transportation Equipment	Office Equipment, Furniture and Fixtures	Miscellaneous Equipment	Port Equipment Spare Parts	Construction in Progress	Total
Cost									
Balance at beginning of year	US$138,595,401	US$686,966,134	US$908,967,580	US$74,477,957	US$59,499,337	US$48,243,056	US$4,755,050	US$45,620,236	US$1,967,124,751
Additions	3,827,272	8,487,759	11,380,741	1,776,465	1,892,421	1,550,898	(5,961)	19,043,726	47,953,321
Disposals	–	(13,454,065)	(4,303,156)	(780,829)	(3,166,705)	(98,011)	(8,242)	–	(21,811,008)
Translation Adjustments	1,032,524	30,894,111	8,663,909	(1,129,676)	(1,119,900)	1,334,397	(52,515)	(6,538,971)	33,083,879
Transfers from (to) other accounts (Notes 5 and 10)	–	11,902,150	29,764,850	(944,242)	4,876,568	(3,382,624)	(319,330)	(19,745,283)	22,152,089
Balance at end of year	143,455,197	724,796,089	954,473,924	73,399,675	61,981,721	47,647,716	4,369,002	38,379,708	2,048,503,032
Accumulated Depreciation and Amortization									
Balance at beginning of year	5,597,971	160,620,230	268,221,019	41,164,498	50,763,747	19,753,586	1,644,493	–	547,765,544
Depreciation and amortization for the year	2,407,716	30,095,179	44,743,427	6,107,435	5,103,019	3,739,215	135,468	–	92,331,459
Disposals	–	(13,326,424)	(4,266,083)	(676,999)	(3,111,238)	(97,917)	–	–	(21,478,661)
Translation adjustments	214,316	4,315,637	1,144,801	(902,843)	(895,541)	58,266	(5,412)	–	3,929,224
Transfers from (to) other accounts (Notes 5 and 10)	–	12,781,617	385,399	(821,805)	2,659,549	(3,120,235)	–	–	11,884,525
Balance at end of year	8,220,003	194,486,239	310,228,563	44,870,286	54,519,536	20,332,915	1,774,549	–	634,432,091
Net Book Value	US$135,235,194	US$530,309,850	US$644,245,361	US$28,529,389	US$7,462,185	US$27,314,801	US$2,594,453	US$38,379,708	US$1,414,070,941

2021	**Land and Land Improvements**	**Leasehold Rights and Improvements**	**Port Facilities and Equipment**	**Transportation Equipment**	**Office Equipment, Furniture and Fixtures**	**Miscellaneous Equipment**	**Port Equipment Spare Parts**	**Construction in Progress**	**Total**
Cost									
Balance at beginning of year	**US$143,455,197**	**US$724,796,089**	**US$954,473,924**	**US$73,399,675**	**US$61,981,721**	**US$47,647,716**	**US$4,369,002**	**US$38,379,708**	**US$2,048,503,032**
Additions	**6,315,126**	**7,524,617**	**22,826,493**	**2,183,887**	**2,545,309**	**1,262,057**	**27,386**	**56,975,810**	**99,660,685**
Disposals	**–**	**(531,066)**	**(2,932,768)**	**(10,141,988)**	**(522,146)**	**(728,396)**	**(212,135)**	**–**	**(15,068,499)**
Effect of business combination	**158,291,457**	**–**	**–**	**–**	**64,964**	**1,095**	**–**	**157,035**	**158,514,551**
Translation Adjustments	**(14,950,243)**	**(21,052,479)**	**(28,929,956)**	**(405,450)**	**(1,174,885)**	**(510,791)**	**(30,443)**	**(1,714,963)**	**(68,769,210)**
Transfers from (to) other accounts (Notes 5 and 10)	**–**	**48,066,983**	**2,568,234**	**621,822**	**692,086**	**(122,493)**	**(1,172)**	**(58,992,959)**	**(7,167,499)**
Balance at end of year	**293,111,537**	**758,804,144**	**948,005,927**	**65,657,946**	**63,587,049**	**47,549,188**	**4,152,638**	**34,804,631**	**2,215,673,060**
Accumulated Depreciation and Amortization									
Balance at beginning of year	**8,220,003**	**194,486,239**	**310,228,563**	**44,870,286**	**54,519,536**	**20,332,915**	**1,774,549**	**–**	**634,432,091**
Depreciation and amortization for the year	**2,920,849**	**33,136,386**	**48,137,910**	**5,879,277**	**4,854,829**	**3,620,779**	**100,953**	**–**	**98,650,983**
Disposals	**–**	**(181,824)**	**(2,414,993)**	**(10,105,217)**	**(512,681)**	**(690,186)**	**–**	**–**	**(13,904,901)**
Effect of business combination	**–**	**–**	**–**	**–**	**3,260**	**71**	**–**	**–**	**3,331**
Translation adjustments	**(339,331)**	**(3,625,136)**	**(9,134,437)**	**(229,879)**	**(1,171,718)**	**260,862**	**(8,749)**	**–**	**(14,248,388)**
Transfers from (to) other accounts (Notes 5 and 10)	**–**	**550,255**	**(321,645)**	**–**	**155,579**	**(484,542)**	**–**	**–**	**(100,353)**
Balance at end of year	**10,801,521**	**224,365,920**	**346,495,398**	**40,414,467**	**57,848,805**	**23,039,899**	**1,866,753**	**–**	**704,832,763**
Net Book Value	**US$282,310,016**	**US$534,438,224**	**US$601,510,529**	**US$25,243,479**	**US$5,738,244**	**US$24,509,289**	**US$2,285,885**	**US$34,804,631**	**US$1,510,840,297**

Capitalized borrowing costs amounted to nil in 2019, US$0.4 million at a capitalization rate of 8.00 percent in 2020 and US$0.6 million at a capitalization rate of 8.00 percent in 2021. Unamortized borrowing costs amounted to US$54.1 million, US$52.2 million, and US$50.4 million as at December 31, 2019, 2020 and 2021, respectively.

Construction in progress is mainly composed of ongoing port development and expansion projects in CMSA as at December 31, 2019 and 2020, and CMSA and IDRC as at December 31, 2021 (see Note 1.2).

Fully depreciated property and equipment with cost amounting to US$153.8 million, US$148.6 million and US$189.8 million as at December 31, 2019, 2020 and 2021, respectively, are still being used in the Group's operations.

Port equipment of BCT with a total carrying value of US$6.0 million as at December 31, 2019, and nil as at December 31, 2020 and 2021, were pledged as collateral for its outstanding loans from its overdraft facility (see Note 18); certain property and equipment of YICT with total carrying value of RMB158.4 million (US$22.7 million) as at December 31, 2019, and nil as at December 31, 2020 and 2021, respectively, were pledged as collateral for its outstanding foreign currency-denominated loan (see Note 16.2.3); and certain assets of VICT with a total carrying value of AUD297.0 million (US$208.5 million), AUD334.3 million (US$257.2 million) as at December 31, 2019 and 2020, respectively, were pledged as securities for its project finance facilities, while assets with a total carrying value of AUD279.2 million (US$202.8 million) were pledged as securities for its Senior Secured Notes (see Note 16.2.3); parcels of land of IDRC with a total carrying value of US$10.2 million as at December 31, 2019, 2020, and 2021, was pledged as collateral for its outstanding loan (see Note 16.2.4).

7 Right-of-use assets and Lease Liabilities

The concession agreements of CMSA, TSSA, VICT, BCT, BICTL, MICTSI, ICTSNL, IRB Logistica and TMT (until May 2021) were accounted for by the Group in accordance with PFRS 16, *Leases*. The Group recognized lease liabilities for its obligations to pay lease fees and right-of-use assets representing the right to use the underlying assets. Right-of-use assets are amortized over the term of the concession agreements and have remaining amortization periods ranging 2 to 34 years.

Amounts recognized in the consolidated balance sheets

Set-out below are the reconciliation of the Group's right-of-use assets and lease liabilities during the period:

Right-of-use assets

	2019	2020	**2021**
Balance at beginning of year	US$590,803,123	US$575,598,262	**US$612,137,861**
Additions	569,038	56,347,075	**4,455,424**
Remeasurement	–	–	**119,476,968**
Amortization	(29,981,819)	(32,330,445)	**(43,062,616)**
Cumulative translation adjustments	9,401,657	12,522,969	**(28,741,490)**
Effect of business combination	4,806,263	–	**–**
Balance at end of year	US$575,598,262	US$612,137,861	**US$664,266,147**

Lease liabilities

	2019	2020	**2021**
Balance at beginning of year	US$1,137,147,123	US$1,189,175,168	**US$1,234,777,473**
Interest expense	102,439,467	97,402,306	**114,298,044**
Payments	(57,819,987)	(109,333,648)	**(125,099,978)**
Additions	569,038	56,347,075	**4,455,424**
Remeasurement	–	–	**119,476,968**
Foreign exchange differences	1,856,654	1,186,572	**(65,313,183)**
Effect of business combination (Note 1.4)	4,982,873	–	**–**
Balance at end of year	US$1,189,175,168	US$1,234,777,473	**US$1,282,594,748**
Current portion of lease liabilities	US$19,458,157	US$20,573,275	**US$29,223,519**
Lease liabilities - net of current portion	1,169,717,011	1,214,204,198	**1,253,371,229**
Balance at end of year	US$1,189,175,168	US$1,234,777,473	**US$1,282,594,748**

Summarized below are the amounts recognized in the consolidated profit or loss:

	2019	2020	**2021**
Amortization of right-of-use assets	US$29,981,819	US$32,330,445	**US$43,062,616**
Interest expense on lease liabilities	102,439,467	97,402,306	**114,298,044**
Lease expense not included in the measurement of lease liabilities (under Port Authorities' share in gross revenues)	13,875,594	16,378,358	**25,570,400**
Lease expense on short-term leases exempted from PFRS 16 classified under:			
Equipment and facilities-related expenses	1,634,752	1,516,372	**1,112,666**
Administrative and other operating expenses	184,460	206,123	**122,633**
Lease expense on low value assets exempted from PFRS 16 classified under:			
Equipment and facilities-related expenses	16,193	2,623	**–**
Administrative and other operating expenses	5,731	5,308	**–**

Maturity profile

The undiscounted minimum payments pertaining to lease liabilities as at December 31, 2021 are as follows:

	Amount
2022	US$130,891,053
2023	132,942,619
2024	136,743,374
2025	139,525,923
2026 onwards	2,179,335,115
Total	US$2,719,438,084

Lease commitments of the Group that are not reflected in the measurement of lease liabilities

The Group is exposed to future cash outflows that are not yet reflected in the measurement of the lease liabilities since the leases have not yet commenced:

	Amount
2022	US$15,389,233
2023	16,029,658
2024	16,431,832
2025	16,838,026
2026 onwards	106,297,625
Total	US$170,986,374

8 Investment Properties

The details of investment properties are as follows:

	2019		
	Land and Improvements	Building and Others	Total
Cost			
Balance at beginning of year	US$12,575,609	US$997,940	US$13,573,549
Disposals	(36,630)	(7,331)	(43,961)
Translation adjustments	150,049	4,638	154,687
Balance at end of year	12,689,028	995,247	13,684,275
Accumulated Depreciation and Amortization			
Balance at beginning of year	5,698,232	436,599	6,134,831
Amortization during the year	375,504	6,130	381,634
Translation adjustments	–	3,058	3,058
Balance at end of year	6,073,736	445,787	6,519,523
Net Book Value	US$6,615,292	US$549,460	US$7,164,752

	2020		
	Land and Improvements	Building and Others	Total
Cost			
Balance at beginning of year	US$12,689,028	US$995,247	US$13,684,275
Translation adjustments	219,811	6,822	226,633
Balance at end of year	12,908,839	1,002,069	13,910,908
Accumulated Depreciation and Amortization			
Balance at beginning of year	6,073,736	445,787	6,519,523
Amortization during the year	375,504	6,398	381,902
Translation adjustments	–	4,847	4,847
Balance at end of year	6,449,240	457,032	6,906,272
Net Book Value	US$6,459,599	US$545,037	US$7,004,636

	2021		
	Land and Improvements	**Building and Others**	**Total**
Cost			
Balance at beginning of year	**US$12,908,839**	**US$1,002,069**	**US$13,910,908**
Translation adjustments	**(248,664)**	**(7,717)**	**(256,381)**
Balance at end of year	**12,660,175**	**994,352**	**13,654,527**
Accumulated Depreciation and Amortization			
Balance at beginning of year	**6,449,240**	**457,032**	**6,906,272**
Amortization during the year	**6,444**	**373,526**	**379,970**
Translation adjustments	**(5,845)**	**–**	**(5,845)**
Balance at end of year	**6,449,839**	**830,558**	**7,280,397**
Net Book Value	**US$6,210,336**	**US$163,794**	**US$6,374,130**

Land and improvements mainly include land held for capital appreciation and land improvements subject to operating leases.

Investment properties of MICT and IWI CTHI located in Laguna, Philippines have a fair value of ₱1.9 billion (US$38.7 million) as at February 17, 2021 based on a valuation performed by a qualified independent appraiser whose report was dated March 1, 2021.

Fair value of the investment properties was determined using the sales comparison approach. This means that valuations performed by qualified independent appraisers are based on sales of similar or substitute properties, significantly adjusted for differences in the nature, location or condition of the specific property. This valuation approach is categorized as Level 3 in the fair value hierarchy as at December 31, 2019, 2020 and 2021. The significant unobservable input to the valuation is the price per square meter which ranges from ₱3,600 (US$74.4) to ₱3,900 (US$80.6).

Significant increases or decreases in estimated price per square meter in isolation would result in a significantly higher or lower fair value on a linear basis.

Rental income derived from rental-earning investment properties presented as part of "Other income" account in the consolidated statements of income amounted to US$1.2 million in 2019, US$1.4 million in 2020 and US$1.5 million in 2021 (see Note 21.1). There were no restrictions on realizability of investment properties and no significant repairs and maintenance were made to maintain the Group's investment properties in 2019, 2020 and 2021. The rent agreement covering rental-earning investment properties is renewable at the option of both parties yearly.

Operating expenses related to the investment property amounted to US$0.2 million in 2019, 2020 and 2021, which pertains mainly to real property taxes.

9 Investments in and Advances to Joint Ventures and an Associate

This account consists of:

	2019	2020	**2021**
Investments in and advances to joint ventures:			
SPIA	US$283,403,613	US$273,225,731	**US$259,264,388**
MNHPI	157,504,603	171,525,252	**176,813,651**
Others	2,310,235	(154,074)	**13,123,483**
Investments in an associate:			
ARDC	7,474,994	7,474,994	**7,474,994**
	450,693,445	452,071,903	**456,676,516**
Less allowance for probable losses	7,474,994	7,474,994	**7,474,994**
	US$443,218,451	US$444,596,909	**US$449,201,522**

Investment in and Advances to Joint Ventures

As at December 31, 2021, investments in joint ventures pertain to the Group's 49.8 percent ownership interest in SPIA, 50.0 percent ownership interest in MNHPI (effective April 26, 2019), and 49.0 percent investment in FAMI. FAMI was established in March 2018. The advances to joint ventures mainly represent interest-bearing loans used by SPIA to finance the construction of its terminal and its start-up operations in Colombia (see Note 23.1). SPIA started commercial operations in the fourth quarter of 2016.

The movements and details of this account are as follows:

	2019	2020	**2021**
Investment in Joint Ventures:			
Balance at beginning of year	(US$35,673,334)	US$224,107,949	**US$219,296,063**
Acquisition of shares in a joint venture	1,820,764	130,696	**–**
Step-up acquisition:			
Previously held as associate	82,267,101	–	**–**
Additional acquisition of shares to obtain joint control	67,588,023	–	**–**
Conversion of advances to equity	123,455,823	–	**–**
Share in other comprehensive income	4,805,012	7,326,726	**(8,925,849)**
Dividends declared by MNHPI	–	–	**(9,803,922)**
Equity in net losses during the year	(20,155,440)	(12,269,308)	**(350)**
Balance at end of year	224,107,949	219,296,063	**200,565,942**
Advances to a joint venture (Note 23.1)	219,110,502	225,300,846	**248,635,580**
	US$443,218,451	US$444,596,909	**US$449,201,522**

The summarized financial information of SPIA as at and for the years ended December 31 follows:

	2019	2020	**2021**
Current assets [a]	US$20,335,432	US$29,304,885	**US$29,893,111**
Noncurrent assets	574,689,836	543,736,238	**512,309,969**
Current liabilities	231,580,065	236,210,773	**231,914,825**
Noncurrent liabilities [b]	242,058,775	246,527,810	**241,209,994**

[a] Current assets include cash and cash equivalents amounting to US$2.5 million, US$13.0 million and US$9.5 million as at December 31, 2019, 2020 and 2021, respectively.

[b] Noncurrent liabilities include deferred tax liabilities amounting to US$6.3 million, US$6.0 million and US$5.6 million as at December 31, 2019, 2020 and 2021, respectively.

	2019	2020	**2021**
Gross revenues from port operations	US$62,341,723	US$53,102,557	**US$76,341,098**
Operating expenses	(26,043,928)	(22,253,613)	**(27,535,812)**
Depreciation and amortization	(37,902,541)	(35,608,629)	**(35,572,900)**
Other income	7,353,113	7,743,279	**8,490,187**
Other expenses [c]	(45,183,455)	(35,542,306)	**(39,059,852)**
Benefit from (provision for) income tax	(3,453,374)	1,474,824	**(3,886,999)**
Net loss	(US$42,888,462)	(US$31,083,888)	**(US$21,224,278)**

[c] Other expenses include interest expense on concession rights payable amounting to US$1.3 million in 2019, US$1.2 million 2020 and US$1.2 million in 2021 and interest expense on advances from ICBV and PSA amounting to US$33.4 million in 2019, US$26.2 million in 2020 and US$26.3 million in 2021.

The difference between the carrying value of investment in SPIA against the share in net assets of SPIA represents the excess of fair value over the carrying value of the concession rights of SPIA.

On September 21, 2017, ICTSI signed a SPA with Petron Corporation for the acquisition of 10,449,000 MNHPI shares, representing 34.83 percent of the total issued and outstanding shares of MNHPI for a consideration of Php1.75 billion (US$33.8 million). The completion of the SPA was subject to several conditions, one of which was the approval of the acquisition by the PPA. The SPA was completed on October 30, 2017. An additional investment cost of Php2.45 billion (US$47.3 million) was incurred in relation to this acquisition.

On September 5, 2018, ICTSI signed an SPA with HCPTI for the acquisition of 4,550,000 shares in MNHPI from HCPTI. The subject shares represent 15.17% of the total issued and outstanding shares of MNHPI for a consideration of Php910.0 million (US$17.3 million). The Philippine Competition Commission and the PPA approved the acquisition of shares on March 15, 2019 and April 26, 2019, respectively. With the approval of the PPA, ICTSI's shareholdings in MNHPI increased from 34.83% to 50% effective on April 26, 2019. An additional investment cost of Php2.7 billion (US$50.3 million) was incurred in relation to this acquisition. As a result, MNHPI became a joint venture of ICTSI.

The finalized fair values of the identifiable assets and liabilities of MNHPI at the date of acquisition were:

	October 2017	April 2019	**Total**
Assets			
Property and equipment	US$358,492	US$111,017	**US$469,509**
Intangibles	140,322,295	56,409,485	**196,731,780**
Deferred tax asset	1,504,712	734,225	**2,238,937**
Other noncurrent assets	1,740,985	352,766	**2,093,751**
Cash and cash equivalents	5,712,181	1,808,161	**7,520,342**
Receivables	3,038,693	1,578,107	**4,616,800**
Spare parts and supplies	1,767,810	815,638	**2,583,448**
Prepaid expenses and other current assets	2,300,524	492,684	**2,793,208**
	US$156,745,692	US$62,302,083	**US$219,047,775**
Liabilities			
Loans payable	(US$37,168,452)	(US$11,264,028)	**(48,432,480)**
Accounts payable and other current liabilities	(3,027,272)	(4,281,936)	**(7,309,208)**
Long-term debt	(9,286,109)	–	**(9,286,109)**
Concession rights payable	(20,073,115)	(8,475,662)	**(28,548,777)**
Other noncurrent liabilities	(1,166,435)	(496,150)	**(1,662,585)**
Deferred tax liability	(17,759,649)	(7,345,516)	**(25,105,165)**
	(88,481,032)	(31,863,292)	**(120,344,324)**
Total identifiable net assets at fair value	68,264,660	30,438,791	**98,703,451**
Goodwill arising on acquisition	12,879,340	37,149,232	**50,028,572**
Purchase consideration and additional investment cost satisfied by cash	US$81,144,000	US$67,588,023	**US$148,732,023**

The finalized fair values reflect the financial effects of adjustments on intangibles, concession rights payable and goodwill.

The summarized financial information of MNHPI as at and for the year ended December 31 follows:

	2019	2020	**2021**
Current assets [a]	US$64,810,619	US$32,812,594	**US$44,172,802**
Noncurrent assets	430,090,522	430,358,178	**387,487,390**
Current liabilities	122,276,271	57,828,056	**46,975,137**
Noncurrent liabilities [b]	108,276,851	115,311,505	**105,833,835**

[a] Current assets include cash and cash equivalents amounting to US$47.2 million, US$14.6 million, and US$24.9 million as at December 31, 2019, 2020, and 2021, respectively.

[b] Noncurrent liabilities include deferred tax liabilities amounting to US$46.0 million, US$47.0 million, and US$35.1 million as at December 31, 2019, 2020, and 2021, respectively.

	2019	2020	**2021**
Gross revenues from port operations	US$80,167,377	US$77,629,398	**US$87,996,081**
Operating expenses	(36,841,910)	(30,757,047)	**(32,548,609)**
Depreciation and amortization	(23,534,697)	(24,513,745)	**(24,988,094)**
Other income	679,686	2,963,448	**1,028,191**
Other expenses [c]	(11,745,930)	(9,900,112)	**(9,896,264)**
Benefit from (provision for) income tax	(2,662,170)	(3,930,197)	**4,540,247**
Net income	US$6,062,356	US$11,491,745	**US$26,131,552**

[c] Other expenses include interest expense on concession rights payable amounting to US$3.8 million, US$3.9 million and US$3.9 million, and interest expense and financing charges on borrowings amounting to US$5.6 million, US$2.4 million, and US$0.8 million in 2019, 2020 and 2021, respectively.

As at December 31, 2021, the difference between the carrying value of investment in MNHPI against the share in net assets of MNHPI represents the notional goodwill on MNHPI amounting to ₱2.7 billion (US$55.7 million) and excess of fair value over the carrying value of identifiable assets and liabilities of MNHPI amounting to ₱2.4 billion (US$50.6 million).

Investments in an Associate

The movements and details of this account are as follows:

	2019	2020	**2021**
Investments in Associate			
Balance at beginning of year	US$89,400,804	US$7,474,994	**US$7,474,994**
Share in other comprehensive loss	(67,022)	–	**–**
Equity in net income during the year	408,313	–	**–**
Reclassification as joint venture	(82,267,101)	–	**–**
Balance at end of year	7,474,994	7,474,994	**7,474,994**
Less allowance for probable losses	(7,474,994)	(7,474,994)	**(7,474,994)**
	US$–	US$–	**US$–**

The Group has a 49 percent investment in ARDC, an associate. ARDC had stopped commercial operations. The investment in ARDC was covered with a full allowance for probable losses amounting to US$7.5 million.

With the acquisition of joint control in MNHPI in April 2019, the investment in MNHPI was reclassified from associate to joint venture.

10 Other Noncurrent Assets

This account consists of:

	2019	2020	**2021**
Advances to suppliers , contractors and others - net	US$280,188,331	US$265,726,152	**US$249,136,440**
Input tax - net (Note 14)	81,596,022	45,307,826	**15,990,544**
Restricted cash (Note 16)	30,669,940	31,861,364	**12,524,678**
Receivable from port authority - noncurrent portion	8,275,184	3,095,354	**2,873,191**
Financial assets at FVOCI (Notes 3, 15, and 27)	3,183,366	2,950,372	**3,298,382**
Derivative assets (Note 27)	1,731	–	**–**
Prepayments and others	9,874,623	13,325,797	**39,348,935**
	US$413,789,197	US$362,266,865	**US$323,172,170**

Advances to Suppliers, Contractors and Others
Advances to suppliers, contractors and others mainly pertain to advance payments for the acquisition of transportation equipment and construction of port facilities, advance payments for future rentals and deposits for acquisitions of investments. As at December 31, 2019, 2020 and 2021, this account includes advances and deposits to suppliers and contractors and for the acquisition of investments amounting to US$51.3 million, US$61.8 million and US$64.7 million, respectively (see Note 1.2).

This also includes the upfront fee that ICTSI was required to pay pursuant to the Concession Agreement signed with SPC of Sudan. On January 13, 2019, ICTSI paid the initial installment of Upfront Fee of EUR410.0 million (US$470.2 million). On July 3, 2019 and December 14, 2019, ICTSI received partial repayments of the Upfront Fee in the amount of EUR195.2 million (US$219.1 million) and AED110.2 million (EUR26.8 million or US$29.8 million), respectively, based on terms of the refund bond (see Note 1). The balance of Upfront fee includes the foreign currency translation hedging loss amounting to US$10.6 million that was reclassified from equity in January 2019 (see Note 27.4). As at December 31, 2021, remaining deposit amounted to EUR188.0 million (US$213.7 million).

Input Tax
This account includes prepaid input tax and is expected to be applied against output tax after 12 months from the balance sheet date.

Restricted Cash
Restricted cash pertains mainly to cash deposits placed by the Group as required by the concession agreements for MICTSL, SCIPSI and DIPSSCOR. The garnished cash of TSSA arising from a civil suit filed by a former customer of TSSA is likewise included in this account (see Note 26). This account also included the cash of VICT placed in a special purpose debt service reserve account in accordance with the project finance loan amounting to US$20.1 million (AUD28.7 million), US$21.0 million (AUD27.3 million), and nil in 2019, 2020, and 2021, respectively (see Note 16.2.3).

Receivable from Port Authority
This account pertains to ICTSI Rio's receivable from port authority representing the amount recoverable from Companhia Docas do Rio de Janeiro (CDRJ or the port authority) for the reimbursement of costs disbursed for the expansion works on Terminal 1 of the port of Rio de Janeiro, through offsetting against the monthly fixed and variable fees and/or payments by CDRJ.

On March 24, 2014, CDRJ responded to the letter filed by ICTSI Rio in January 2014, accepting the proposed manner of costs reimbursement related to the landfilling works as part of the expansion of Terminal 1. The receivable is subject to an interest at an annual rate of Brazilian Long-term Interest Rate (TJLP) plus a premium of 2.18%. As at December 31, 2021, the total amount of the receivable from CDRJ amounted to BRL17.5 million (US$3.2 million) and is expected to be collected up to January 2023. The current portion of the receivable amounted to BRL1.5 million (US$0.3 million) as at December 31, 2021 and is classified as non-trade receivables in the 2021 consolidated balance sheet.

Financial Assets at FVOCI
The net movement in unrealized mark-to-market gain on financial assets at FVOCI is as follows:

	2019	2020	**2021**
Balance at beginning of year	US$979,860	US$1,309,553	**US$1,051,323**
Change in fair value of financial assets at FVOCI	329,693	(258,230)	**394,483**
Balance at end of year (Note 15.7)	US$1,309,553	US$1,051,323	**US$1,445,806**

Prepayments and Others
As at December 31, 2021, this account increased mainly due to the acquisition of new terminal, MHCPSI (see Note 1.4). This account also includes the minimum presumed income tax of Tecplata amounting to US$4.0 million which is available to be offset against its future income tax payable (see Note 22).

Impairment of Nonfinancial Assets
In 2020 and 2021, a loss of US$80.3 million and US$6.7 million, respectively, were recognized in respect of the impairment in value of the Group's other noncurrent assets. The impairment charge was a result of lower projected cash inflows arising from the current unfavorable economic conditions (see Note 11).

11 Impairment Testing on Nonfinancial Assets

The Group reviews all assets annually or more frequently to look for any indication that an asset may be impaired. These assets include property and equipment, intangible assets, right-of-use assets, investments in joint ventures and associates, intangible assets not yet available for use and goodwill and certain other noncurrent assets. If any such indication exists, or when the annual impairment testing for an asset is required, the Group calculates the asset's recoverable amount. Irrespective of whether there is any indication of impairment, intangible assets not yet available for use and goodwill acquired in a business combination are tested for impairment annually. ICTSI and its subsidiaries used a discounted cash flow analysis to determine value-in-use. Value-in-use reflects an estimate of the future cash flows the Group expects to derive from the cash-generating unit, expectations about possible variations in the amount or timing of those future cash flows, the time value of money, the price for bearing the uncertainty inherent in the asset and other factors such as illiquidity that market participants would reflect in pricing the future cash flows the Group expects to derive from the cash-generating unit. The calculation of the value-in-use is based on reasonable and supportable assumptions, the most recent budgets and forecasts and extrapolation for periods beyond budgeted projections. These represent management's best estimate of the economic conditions that will exist over the remaining useful life of the asset.

The recoverable amount of nonfinancial assets of the Group subject to impairment testing has been determined based on value-in-use calculation using cash flow projections based on financial budgets approved by senior management covering a five-year period or remaining concession period, taking into consideration effect of significant events (i.e. COVID-19) on the macroeconomic factors used in developing the assumptions. Projections beyond five years were used for the newly established terminals and/or greenfield projects.

Key assumptions used to determine the value-in-use are discount rates including cost of debt and cost of capital, growth rates, EBITDA margins, working capital and capital expenditure.

Discount Rates
The discount rate used is the pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the asset. The Group used discount rates based on the industry's WACC. The rates used to discount the future cash flows are based on risk-free interest rates in the relevant markets where the subsidiaries are domiciled taking into consideration the debt premium, market risk premium, gearing, corporate tax rate and asset betas of these subsidiaries. Management assumed discount rates of 5.51 percent to 14.95 percent in 2019, 4.23 percent to 16.34 percent in 2020 and 5.22 percent to 23.92 percent in 2021.

Growth Rates
Average growth rates in revenues are based on ICTSI's expectation of market developments and the changes in the environment in which it operates. ICTSI uses revenue growth rates ranging from 1.51 percent to 6.50 percent, based on past historical performance as well as expectations on the results of its strategies. On the other hand, the perpetual growth rate used to compute for the terminal value is based on the forecasted long-term growth of real gross domestic product (GDP) of the economy in which the business operates.

EBITDA Margin
The EBITDA margin represents the operating margin before depreciation and amortization and is estimated based on the margin achieved in the period immediately before the budget period and on estimated future development and growth in the industry and market. Committed operational efficiency programs are taken into consideration. Changes in the outcome of these initiatives may affect future estimated EBITDA margin.

Capital Expenditure
In computing the value-in-use, estimates of future cash flows include future cash outflows necessary to maintain the level of economic benefits expected to arise from the asset in its current condition. Capital expenditures that improve or enhance the asset's performance therefore are not included. However, for the newly established terminals and/or greenfield projects, management takes into consideration the capital expenditures necessary to meet the expected growth in volume and revenues. These expansionary capital expenditures of which the Group has incurred cash outflows, for the newly established terminals are deducted from the future cash flows.

12 Cash and Cash Equivalents

This account consists of:

	2019	2020	**2021**
Cash on hand and in banks	US$164,362,158	US$248,365,439	**US$211,046,884**
Cash equivalents	70,471,817	486,466,341	**446,546,645**
	US$234,833,975	US$734,831,780	**US$657,593,529**

Cash in banks earns interest at the prevailing bank deposit rates. Cash equivalents are short-term investments, which are made for varying periods of up to three months depending on the immediate cash requirements of the Group and earn interest at the prevailing short-term investment rates. The carrying value of cash and cash equivalents approximates their fair value as at the balance sheet date.

Interest income derived from interest-earning bank deposits and short-term investments amounted to US$6.1 million, US$6.2 million and US$9.0 million for the years ended December 31, 2019, 2020 and 2021, respectively.

13 Receivables

This account consists of:

	2019	2020	**2021**
Trade	US$107,201,838	US$108,900,019	**US$112,635,882**
Advances and nontrade (Note 10)	25,254,649	29,027,975	**30,328,862**
	132,456,487	137,927,994	**142,964,744**
Less allowance for ECL	8,056,307	8,595,920	**7,952,355**
	US$124,400,180	US$129,332,074	**US$135,012,389**

Trade receivables are noninterest-bearing and are generally on 30-60 days' credit terms.

Advances and nontrade receivables mainly include noninterest-bearing advances to suppliers and vendors that may be applied against payable or collectible within 12 months.

Movements in the allowance for doubtful accounts are summarized below:

2019			
	Trade	Advances and Nontrade	Total
Balance at beginning of year	US$6,913,680	US$52,758	US$6,966,438
Provision during the year	1,116,491	–	1,116,491
Write-off	(44,851)	–	(44,851)
Translation adjustments	18,229	–	18,229
Balance at end of year	US$8,003,549	US$52,758	US$8,056,307

2020			
	Trade	Advances and Nontrade	Total
Balance at beginning of year	US$8,003,549	US$52,758	US$8,056,307
Provision during the year	669,013	290,266	959,279
Write-off	(2,178)	–	(2,178)
Translation adjustments	(355,086)	(62,402)	(417,488)
Balance at end of year	US$8,315,298	US$280,622	US$8,595,920

2021			
	Trade	**Advances and Nontrade**	**Total**
Balance at beginning of year	**US$8,315,298**	**US$280,622**	**US$8,595,920**
Provision during the year	**241,376**	**21,865**	**263,241**
Write-off	**(215,095)**	**–**	**(215,095)**
Translation adjustments	**(691,711)**	**–**	**(691,711)**
Balance at end of year	**US$7,649,868**	**US$302,487**	**US$7,952,355**

14 Prepaid Expenses and Other Current Assets

This account consists of:

	2019	2020	**2021**
Input tax (Note 10)	US$24,519,257	US$27,042,728	**US$21,910,622**
Prepaid port fees, insurance, bonds and other expenses and deposits	26,437,932	18,092,083	**18,589,978**
Restricted cash and short-term deposits	–	–	**6,610,418**
Creditable withholding taxes	6,646,854	6,378,700	**6,031,937**
Tax credits	6,001,745	5,825,128	**5,330,272**
Receivable from port authorities	6,279,487	7,318,157	**1,804,893**
Derivative assets (Note 27)	21,392	–	**–**
Others	2,188,776	2,139,008	**2,497,188**
	US$72,095,443	US$66,795,804	**US$62,775,308**

Input Tax
This account includes input tax recognized mainly by ICTSI, CMSA, CGT, BICTL, and CGSA from the acquisition of terminal equipment and payments of civil works in relation to the construction activities at these terminals (see Notes 6 and 10) and expected to be applied against output tax within 12 months from the balance sheet date.

Restricted Cash and Short-term Deposits
Restricted cash pertains mainly to cash deposits placed by ICTSI Iraq as a security to the availment of overdraft facility. Short-term deposits pertain to deposits with maturity ranging from three to 12 months.

Tax Credits
Tax credits consist of tax credits granted by the tax authorities and tax credit certificates issued mainly to CGSA, ICTSI, and TSSA which can be applied against tax liabilities in the future.

Receivable from Port Authorities
This account represents amount receivable for the Group's share in fees collected by the port authorities.

15 Equity

The Group was listed with the PSE on March 23, 1992. In its initial public offering, the Parent Company offered its common shares at a price of P6.70. As at December 31, 2019, 2020 and 2021, the Parent Company had 1,366, 1,365 and 1,359 shareholders on record, respectively.

15.1 Capital Stock and Treasury Shares

The Parent Company's common shares are listed and traded in the PSE.

The details and movements of ICTSI's capital stock and treasury shares as at December 31 were as follows:

	Number of Shares					
	Authorized			Issued and Subscribed		
	2019	2020	**2021**	2019	2020	**2021**
Preferred A Shares - nonvoting, non-cumulative, ₱1.00 (US$0.048) par value	993,000,000	993,000,000	**993,000,000**	3,800,000	3,800,000	**3,800,000**
Preferred B Shares - voting, non-cumulative, ₱0.01 (US$0.0002) par value	700,000,000	700,000,000	**700,000,000**	700,000,000	700,000,000	**700,000,000**
Common Stock -₱1.00 (US$0.048) par value	4,227,397,381	4,227,397,381	**4,227,397,381**	2,045,177,671	2,045,177,671	**2,045,177,671**

	Number of Shares Issued and Subscribed		
	2019	2020	**2021**
Treasury Shares			
Balance at beginning of year	(34,175,740)	(44,579,063)	**(2,406,962)**
Acquisitions during the year	(13,034,730)	–	**(5,970,990)**
Sale during the year	–	40,000,000	**–**
Issuance for share-based payments (Note 20)	2,631,407	2,172,101	**1,810,063**
	(44,579,063)	(2,406,962)	**(6,567,889)**

	Amount Issued and Subscribed		
	2019	2020	**2021**
Preferred Stock	US$236,222	US$236,222	**US$236,222**
Common Stock	US$67,781,529	US$67,781,529	**US$67,781,529**
Subscription Receivable	(451,341)	(451,341)	**(451,341)**
	US$67,330,188	US$67,330,188	**US$67,330,188**
Treasury Shares			
Balance at beginning of year	(US$58,112,070)	(US$83,012,573)	**(US$4,431,257)**
Issuance of treasury shares for share-based payments (Note 20)	4,365,640	4,120,334	**3,336,923**
Sale during the year	–	74,460,982	**–**
Acquisitions during the year	(29,266,143)	–	**(11,386,853)**
Balance at end of year	(US$83,012,573)	(US$4,431,257)	**(US$12,481,187)**

Preferred Shares

The Preferred A shares, which were subscribed by ICTHI, are nonvoting, entitled to dividend at rates to be fixed by the Board, non-cumulative, convertible to common shares under such terms to be provided by the Board, redeemable at such price and terms determined by the Board and have preference over common shares in the distribution of the assets of the Parent Company (see Note 15.3). As at March 1, 2022, the Board has not fixed the dividend rate and terms of conversion of Preferred A shares.

The Preferred B shares were issued to Achillion Holdings, Inc. (Achillion). Preferred B shares have the following features: voting; issued only to Philippine Nationals; not convertible into common shares; earn no dividend and redeemable at the option of the Board.

Achillion is a Philippine corporation owned and controlled by ICTSI's Chairman and President and controlling stockholder, Mr. Enrique K. Razon, Jr. The ICTSI contract with PPA on the operation, management and development of the MICT requires the Razon Group to retain control of ICTSI.

Treasury Shares

Treasury shares came from the acquisition of ICTSI common shares or transfer of ICTSI common shares held by subsidiaries. Part of the treasury shares are subsequently reissued upon vesting of stock awards under the Stock Incentive Plan (SIP) (see Note 20).

On November 26, 2018, the Board of ICTSI approved and authorized the re-purchase from the open market of up to 30 million ICTSI shares, in addition to the number of shares approved and ratified by the BOD on September 16, 2015 initially at 10 million shares and on November 17, 2016 for an additional 20 million shares. The purpose of the said authorizations is to provide management the flexibility to acquire shares from the open market either for the SIP or as and when management deems the price of the shares to be undervalued.

On November 25, 2020, the Board of ICTSI approved the offer and sale of 40,000,000 treasury shares. The sale is in response to the recommendation of management to raise funds for general corporate purposes, including funding of committed capital expenditures. On November 26, 2020, ICTSI's 40,000,000 shares were sold at Php117.00 (US$2.43) per share with net proceeds amounting to Php4.6 billion (US$95.4 million). The transaction resulted in the increase of Php783.3 million (US$21.0 million) in additional paid-in capital and the reduction in treasury shares of Php3.8 billion (US$74.5 million).

The Company acquired 13,034,730 treasury shares totaling US$29.3 million in 2019 and nil in 2020. On September 17, 2021, ICTSI acquired 5,970,990 ICTSI shares held by IWI CTHI. The acquisition of ICTSI shares resulted to a decrease in common shares held by subsidiaries by US$11.2 million, and an increase in treasury shares by US$11.4 million, including transaction costs. As at December 31, 2021, the total number of treasury shares is 6,567,889.

15.2 Additional Paid-in Capital

Additional paid-in capital is increased when ICTSI grants stock awards and these stock awards vest under the SIP. Aggregate decrease in additional paid-in capital amounted to US$1.8 thousand in 2019, and aggregate increase in additional paid-in capital amounted to US$0.1 million in 2020 and US$2.4 million in 2021, as a result of granting and vesting of stock awards (see Note 20).

The sale of treasury shares in November 2020 increased additional paid-in capital by Php783.3 million (US$21.0 million).

15.3 Cost of Shares Held by Subsidiaries

Details and movements in preferred and common shares held by subsidiaries as at December 31 are as follows:

	2019		2020		**2021**	
	Number of Shares	Amount	Number of Shares	Amount	**Number of Shares**	**Amount**
Preferred Shares	3,800,000	US$72,492,481	3,800,000	US$72,492,481	**3,800,000**	**US$72,492,481**
Common Shares						
Balance at beginning of year	734,970	1,769,114	734,970	1,769,114	**5,970,990**	**11,182,979**
Acquisitions during the year	–	–	5,236,020	9,413,865	**–**	**–**
Sale of shares held by a subisidary	–	–	–	–	**(5,970,990)**	**(11,182,979)**
Balance at end of the year	734,970	1,769,114	5,970,990	11,182,979	**–**	**–**
	4,534,970	US$74,261,595	9,770,990	US$83,675,460	**3,800,000**	**US$72,492,481**

As at December 31, 2019, 2020 and 2021, cost of preferred shares held by a subsidiary pertains to preference A shares held by ICTHI.

In March and July 2020, IWI CTHI acquired a total of 3,271,190 ICTSI common shares for US$5.6 million and 1,964,830 ICTSI common shares for US$3.8 million, respectively.

On September 17, 2021, ICTSI acquired 5,970,990 ICTSI shares held by IWI CTHI. The acquisition of ICTSI shares resulted to a decrease in common shares held by subsidiaries by US$11.2 million, and an increase in treasury shares by US$11.4 million, including transaction cost.

15.4 Non-controlling Interests

On April 10, 2019, IWI CTHI acquired 2,050,000 common shares of BIPI, representing 20% non-controlling interest from Atlantic, Gulf & Pacific Company of Manila, Inc. (AG&P) for US$8.0 million (Php416.1 million). This transaction increased IWI CTHI's ownership in BIPI from 60% to 80% (see Note 1.3) and reduced non-controlling interests by US$7.5 million (Php391.6 million). The difference between the purchase price and carrying value of the non-controlling interest of US$0.5 million (Php24.5 million) was recognized in equity as "Excess of consideration over the carrying value of non-controlling interests acquired or disposed" in the 2019 consolidated balance sheet.

On December 12, 2019, ICTSI and Royal Port Services, Inc. (RPSI), a minority shareholder in SBITHI, entered into a Shareholders' Agreement to restructure the ownership of SBITHI, including the transfer of ownership of 100% shares of ICTSI Subic held by ICTSI to SBITHI and subscription of additional shares by ICTSI in SBITHI. Before the restructuring, ICTSI owned 83.33% while RPSI owned 16.67% of SBITHI and ICTSI Subic was 100% and directly owned by ICTSI. After the restructuring, by way of ICTSI transferring its 100% direct ownership in ISI to SBITHI and subscribing to additional SBITHI shares as a consideration to the ICTSI Subic shares transferred, ICTSI's ownership in SBITHI was increased to 90.5% while RPSI's ownership in SBITHI was reduced to 9.5%. The restructuring resulted in the reduction of non-controlling interests amounting to US$0.2 million that was recognized in equity in the 2019 consolidated balance sheet.

On December 20, 2019, 30% of the shares held by ISPL were transferred to Noho-Mage after these shares were entered in MITL's share register under the name of Noho-Mage. The share transfer increased non-controlling interests by US$3.8 million (PGK12.8 million) (see Note 1.2).

On February 15, 2020, ISPL entered into share acquisition agreements with the local communities, Ahi Terminal Services Limited (Ahi) and Labu Investment Limited (Labu), for the transfer of SPICTL shares from ISPL to Ahi and Labu with each local community acquiring a 15% stake in SPICTL. The transfer of 30% of SPICTL shares from ISPL to the local communities became effective upon the signing of the said agreements. The share transfer increased non-controlling interests by US$7.5 million (PGK25.6 million), while ISPL retained a 70% ownership stake in SPICTL.

On May 25, 2021, ICTSI, through its wholly-owned subsidiary IABV, concluded the acquisition of an additional 10% stake in IDRC from SIP Sprl for US$20.0 million, increasing ICTSI's effective ownership in IDRC from 52% to 62%. This transaction reduced non-controlling interest by US$8.0 million. The difference between the purchase price and carrying value of the non-controlling interest of US$12.0 million was recognized in equity as "Excess of consideration over the carrying value of non-controlling interests acquired or disposed" in the 2021 consolidated balance sheet.

In October 2021, ICTSI, through IML, acquired additional 15.88% equity interest in PICT for PKR2.7 billion (US$15.8 million) and further increased its ownership to 80.41%. The share purchase transaction was accounted for as acquisition of non-controlling interests. The excess of the acquisition costs over the carrying value of the additional interest acquired amounting to US$11.5 million was recognized at transaction date in equity as "Excess of consideration over the carrying value of non-controlling interests acquired or disposed".

The significant portion of non-controlling interests pertains to YICT and IDRC representing 86%, 84% and 85% of the total as at December 31, 2019, 2020 and 2021, respectively.

The dividends distributed to non-controlling shareholders are as follows:

	2019	2020	**2021**
IDRC	US$9,600,000	US$14,400,000	**US$16,800,000**
PICT	3,758,946	6,706,297	**4,592,572**
YICT	4,754,574	5,632,622	**2,775,354**
SBITHI	1,087,890	1,515,250	**1,577,000**
SPICTL	–	2,702,406	**1,254,586**
SCIPSI	2,286,790	1,543,946	**858,683**
BIPI	3,417,450	725,363	**487,013**
MITL	–	1,841,862	**116,580**
AGCT	494,296	2,776,427	**–**
LGICT	695,075	165,349	**–**
MTS	–	32,216	**–**
DIPSSCOR	29,359	25,320	**–**
	US$26,124,380	US$38,067,058	**US$28,461,788**

15.5 Retained Earnings

The details of ICTSI's declaration of cash dividends are as follows:

	2019	2020	**2021**
Date of Board approval	April 11, 2019	March 20, 2020	**March 15, 2021; August 6, 2021**
Cash dividends (regular) per share	US$0.05 (₱2.92)	US$0.07 (₱3.31)	**US$0.069 (₱3.38)**
Cash dividends (special) per share	US$0.04 (₱2.08)	–	**US$0.032 (₱1.62)**
Record date	April 29, 2019	April 3, 2020	**March 30, 2021; August 20, 2021**
Payment date	May 7, 2019	April 16, 2020	**April 12, 2021; September 1, 2021**

Retained earnings were reduced by distributions paid out by RCBV to holders of Perpetual Capital Securities discussed in Note 15.6 below aggregating US$60.7 million in 2019, US$55.7 million in 2020 and US$67.3 million in 2021.

Of the net consolidated retained earnings of US$301.0 million, US$216.9 million and US$346.2 million as at December 31, 2019, 2020, 2021, respectively, undistributed cumulative earnings of subsidiaries in retained earnings position amounting to US$1,356.5 million, US$1,579.1 million and US$1,387.3 million as at December 31, 2019, 2020 and 2021, respectively, were not available for dividend distribution (see Note 21). As at December 31, 2021, the retained earnings is restricted for dividend declaration to the extent of the cost of treasury shares held amounting to US$23.8 million.

On April 11, 2019, the Board of the Parent Company approved the release of US$125.0 million from the appropriated retained earnings back to unappropriated retained earnings due to the partial completion of the new berth in ICTSI and the partial completion of the expansion projects in CMSA, OPC and ICTSI Iraq. On December 9, 2019, the remaining appropriated retained earnings of the Parent Company amounting to US$87.1 million was released back to unappropriated retained earnings due to the substantial completion of the expansion projects in CMSA, OPC and ICTSI Iraq.

Total appropriated retained earnings of the Parent Company amounted to nil in 2019, 2020 and 2021.

As at December 31, 2021, the unappropriated retained earnings of the Parent Company that is available for dividend declaration amounted to US$360.7 million.

15.6 Perpetual Capital Securities

On April 28, 2011, RCBV (the "Issuer") and ICTSI (the "Guarantor") signed a Subscription Agreement with The Hong Kong and Shanghai Banking Corporation Limited (HSBC) and Citigroup Global Markets Limited (Citi) for the issuance of US$200,000,000 8.375 percent Subordinated Guaranteed Perpetual Capital Securities (the "Original Securities"). The Original Securities confer a right to receive a return on the Original Securities (the "Distribution") every Distribution Payment Date as described in the terms and conditions of the Original Securities. These distributions are payable semi-annually in arrears on the Distribution Payment Dates of each year. However, the Issuer may, at its sole and absolute discretion, prior to any Distribution Payment Date, resolve to defer payment of all or some of the Distribution which would otherwise be payable on that Distribution Payment Date subject to exceptions enumerated in the terms and conditions of the Original Securities. The Original Securities are perpetual securities in respect of which there is no fixed redemption date but the Issuer may, at its option change the status of the Securities or redeem the same on instances defined under its terms and conditions.

On April 29, 2011, the Board approved the terms and conditions of the Original Securities, which were subsequently issued on May 5, 2011. The net proceeds from the issue of the Original Securities amounting to US$193.4 million were used for the development of greenfield projects, potential acquisitions and general corporate purposes.

On January 9, 2012, ICTSI tapped a further US$150.0 million (the "Further Securities") of the Original Securities discussed in the preceding paragraphs, increasing the size to US$350.0 million. The Further Securities were issued on January 17, 2012. The Original and Further Securities are collectively referred to as the "Securities". The Further Securities were issued at a price of 98.375 percent (plus interest accrued on the Securities from and including November 5, 2011 to but excluding January 17, 2012). The net proceeds from the issue of the Further Securities amounting to US$143.6 million were used for the same purpose as the Original Securities.

The Securities were not registered with the Philippine SEC. The Securities were offered in offshore transactions outside the United States in accordance with Regulation S under the U.S. Securities Act of 1933, as amended, and, subject to certain exceptions, may not be offered or sold within the United States. The Securities are traded and listed in the Singapore Stock Exchange.

The Securities are treated as a liability in the financial statements of the Issuer or RCBV since it has the obligation to pay the accumulated distributions should the Guarantor declare dividends to its common stockholders. On the other hand, the Securities are treated as part of equity attributable to equity holders of the parent in the consolidated financial statements of the Group because nothing in the terms and conditions of the Securities gives rise to an obligation of the Group to deliver cash or another financial asset in the future as defined by PAS 32. However, should the Issuer decide to exercise its option to redeem the Securities, the Securities shall be treated as a financial liability from the date the redemption option is exercised. Should the Issuer also opt to not defer payment of distributions on a Distribution Payment Date, all distributions in arrears as at that date will be recognized as a financial liability until payment is made.

On January 29, 2015, RCBV issued US$300.0 million 6.25 percent Senior Guaranteed Perpetual Capital Securities unconditionally and irrevocably guaranteed by ICTSI at a price of 99.551 percent or US$298.7 million. The new issue was partly used to finance the tendered US$230.0 million 8.375 percent Subordinated Guaranteed Perpetual Capital Securities ("Original Securities") at a tender price of 107.625 or US$247.5 million. The cash proceeds received by RCBV amounted to US$46.7 million, net of debt issuance cost. Exchange premium and unamortized debt issuance cost of the Original Securities amounting to US$23.2 million, was directly charged against retained earnings. This was treated as an equity transaction since the perpetual capital securities are treated as part of equity in the 2015 consolidated balance sheet.

On August 26, 2015, RCBV issued US$450.0 million 5.50 percent Senior Guaranteed Perpetual Capital Securities ("New Securities") unconditionally and irrevocably guaranteed by ICTSI. The cash proceeds received by RCBV amounted to US$436.3 million, net of debt issuance cost, were used for refinancing, funding capital expenditures and general corporate purposes.

In July and August 2015, RCBV redeemed and cancelled a total of US$11.3 million of the Subordinated Guaranteed Perpetual Capital Securities.

On May 5, 2016, RCBV redeemed the remaining US$108.3 million of the US$350 million Original and Further Securities and paid the accrued distributions amounting to US$4.5 million. The difference amounting to US$7.6 million between the total of the redemption price and accrued distributions of US$112.8 million and the carrying amount of the remaining Original and Further Securities of US$105.2 million was directly charged against retained earnings.

On October 3, 2016, RCBV tendered its US$300.0 million 6.25 percent and US$450.0 million 5.50 percent Senior Guaranteed Perpetual Capital Securities for redemption at a price of 106.75 and 105.75, respectively. On October 20, 2016, RCBV redeemed a total of US$345.5 million of the tendered securities and paid the associated accrued distributions of US$9.3 million. Together with the redemption, RCBV issued US$375.0 million 4.875 percent Senior Guaranteed Perpetual Capital Securities unconditionally and irrevocably guaranteed by ICTSI at a price of 99.225. The new issue was used to finance the redemption and payment of accrued distributions of the tendered securities. The difference amounting to US$41.2 million between the redemption price of US$376.2 million, including accrued distributions of US$9.3 million, and the carrying value of the redeemed perpetual capital securities amounting to US$335.0 million was directly charged to retained earnings. The amount equivalent to the proceeds from the new issue, net of debt issuance costs, was recognized as additional perpetual capital securities.

On January 10, 2018, the Board approved the principal terms and conditions and issuance of the US$350.0 million 5.875 percent fixed-for-life Senior Guaranteed Perpetual Capital Securities (the "New Securities"). The New Securities were unconditionally and irrevocably guaranteed by ICTSI.

On January 11, 2018, the Board approved the issuance of additional Senior Guaranteed Perpetual Capital Securities amounting to US$50.0 million ("Additional Securities") which was consolidated and formed a single series with the New Securities initially offered on January 10, 2018. The Additional Securities were also unconditionally and irrevocably guaranteed by ICTSI.

The cash proceeds received by RCBV from the issuance of the New and Additional Securities amounted to US$392.3 million, net of debt issuance costs, which shall be used for the financing of acquisitions and capital expenditures and for general corporate purposes.

On May 2, 2019, RCBV redeemed the remaining US$139.7 million of the US$300.0 million Senior Guaranteed Perpetual Capital Securities ("Securities") and paid the associated accrued distributions of US$4.4 million. The difference amounting to US$4.6 million between the redemption price of US$139.7 million and the carrying value of the Securities of US$135.1 million was directly charged to retained earnings.

On July 6, 2020, RCBV launched a cash tender offer for its US$450.0 million 5.50 percent Senior Guaranteed Perpetual Capital Securities (of which US$264.9 million was outstanding) at a tender price of 100.75 percent. On July 16, 2020 and July 31, 2020, RCBV redeemed a total of US$66.5 million and paid the related premium and accrued distributions of US$1.2 million. On July 16, 2020, RCBV issued US$300.0 million 5.00 percent Senior Unsecured Perpetual Capital Securities unconditionally and irrevocably guaranteed by ICTSI at a price of 98.979 percent. The new issue was used to finance the redemption and payment of accrued distributions of the tendered securities. The proceeds from the new issue, net of debt issuance costs and face value of the redeemed securities, amounting to US$228.3 million was recognized as additional perpetual capital securities.

On March 8, 2021, RCBV (the "Issuer") and ICTSI (the "Guarantor") sent a notice to The Hong Kong and Shanghai Banking Corporation Limited (HSBC, as "Trustee" and "Agent") for the redemption of the remaining US$198.3 million of the US$450.0 million Senior Guaranteed Perpetual Capital

Securities and payment of accrued distributions on May 5, 2021. The proceeds from the issuance of Securities were initially recognized as part of equity in the consolidated balance sheet. The difference amounting to US$11.5 million between redemption price of US$203.8 million and the carrying amount of the Securities of US$192.3 million recorded under equity was treated as a direct reduction in retained earnings.

On April 5, 2021, RCBV repurchased and surrendered for cancellation US$2.0 million of the US$300.0 million Senior Unsecured Perpetual Capital Securities at US$2.2 million, including accrued distributions. The difference amounting to US$0.2 million between the purchase price of US$2.2 million and the carrying amount of the Securities of US$2.0 million recorded under equity, was treated as a direct reduction in retained earnings.

On November 19, 2021, RCBV redeemed the US$85.2 million of the US$375.0 million 4.875 percent Senior Guaranteed Perpetual Capital Securities, including accrued distributions. The difference amounting to US$12.1 million between the purchase price of US$89.2 million and the carrying amount of the Securities of US$77.1 million recorded under equity, was treated as a direct reduction in retained earnings. On the same date, RCBV redeemed the US$183.8 million of the US$400.0 million 5.875 percent fixed-for-life Senior Guaranteed Perpetual Capital Securities, including accrued distributions. The difference amounting to US$8.4 million between the purchase price of US$188.6 million and the carrying amount of the Securities of US$180.2 million recorded under equity, was treated as a direct reduction in retained earnings.

RCBV paid distributions totaling US$60.7 million, US$55.7 million and US$67.3 million to the holders of the Securities in 2019, 2020 and 2021, respectively (see Note 15.5). Interest expense on Perpetual Capital Securities, which represents cumulative distributions to holders of Perpetual Capital Securities, amounted US$59.4 million, US$62.0 million and US$58.8 million for the years ended December 31, 2019, 2020 and 2021. However, the interest expense has not been recognized in the consolidated statements of income but instead directly charged against retained earnings since the Perpetual Capital Securities are presented as equity attributable to equity holders of the parent. For purposes of computing for earnings per share, the cumulative distributions to holders of Perpetual Capital Securities are deducted from net income attributable to equity holders of the parent (see Note 29).

15.7 Other Comprehensive Loss - net

The details of other comprehensive net loss, net of applicable tax, as at December 31 are as follows:

	2019	2020	**2021**
Cumulative translation adjustments* (Note 3.3)	(US$151,767,707)	(US$156,851,091)	**(US$189,085,055)**
Unrealized mark-to-market loss on derivatives (Notes 27.4 and 27.6)	(15,421,637)	(38,521,684)	**(13,326,958)**
Unrealized mark-to-market gain on financial assets at FVOCI (Note 10)	1,309,553	1,051,323	**1,445,806**
Business combination revaluation reserve	609,969	609,969	**609,969**
Share of other comprehensive gain (loss) of joint ventures and associates (Note 9)	3,837,237	11,163,961	**2,238**
Actuarial loss on defined benefit plans (Note 24)	(1,148,862)	(2,521,274	**(2,941,485)**
	(US$162,581,447)	(US$185,068,796)	**(US$203,295,485)**

**Cumulative translation adjustments arise from the change in functional currency of the Parent Company and some of its subsidiaries' translation of foreign operations.*

16 Long-term Debt

16.1 Outstanding Balances and Maturities

A summary of outstanding balance of long-term debt (net of debt issuance costs) as at December 31 is presented below:

	2019	2020	**2021**
US dollar-denominated medium-term notes (Note 16.2.1)	US$762,570,382	US$767,582,889	**US$772,965,534**
US dollar-denominated notes (Note 16.2.2)	179,272,241	392,206,914	**683,033,961**
Foreign currency-denominated loans and notes (Note 16.2.3)	266,568,877	248,564,594	**352,735,047**
US dollar-denominated term loans (Note 16.2.4)	411,771,892	309,731,252	**290,130,603**
Loan facility programme (Note 16.2.5)	42,445,397	46,393,091	**43,322,239**
	1,662,628,789	1,764,478,740	**2,142,187,384**
Effect of business combination[(a)]	–	–	**3,420,149**
Carrying value of debt	1,662,628,789	1,764,478,740	**2,145,607,533**
Less current portion[(a)]	235,115,540	49,807,882	**76,836,083**
	US$1,427,513,249	US$1,714,670,858	**US$2,068,771,450**

[(a)] Includes the difference between the fair value and the book value of the debt of MHCPSI's acquired through business combination

The balances of and movements in unamortized debt issuance costs, premium and discounts, net of the recognized fair value of prepayment option as at and for the years ended December 31 are shown below:

	2019	2020	**2021**
Balance at beginning of year	US$44,367,336	US$41,883,006	**US$43,394,114**
Debt issuance costs during the year	7,477,108	9,674,778	**11,953,205**
Amortization during the year	(7,227,372)	(8,064,539)	**(8,399,939)**
Write-off due to prepayment of long-term debt (Notes 16.2.2 and 21.3)	(2,737,326)	(658,333)	**(4,127,604)**
Translation adjustments	3,260	559,202	**(212,402)**
Balance at end of year	US$41,883,006	US$43,394,114	**US$42,607,374**

Amortization of debt issuance costs is presented as part of "Interest expense and financing charges on borrowings" in the consolidated statements of income.

Principal maturities of long-term debt (gross of unamortized debt issuance cost) as at December 31, 2021 were as follows:

	Amount
2022	US$70,525,793
2023	541,643,844
2024	16,677,239
2025	410,585,897
2026 onwards	1,145,361,985
	US$2,184,794,758

16.2 Details and Description

16.2.1 US Dollar-denominated Medium Term Note Programme (the "MTN Programme")

ITBV. On January 9, 2013, ITBV established the MTN Programme that would allow ITBV from time to time to issue medium-term notes (MTN), unconditionally and irrevocably guaranteed by ICTSI and listed on the Singapore Stock Exchange. The aggregate nominal amount of the MTN outstanding will not at any time exceed US$750.0 million (or its equivalent in other currencies), subject to increase as described in the terms and conditions of the Programme Agreement. In August 2013, the maximum aggregate nominal amount of the MTN outstanding that may be issued under the Programme was increased to US$1.0 billion.

Pursuant to the MTN Programme, on January 9, 2013, ITBV and ICTSI signed a Subscription Agreement with HSBC and UBS AG, Hong Kong Branch, for the issuance of 10-year US$300.0 million guaranteed MTN (the "Original MTN"). The Original MTN were issued on January 16, 2013 to mature on January 16, 2023 at a fixed interest rate of 4.625 percent p.a., net of applicable taxes, set at a price of 99.014 and payable semi-annually in arrears. Moreover, on January 28, 2013, an additional US$100.0 million guaranteed MTN was issued to form a single series with the original MTN.

In June 2013, ICTSI purchased a total of US$6.0 million of ITBV's US$400.0 million MTN at US$5.7 million.

On September 17, 2013, ITBV exchanged newly issued US$207.5 million 5.875 percent Notes due 2025 for ICTSI's US$178.9 million 7.375 percent Notes due 2020. The Notes due 2020 were then reduced from US$450.0 million to US$271.1 million. The Notes due 2025 were issued by ITBV under its US$1.0 billion Medium Term Note Programme (the "MTN Programme") and are unconditionally and irrevocably guaranteed by ICTSI. Moreover, on April 30, 2014, an additional US$75.0 million notes were issued to form a single series with the 2025 Notes.

On January 29, 2015, a total of US$117.5 million 5.875 percent Notes due 2025 from the MTN Programme were issued at a price of 102.625 and US$102.6 million of which was used to exchange with holders of US$91.8 million 7.375 percent Notes due 2020. The cash proceeds received by ITBV amounted to US$11.6 million, net of debt issuance cost. These new Notes were consolidated and formed a single series with the US$282.5 million 5.875 percent guaranteed Notes due 2025 issued on September 17, 2013 and April 30, 2014. As at December 31, 2021, carrying value of notes under the MTN Programme amounted to US$773.0 million.

16.2.2 US Dollar-denominated Notes

On March 10, 2010, ICTSI signed a Subscription Agreement with Hong Kong and Shanghai Banking Corporation Ltd. (HSBC) and JP Morgan Securities, Ltd. for the issuance of ten-year senior notes (the "Original Notes"). The Original Notes were issued on March 17, 2010 with an aggregate principal amount of US$250.0 million, maturing on March 17, 2020. The Original Notes bear interest at a fixed rate of 7.375 percent, net of applicable taxes, payable semi-annually in arrears.

On April 29, 2010, ICTSI tapped a further US$200.0 million (the "Further Notes") of the Original Notes discussed in the preceding paragraph, increasing the size to US$450.0 million. The Further Notes were issued on May 6, 2010. The Original and Further Notes are collectively referred to as the "Notes". The Further Notes bear interest at the fixed rate of 7.375 percent, net of applicable taxes, and was set at a price of 102.627 for an effective yield of 7.0 percent.

The net proceeds of the Notes amounting to US$448.1 million were used to fund investments in existing and new terminal construction activities, refinance some of its existing debt and for other general corporate purposes.

The Notes were not registered with the Philippine SEC. The Notes were offered in offshore transactions outside the United States in reliance on Regulation S under the Securities Act of 1933, as amended, and, subject to certain exceptions, may not be offered or sold within the United States. The Notes are traded and listed in the Singapore Stock Exchange.

On September 17, 2013, ITBV exchanged newly issued US$207.5 million 5.875 percent Notes due 2025 for ICTSI's US$178.9 million 7.375 percent Notes due 2020. The Notes due in 2020 were then reduced from US$450.0 million to US$271.1 million. The Notes due 2025 were issued by ITBV under its US$1.0 billion Medium Term Note Programme (the "MTN Programme") and are unconditionally and irrevocably guaranteed by ICTSI (see Note 16.2.1).

On January 29, 2015, a total of US$117.5 million 5.875 percent Notes due 2025 from the MTN Programme were issued at a price of 102.625 and US$102.6 million of which was used to exchange with holders of US$91.8 million 7.375 percent Notes due 2020. The cash proceeds received by ITBV amounted to US$11.6 million, net of debt issuance cost. These new Notes were consolidated and formed a single series with the US$282.5 million 5.875 percent guaranteed Notes due 2025 issued on September 17, 2013 and April 30, 2014 (see Note 16.2.1). ICTSI fully redeemed the outstanding balance of Notes amounting to US$179.3 million on March 17, 2020.

On June 10, 2020, ICTSI signed a Subscription Agreement with Citigroup Global Markets Limited, Credit Suisse (Hong Kong) Limited and J.P. Morgan Securities Plc for the issuance of ten-year senior notes (the "Senior Notes"). The Senior Notes were issued on June 17, 2020 with an aggregate principal amount of US$400.0 million, maturing on June 17, 2030, at a fixed interest rate of 4.75 percent per annum, payable semi-annually in arrears and at a price of 99.607.

The proceeds of the Senior Notes amounting to US$391.9 million, net of debt issuance costs of US$8.1 million, were used to refinance and extend the maturity of the Group's liabilities and for general corporate purposes. As at December 31, 2021, the carrying value of the Senior Notes amounted to US$392.8 million, net of debt issuance costs.

The Senior Notes were not registered with the Philippine SEC. The Senior Notes were offered in offshore transactions outside the United States in reliance on Regulation S under the Securities Act and, subject to certain exceptions, may not be offered or sold within the United States. The Senior Notes are traded and listed in the Singapore Stock Exchange.

ITBV. On November 9, 2021, ITBV signed a Subscription Agreement with Citigroup Global Markets Limited and The Hongkong and Shanghai Banking Corporation Limited for the issuance of ten-year Senior guaranteed fixed rate notes (the "New Notes"). The New Notes were issued on November 16, 2021 with an aggregate principal amount of US$300.0 million, maturing on November 16, 2031, at a fixed interest rate of 3.50 percent per annum, payable semi-annually in arrears and at a price of 100.00.

The proceeds of the New Notes amounting to US$290.1 million, net of debt issuance costs of US$9.9 million, were used for refinancing and general corporate purposes including, among others, to fund the Tender Offer relating to senior guaranteed perpetual securities of Royal Capital BV (see Note 15.6). As at December 31, 2021, the carrying value of the New Notes amounted to US$290.2 million, net of debt issuance costs.

The New Notes were not registered with the Philippine SEC. The New Notes were offered in offshore transactions outside the United States in reliance on Regulation S under the Securities Act and, subject to certain exceptions, may not be offered or sold within the United States. The Senior Notes are traded and listed in the Singapore Stock Exchange.

16.2.3 Foreign Currency-denominated Loans and Notes

AGCT. In March 2013, AGCT signed the first part of a ten-year loan agreement for US$8.1 million (EUR6.2 million) with Raiffeisenbank Austria d.d. to partly finance the purchase of port equipment intended for the Brajdica Container Terminal. The principal is repayable in 112 monthly installments from January 31, 2014 up to April 30, 2023. Interest is payable monthly based on floating interest rate computed at 1-month Euro Interbank Offered Rate plus a spread of 4.2 percent. On July 1, 2016, the spread was reduced from 4.2 percent to 3.4 percent. The loan is secured by AGCT's port equipment (see Note 6). The loan was fully-paid on October 25, 2019.

On July 22, 2013, AGCT signed the second part of the same loan agreement for US$5.6 million (EUR4.4 million). Principal is repayable in 120 monthly installments from January 31, 2014 up to December 31, 2023. Interest is payable monthly based on floating interest rate computed at 1-month Euro Interbank Offered Rate plus a spread of 4.2 percent. The loan is secured by AGCT's port equipment (see Note 6). On July 1, 2016, the spread on the interest of AGCT's loans was reduced from 4.2 percent to 3.4 percent. The loan was fully-paid on December 20, 2019.

On April 2018, AGCT signed a loan agreement for US$0.7 million (EUR0.6 million). Principal is repayable in 15 installments starting August 31, 2018 up to October 31, 2019. Interest is payable monthly based on fixed interest rate of 2.5%. In 2018, AGCT, paid US$0.3 million (EUR0.2 million) of the loans. The loan was fully-paid on May 31, 2019.

VICT. On July 15, 2016, VICT signed the syndicated project finance facilities with various international and regional banks for a principal amount of US$300.0 million (AUD398.0 million), comprising of term facilities totaling US$284.9 million (AUD378.0 million) with interest rates based on Australian Bank Bill Swap Reference Rate (bid) (BBSY) plus an average margin of 3.1 percent per annum and maturities until 2023, 2026 and 2031 and working capital facility of US$15.1 million (AUD20.0 million). In 2021, VICT has fully paid the loan.

On December 13, 2021, VICT signed a Note Purchase Agreement with various purchasers for the issuance and sale of Senior Secured Notes with an aggregate principal amount of US$290.5 million (AUD400.0 million), maturing on March 31, 2039, at a fixed interest rate of 4.27 percent per annum, payable semiannually in arrears. The issuance shall occur according to a funding schedule. The first funding occurred on December 13, 2021 for an aggregate amount of US$203.4 million (AUD280.0 milllion). The proceeds were used to fund the prepayment of VICT's project finance facilities (see Note 6). The Senior Secured Notes is secured by certain assets of VICT and IOBV (see Note 6).

As at December 31, 2021, the outstanding balance of the notes amounted to US$201.6 million (AUD277.5 million), net of debt issuance costs.

YICT. On April 26, 2017, YICT obtained a US$21.8 million (RMB150.0 million) loan from Agricultural Bank of China (ABC) payable in installments with a final maturity on November 21, 2023. The loan was used to refinance YICT's maturing loan with Yantai Port Holdings (YPH). Interest is based on the interest rate published by People's Bank of China minus an agreed margin. The rate is subject to adjustment every 12 months. In 2020, YICT fully paid the remaining balance of US$4.3 million (RMB30.0 million) of the loan.

SPICTL and MITL. On April 13, 2018, Australia and New Zealand (ANZ) Banking Group (PNG) Limited granted PGK-denominated bridge loan facilities to SPICTL and MITL amounting to US$31.1 million (PGK101.0 million) and US$25.2 million (PGK82.0 million), respectively, with interest based on ANZ's published Indicator Lending Rate minus an agreed margin and initial tenor of six months from drawdown date. The loans availed by SPICTL and MITL in April 2018 and May 2018, respectively, were both extended further and matured on December 2, 2019.

On November 27, 2019, SPICTL and MITL, as borrowers, and ANZ Banking Group (PNG) Limited, as lender, signed a loan agreement which consists of a PGK five-year term loan facility of US$31.6 million (PGK106.9 million) and a PGK revolving loan facility of US$5.9 million (PGK20.0 million), with interest based on ANZ's published Indicator Lending Rate minus an agreed margin. In 2019, SPICTL and MITL has availed of US$17.8 million (PGK60.2 million) and US$13.8 million (PGK46.7 million), respectively, from the term loan facility. In 2021, SPICTL and MITL paid US$3.4 million (PGK12.0 million) and US$2.7 million (PGK9.3 million) of the loans, respectively.

On August 27, 2021, SPICTL and MITL signed an amendment to the loan agreement which consists of additional term loan facility of US$13.4 million (PGK47.0 million). On August 31, 2021, MITL availed of additional US$2.8 million (PGK10.0 million) from the term loan facility. As at December 31, 2021, the outstanding balance of the term loans of SPICTL and MITL amounted to US$10.2 million (PGK35.7 million) and US$10.7 million (PGK37.7 million), net of debt issuance costs, respectively.

ICTSI. On April 14, 2020, ICTSI availed of 18-month loans from Metropolitan Bank & Trust Company ("MBTC") totaling to US$29.6 million (Php1.5 billion) with interest based on the prevailing market rate. ICTSI fully prepaid the loans on October 6, 2020.

MHCPSI. In December 2016, MHCPSI entered into a 7-year loan agreement with MBTC amounting to Php7.0 billion (US$140.8 million) for capital expenditures and business expansion. The principal is payable in six annual amortizations of one percent (1%) of the total drawn principal amount commencing on March 14, 2017 and every anniversary thereafter. The balance of the loan, equivalent to 94% of the total drawn principal amount, shall be fully paid together with the accrued interest, on the last repayment date which shall coincide with the maturity date on March 14, 2023. The loan originally bears a fixed interest rate, payable quarterly.

The loan agreement was amended and effective July 9, 2021, interest is based on the higher of the prevailing 3-month BVAL plus agreed spread, or the prevailing Central Bank of the Philippines Overnight Reverse Repurchase Rate plus agreed spread. The security was also amended to be solely secured by the continuing suretyship of ICTSI. Except for the amendments

on interest rate and security, the other terms and conditions of the loan agreement remained effective.

The loan was acquired through business combination. As at December 31, 2021, the carrying value of the loan amounted to US$133.7 million (Php6.8 billion). Excluding the effect of business combination, the outstanding balance of the loan amounted to US$130.2 million (Php6.6 billion).

16.2.4 US Dollar-denominated Term Loans

CGSA. On March 29, 2016, CGSA (as "Borrower"), MBTC (as "Lender") and ICTSI (as "Surety") signed a loan agreement which consists of two tranches of US$32.5 million (Tranche I) and US$7.5 million (Tranche II) with interest based on three-month London Inter-bank Offered Rate (LIBOR) plus an agreed margin. Tranche I has a final maturity in March 2021 and Tranche II in May 2017. In 2016, CGSA availed of loans with a total amount of US$40.0 million. A portion of the proceeds of these loans was used to refinance the unsecured term loans of CGSA amounting to US$9.2 million in April 2016. In 2017, CGSA fully paid the loan under Tranche II. In March 2021, CGSA has fully paid the remaining balance of US$1.9 million of the loan under Tranche I.

On September 10, 2020, CGSA (as "Borrower"), Philippine National Bank (as "Lender" or "PNB") and ICTSI (as "Surety") signed a loan facility amounting to US$15.5 million at a fixed interest rate and with a tenor of 7 years. On November 27, 2020 and January 28, 2021, CGSA availed of US$2.5 million and US$2.0 million loans from the facility, respectively. In 2021, CGSA has paid US$0.6 million of the loans. The outstanding balance of the loans amounted to US$3.8 million as at December 31, 2021.

OPC. On July 11, 2017, OPC (as "Borrower"), MBTC (as "Lender") and ICTSI (as "Surety") signed a loan agreement amounting to US$77.0 million with interest based on three-month LIBOR plus an agreed margin and maturity date of July 2020. Proceeds of the loan was used to finance capital expenditures. OPC availed of US$39.5 million out of the US$77.0 million term loan facility. The loan was fully paid on October 20, 2019 ahead of its maturity date.

IDRC. On October 9, 2018, IDRC availed of a four-year term loan with Rawbank DRC amounting to US$25.0 million at a fixed interest rate. In 2021, IDRC has paid US$6.3 million of the loan. As at December 31, 2021, the outstanding balance of the loan amounted to US$5.2 million.

On May 6, 2019, IDRC availed of another four-year term loan with Rawbank DRC amounting to US$3.0 million at a fixed interest rate. In 2021, IDRC has paid US$0.8 million of the loan. As at December 31, 2021, the outstanding balance of the loan amounted to US$0.9 million.

On July 22, 2020, IDRC availed of a three-year term loan with Rawbank DRC amounting to US$10.0 million at a fixed interest rate. In 2021, IDRC has paid US$3.3 million of the loan. As at December 31, 2021, the outstanding balance of the loan amounted to US$5.6 million.

IGFBV. On March 21, 2019, IGFBV, as borrower, MBTC, as lender, and ICTSI, as surety, signed a term loan facility amounting to US$300.0 million with interest based on three-month LIBOR plus an agreed margin and with a tenor of 7 years. On April 29, 2019, IGFBV has fully availed the term loan facility. As at December 31, 2021, the outstanding balance of the term loan facility amounted to US$274.6 million, net of debt issuance costs.

On November 26, 2019, December 5, 2019 and January 6, 2020, IGFBV availed of an 18-month loan from MUFG Bank Ltd. (MUFG) with interest based on three-month LIBOR plus an agreed margin, amounting to US$45.0 million, US$45.0 million and US$20.0 million, respectively. IGFBV fully paid the loans on June 18, 2020 totaling US$110.0 million.

ICTSI. On March 24, 2020, ICTSI availed of an 18-month loan from MBTC amounting to US$100.0 million with interest based on the prevailing market rate. ICTSI fully prepaid the loan on June 18, 2020.

16.2.5 Loan Facility Programme

ICTSI Middle East DMCC. On January 9, 2019, ICTSI Middle East DMCC, as borrower, and ICTSI, as guarantor, signed a term loan facility agreement with Citigroup Global Markets Asia Limited and Standard Chartered Bank, the original mandated lead arrangers and bookrunners, for the principal amount of EUR260.0 million (US$297.6 million) with interest rate based on Euro Interbank Offer Rate (EURIBOR) plus an agreed margin and maturity on December 20, 2022. The term facility agreement was entered into pursuant to the Loan Facility Programme Agreement dated July 24, 2014 between ICTSI Global Finance B.V. as the borrower, ICTSI as the guarantor, and The Bank of New York Mellon, Singapore Branch as the trustee ("Loan Programme"). ICTSI Middle East DMCC acceded to the Loan Programme as an additional borrower and an additional obligor thereunder.

On January 10, 2019, ICTSI Middle East DMCC has fully availed of the US$297.6 million (EUR260.0 million) from the facility.

On June 12, 2019, ICTSI Middle East DMCC, as borrower, and ICTSI, as guarantor, signed an amendment and syndication agreement with various international and local banks for the term loan facility.

On July 15, 2019 and December 17, 2019, ICTSI Middle East DMCC prepaid US$219.1 million (EUR195.0 million) and US$30.0 million (EUR26.8 million) of the loan. As a result of the partial prepayment of the loan, the unamortized portion of the debt issuance costs related to the prepaid loan amounting to US$2.7 million (EUR2.4 million) was charged to profit or loss and recognized as "Other expenses" in the 2019 consolidated statement of income.

As at December 31, 2021, the outstanding balance of the loans amounted to US$43.3 million (EUR38.1 million), net of debt issuance costs.

16.3 Loan Covenants and Capitalized Borrowing Costs

The loan agreements with banks impose certain restrictions with respect to corporate reorganization, disposition of all or a substantial portion of ICTSI's and subsidiaries' assets, acquisitions of futures or stocks, and extending loans to others, except in the ordinary course of business. ICTSI is also required to comply with a specified financial ratio relating to their debt to EBITDA up to 4 times when incurring additional debt.

There was no material change in the covenants related to the Group's long-term debt. As at December 31, 2021, ICTSI and subsidiaries were in compliance with their loan covenants.

Interest expense, net of amount capitalized as intangible assets and property and equipment, presented as part of "Interest expense and financing charges on borrowings" account in the consolidated statements of income, amounted to US$99.3 million in 2019, US$100.4 million in 2020, and US$109.8 million in 2021 (see Notes 5 and 6).

17 Other Noncurrent Liabilities

This account consists of:

	2019	2020	**2021**
Pension liabilities (Note 24)	US$12,306,051	US$14,874,966	**US$14,256,427**
Accrued taxes and others (Note 19)	6,594,946	6,360,501	**9,938,953**
Derivative liability (Note 27)	16,975,097	33,684,519	**7,766,630**
Government grant	8,353,225	5,908,920	**3,570,577**
Others	3,896,845	1,831,753	**6,311,577**
	US$48,126,164	US$62,660,659	**US$41,844,164**

Government Grant

On March 29, 2012, BCT and CUPT, a Polish grant authority, signed the EU Grant whereby CUPT would grant BCT a subsidy amounting to US$17.3 million (PLN53.9 million) and on October 21, 2013, BCT and CUPT signed a second EU Grant whereby CUPT would grant BCT a subsidy amounting to US$4.8 million (PLN14.6 million). The confirmation of the availability of the EU Grant was a condition precedent to any borrowing under the facility agreement of BCT. In December 2015, BCT finalized capital expenditure projects supported by the EU Grant with an estimated total of US$19.5 million. As at December 31, 2021, BCT has availed a total of US$19.6 million of the EU Grant. The EU Grant is treated as deferred income and is amortized over the duration of the existing concession agreement ending on May 31, 2023. The unamortized deferred income from government grant amounted to US$8.4 million, US$5.9 million and US$3.6 million as at December 31, 2019, 2020 and 2021, respectively. Amortization of deferred income included under "Other income" account in the consolidated statements of income amounted to US$2.5 million for years 2019 and 2020 and US$2.4 million in 2021 (see Note 21).

Accrued Taxes and Others

Accrued taxes and others as at December 31, 2021 include the noncurrent portion of customs duties payable in relation to the importation of port equipment in CGSA amounting to US$6.8 million. The current portion amounting to US$1.0 million as at December 31, 2021 is included in "Accounts payable and other current liabilities" account under accrued output and other taxes (see Note 19).

Others

Others mainly pertain to the additions in other noncurrent liabilities arising from acquisition of MHCPSI (see Note 1.4).

18 Loans Payable

Loans payable are unsecured loans obtained by ICTSI and several subsidiaries.

SPICTL and MITL. On April 13, 2018, ANZ Banking Group (PNG) Limited granted PGK-denominated bridge loan facilities to SPICTL and MITL amounting to US$31.1 million (PGK101.0 million) and US$25.2 million (PGK82.0 million), respectively, with interest based on ANZ's published Indicator Lending Rate minus an agreed margin and initial tenor of six months from drawdown date. The loans availed by SPICTL and MITL in April 2018 and May 2018, respectively, were both extended further and matured on December 2, 2019 (see Note 16.2.3).

On September 17, 2020, MITL availed of US$2.8 million (PGK10.0 million) from the revolving loan facility with a maturity date of March 16, 2021. The loan was renewed on March 16, 2021 and matured on August 31, 2021.

ICTSI. On March 13, 2020, ICTSI availed of short-term loans from Citibank N.A, PNB and Standard Chartered Bank (SCB) totaling to US$200.0 million at prevailing market rates with maturity dates of June 11, 2020 and September 9, 2020. ICTSI fully paid the loans with Citibank, PNB, and SCB on June 11, 2020, June 15, 2020 and June 18, 2020, respectively.

On March 20, 2020, ICTSI availed of additional short-term loans from MUFG and HSBC totaling to US$90.0 million at prevailing market rates with maturity dates of September 18, 2020 and March 22, 2021. ICTSI fully prepaid the loans on June 18, 2020.

ICTSI Iraq. On July 15, 2021, ICTSI ME DMCC signed an Overdraft Facility of up to IQD11.0 billion with National Bank of Iraq with interest based on prevailing market rate, renewable on a yearly basis. In July to December 2021, ICTSI ME DMCC availed loans totaling US$20.1 million (IQD29.3 billion) from the facility and paid a total amount of US$15.1 million (IQD22.0 billion). The outstanding loan amounted to US$5.0 million (IQD7.3 billion) as at December 31, 2021, and is secured by a short-term time deposit amounting to US$6.2 million (Note 12).

Interest expense incurred related to these loans payable amounted to US$1.7 million in 2019, US$1.2 million in 2020, and US$0.3 million in 2021.

19 Accounts Payable and Other Current Liabilities

This account consists of:

	2019	2020	**2021**
Trade (Notes 21.3 and 23.1)	US$192,842,974	US$198,931,067	**US$171,581,124**
Accrued expenses:			
Salaries and benefits	31,496,484	35,023,759	**35,683,787**
Output and other taxes (Note 17)	45,401,373	39,708,440	**28,399,222**
Interest (Notes 16 and 18)	24,110,077	19,848,482	**19,059,676**
Operating expenses and others	19,920,519	19,826,375	**19,253,171**
Customers' deposits	10,448,979	14,467,120	**19,510,180**
Provisions for claims and losses (Notes 21 and 26)	16,197,873	18,381,473	**18,480,698**
Dividends payable	5,899,966	3,353,538	**3,804,111**
Others	1,281,779	4,088,221	**6,091,829**
	US$347,600,024	US$353,628,475	**US$321,863,798**

Trade payables are noninterest-bearing and are generally settled on 30 to 60-day terms.

Provisions for claims and losses pertain to estimated probable losses in connection with legal cases and negotiations involving cargo, labor, contracts and other issues. The movements in this account follow:

	2019	2020	**2021**
Balance at beginning of year	US$20,278,993	US$16,197,873	**US$18,381,473**
Provision during the year	3,969,986	4,231,637	**5,039,807**
Settlement and reversal during the year (Note 21.1)	(8,804,621)	(621,713)	**(6,155,471)**
Translation adjustment	753,515	(1,426,324)	**1,214,889**
Balance at end of year	US$16,197,873	US$18,381,473	**US$18,480,698**

20 Share-based Payment Plan

Certain officers and employees of the Group receive remuneration through share-based payment transactions, whereby officers and employees are given awards, in the form of ICTSI common shares as equity-settled transactions, in lieu of cash incentives and bonuses under the SIP. The SIP was approved by the stockholders of ICTSI on March 7, 2007, effective for a period of ten years unless extended by the Board. On March 7, 2016, the Board approved for the extension of the SIP for a further 10 years until March 2027 and the amendment of vesting period of the SIP. The vesting period of the SIP was amended from two years where 50% is to vest on the first anniversary date of the award and the other 50% to vest on the second anniversary date of the award, to three years where 25% is to vest on the first anniversary date of the award, 25% to vest on the second anniversary date of the award, and 50% to vest on the third anniversary date of the award. Unless the Stock Incentive Committee determines otherwise, when dividends are declared by the Company, the number of shares subject to an award shall be increased by the number equal in value to the dividends the awardee would have received in respect of an award had the shares awarded to the awardee vested at the time of the dividend declaration. This is designated as the Dividend Re-investment Plan (DRIP).

The shares covered by the SIP are held under treasury until they are awarded and issued to the officers and employees as determined by the Stock Incentive Committee. As at December 31, 2021, there were 49,624,972 ICTSI common shares granted in aggregate under the SIP since it became effective in 2007. Also, as at December 31, 2021, there are 6,567,889 ICTSI common shares held under treasury, part of which are allotted for the SIP (see Note 15.1).

The grant of shares under the SIP does not require an exercise price to be paid by the awardee. Awardees who resign or are terminated will lose any right to unvested shares. In the event of retirement of an awardee, the unvested shares shall automatically vest in full. In the event of death or total disability of an awardee, the outstanding unvested shares shall vest in full and the shares will be released to the designated heirs of the awardee. A change in control in ICTSI will trigger the automatic vesting of unvested awarded shares. There are no cash settlement alternatives.

The SIP covers permanent and regular employees of ICTSI with at least one-year tenure; officers and directors of ICTSI, its subsidiaries or affiliates; or other persons who have contributed to the success and profitability of ICTSI or its subsidiaries or affiliates.

Stock awards, including DRIP shares, granted by the Stock Incentive Committee to officers and employees of ICTSI and ICTSI Ltd. for the past three years are shown below:

Grant Date	Number of Shares Granted	Fair Value per Share at Grant Date
March 1, 2019	1,662,309	US$2.19 (₱113.00)
May 7, 2019	145,876	US$2.63 (₱136.40)
March 10, 2020	2,122,621	US$1.82 (₱92.00)
April 16, 2020	181,883	US$1.48 (₱75.20)
March 1, 2021	1,976,171	US$2.48 (₱120.50)
April 12, 2021	142,832	US$2.57 (₱124.80)

Fair value per share was determined based on the quoted market price of stock at the date of grant.

Movements in the stock awards (number of shares) in 2019, 2020 and 2021 follow:

	2019	2020	**2021**
Balance at beginning of year	4,630,729	3,807,507	**3,888,072**
Stock awards granted	1,808,185	2,304,504	**2,119,003**
Stock awards vested, issued and cancelled	(2,631,407)	(2,223,939)	**(1,816,881)**
Balance at end of year	3,807,507	3,888,072	**4,190,194**

Total compensation expense recognized on the vesting of the fair value of stock awards and presented as part of manpower costs in the consolidated statements of income amounted to US$4.2 million in 2019, US$4.2 million in 2020 and US$4.7 million in 2021, respectively. A corresponding increase in additional paid-in capital, net of applicable tax, was also recognized in the consolidated statements of changes in equity (see Note 15.2).

21 Income and Expenses

21.1 Other Income

This account consists of:

	2019	2020	**2021**
Reversal of accrued taxes and other accruals (Note 19)	US$6,245,613	US$4,885,697	**US$5,928,416**
Rental income (Note 8)	2,864,392	3,680,497	**4,554,708**
Gain on settlement of insurance and other claims	2,512	1,338,586	**5,522,303**
Tax refund	–	781,955	**1,315,771**
Income from amortization of government grant (Note 17)	2,535,920	2,455,555	**2,440,295**
Gain on disposal of property and equipment (Note 6)	475,575	173,881	**1,376,093**
Dividend income	6,082	3,062	**4,619**
Mark-to-market gain on derivatives - net (Note 27)	–	591	**–**
Income from auction of overstaying cargoes and miscellaneous income	823,963	2,944,230	**8,691,963**
	US$12,954,057	US$16,264,054	**US$29,834,168**

21.2 Port Authorities' Share in Gross Revenues

This account consists of variable port fees of the Group in accordance with the agreements with the port authorities where the Group operates, excluding in-substance fixed payments that formed part of concession rights and right-of-use assets that are amortized on a straight-line basis over the term of the concession (see Note 25). Port authorities' share in gross revenues includes variable fees aggregating US$187.1 million in 2019, US$175.0 million in 2020 and US$202.6 million in 2021 (see Note 25).

21.3 Other Expenses

	2019	2020	**2021**
Covid-19 related and restructuring and separation costs (Note 19)	US$1,404,345	US$13,598,480	**US$11,434,859**
Write-off of debt issuance costs and costs of securing a revolving credit facility due to cancellation (see Notes 10, 16.1, 16.2.2 and 16.2.5)	2,737,326	658,333	**10,033,974**
Management fees (Note 23.1)	3,186,677	2,982,465	**4,103,845**
Pre-termination cost and other bank charges	6,157,802	3,511,221	**2,103,168**
Unutilized taxes	457,461	2,173,244	**1,600,103**
Loss on disposal of property and equipment (Note 6)	356,826	295,922	**235,485**
Others	5,489,528	7,473,815	**15,845,995**
	US$19,789,965	US$30,693,480	**US$45,357,429**

Restructuring and Separation Costs

Restructuring and separation costs pertain to costs incurred with respect to cost optimization and rationalization in response to market developments in certain terminals.

22 Income Tax

The components of recognized deferred tax assets and liabilities are as follows:

	2019	2020	**2021**
Deferred tax assets on:			
ROU asset and lease liability under PFRS 16	US$129,386,584	US$122,846,616	**US$147,587,527**
NOLCO	89,196,769	69,666,736	**63,034,571**
Unrealized foreign exchange losses	59,512,704	58,496,484	**47,110,680**
Intangible assets and concession rights payable under IFRIC 12	30,561,201	35,148,785	**34,584,786**
Unrealized mark-to-market loss on derivatives	3,038,777	32,927,718	**23,475,899**
Accrued retirement cost and other expenses	2,120,821	5,523,642	**3,839,934**
Share-based payments	470,602	476,527	**1,376,933**
Allowance for doubtful accounts and other provisions	887,591	1,418,894	**1,355,445**
Allowance for obsolescence	734,912	1,339,137	**897,963**
Others	5,464,650	14,917,617	**14,489,876**
	US$321,374,611	US$342,762,156	**US$337,753,614**
Deferred tax liabilities on:			
Accelerated depreciation and translation difference between functional and local currency	US$76,401,403	US$68,208,739	**US$66,861,496**
Excess of fair value over book value of net assets of AGCT, BCT, Tecplata, YICT, PICT, OJA, TMT and ICTSI Rio	42,296,418	34,056,996	**60,848,163**
Difference in depreciation and amortization periods of port infrastructure classified as concession rights	26,159,123	31,738,440	**30,349,293**
Capitalized borrowing costs	12,879,491	16,331,402	**13,905,526**
Nonmonetary assets	1,390,686	3,158,198	**1,402,564**
Unrealized foreign exchange gains	332,917	2,386,788	**2,537,892**
Unrealized mark-to-market gain on derivatives	170,138	171,757	**782**
Others	4,619,419	2,961,813	**7,024,920**
	US$164,249,595	US$159,014,133	**US$182,930,636**

Other deferred taxes mainly pertain to difference in tax and accounting bases for lease and depreciation.

The Parent Company is subject to income tax based on its Philippine peso books even as its functional currency is US dollars. As a result, the Parent Company's US dollar-denominated net monetary liabilities were translated to Philippine peso giving rise to the recognition of deferred tax asset on net unrealized foreign exchange losses. The deferred tax asset on net unrealized foreign exchange losses amounting to US$59.2 million, US$56.1 million, and US$44.6 million as at December 31, 2019, 2020 and 2021, respectively, mainly pertains to Parent Company.

Deferred tax assets on NOLCO of certain subsidiaries amounting to US$26.6 million, US$5.6 million and US$8.2 million as at December 31, 2019, 2020 and 2021, respectively, were not recognized, as management believes that these subsidiaries may not have sufficient future taxable profits against which the deferred tax assets can be utilized. Deferred tax assets are recognized for subsidiaries when there is expectation of sufficient future taxable profits from which these deferred tax assets can be utilized.

As at December 31, 2019, 2020 and 2021, deferred tax liability has not been recognized on undistributed cumulative earnings of subsidiaries in retained earnings position amounting to US$1,356.5 million, US$1,579.1 million and US$1,387.3 million, respectively, because the Parent Company has control over such earnings in the foreseeable future, which have been earmarked for reinvestment in foreign port projects (see Note 15.5).

ICTSI recognized deferred tax asset amounting to US$0.5 million in 2019, US$0.9 million in 2020 and US$0.5 million in 2021, on the excess of the tax deduction (or estimated future deduction) on stock awards over the related cumulative compensation expense (see Notes 15.2 and 20). The Group recognized deferred tax asset on actuarial loss amounting to US$0.6 million in 2019, US$0.3 million in 2020 and US$0.1 million in 2021. The related deferred tax assets were taken to equity.

A reconciliation of income tax expense on income before income tax at the statutory tax rates to provision for income tax for the years presented is as follows:

	2019	2020	**2021**
Income tax expense computed at statutory tax rates	US$73,698,480	US$64,613,824	**US$129,982,060**
Add (deduct):			
Income tax incentive	(25,283,726	(13,821,951)	**(12,441,407)**
Nondeductible tax losses of subsidiaries - net	5,730,235	2,816,122	**3,126,340**
Interest income already subjected to final tax	(726,095	(627,824)	**(190,918)**
Unallowable interest expense	4,209,509	2,874,428	**2,177,859**
Others - net	3,132,477	(725,227)	**1,762,722**
Provision for income tax	US$60,760,880	US$55,129,372	**US$124,416,656**

The statutory income tax rates applicable to each subsidiary are as follows:

Name of Company	Tax Rate	Tax Rules
ICTSI Rio and IRB Logistica	34.0%	ICTSI Rio is subject to statutory corporate income tax rate of 34 percent, including 9 percent as social contribution. Tax losses can be carried forward indefinitely but amount of tax loss that can be utilized is limited to 30 percent of taxable income for a tax year.
KMT	30.8%	The total corporate income tax in Cameroon is 33% Corporate Tax and an additional Council Tax calculated as 10% of Corporate Tax. Law No. 2020/018, enacted on December 17, 2020, allowed a lower statutory Corporate Tax of 28.0% (plus 10% for Council Tax or for a total Corporate tax of 30.8%) for taxpayers with turnover equal to or less than CFAF3 billion effective starting taxable year ended December 31, 2020. Currently, the applicable tax rate for KMT is for a total of 30.8% but is expected to breach the threshold in the near future. KMT is subject to a minimum income tax of 2% (plus 10% for Council Tax or for a total of 2.2%) on its total revenue. The minimum income tax is paid in advance and on a monthly basis, and is creditable against corporate tax due. Annual corporate income tax due is the higher of the minimum income tax and the regular income tax rate.
IDRC	30.0%	The regular corporate income tax rate in DR Congo is 30 percent effective in 2019 (previously 35%). The minimum tax payable is the higher of 1 percent of revenue and CDF2.5 million for large corporations. IDRC is entitled to an income tax holiday for three years starting from June 2016 and renewed for another four years until June 2023.
ICTSI and other Philippine subsidiaries (excluding SBITC, ICTSI Subic and APBS)	25.0%	The corporate income tax rate of Philippine entities is 25 percent effective July 1, 2020 (see details below). On May 14, 2008, the Board of Investments (BOI) approved the registration of ICTSI's construction of Berth 6 of the MICT as "New Operator of Port Infrastructure (Berth 6)" on a Pioneer status under the Omnibus Investment Code of 1987. From November 2011, Berth 6 is entitled, among others, to an income tax holiday for a period of six years. Berth 6 was completed, inaugurated and started full commercial operations in July 2012. In 2017, Berth 6 recognized gross revenues from port operations amounting to US$70.8 million and availed of tax incentive arising from the income tax holiday of US$11.1 million. On July 2, 2015, the Board of Investments (BOI) approved the registration of ICTSI's construction of Berth 7 of the MICT as "Expanding Operator of Container Yard" on a Non-Pioneer status under the Omnibus Investment Code of 1987. Starting July 2017, Berth 7 is entitled, among others, to an income tax holiday for a period of three years with a base revenue of P7.0 billion (US$139.7 million) applicable for each anniversary year. In 2019, 2020 and 2021, ICTSI availed of tax incentive arising from the income tax holiday of US$14.7 million, US$5.3 million, and nil, respectively. On December 18, 2008, the Bureau of Internal Revenue issued Revenue Regulations No. 16-2008, which implemented the provisions of Republic Act 9504 on Optional Standard Deductions (OSD). This regulation allows both individuals and corporate taxpayers to use OSD in computing for taxable income. Corporations may elect a standard deduction equivalent to 40 percent of gross income, as provided by law, in lieu of the itemized allowed deductions. For the years ended December 31, 2019, 2020 and 2021, BIPI and SCIPSI have elected to use OSD in computing for their taxable income. DIPSSCOR and MICTSI opted to use itemized deductions method for the years ended December 31, 2019, 2020 and 2021 in computing for its taxable income. On March 3, 2014, HIPS was registered with the BOI as a new operator of seaport and container yard/terminal on a non-pioneer status under the Omnibus Investment Code of 1987. HIPS is entitled, among others, to an income tax holiday for four years from January 2016 or start of commercial operations, whichever is earlier. On September 26, 2016, HIPS has requested the BOI to cancel its registration in light of developments affecting the economics of the project. The said cancellation was approved in 2017. On March 28, 2016, LGICT was registered with the BOI as a new export services provider on a non-pioneer status under the Omnibus Investment Code of 1987. LGICT is entitled, among others, to an income tax holiday for four years from March 2016 which expired in 2020. After expiration, LGICT uses the 25% regular income tax rate. On December 13, 2019, CGT was registered with the BOI as a new operator of seaport on a non-pioneer status under Book 1 of E.O. No. 226. CGT is entitled, among others, to an income tax holiday for four years from December 2019.

(Forward)

Name of Company	Tax Rate	Tax Rules
VICT, AICTL, CMSA and TMT	30.0%	VICT and AICTL are subject to corporate income tax rate of 30 percent. Tax losses can be carried forward indefinitely, subject to same business and continuity of ownership tests. Effective January 1, 2014, CMSA and TMT are subject to corporate income tax rate of 30 percent.
Tecplata	35.0%	Tecplata's nominal tax rate is 35 percent. In accordance with the tax reform in 2017, the tax rate was reduced to 30 percent in 2018 and further reduced to 25 percent starting 2021. In addition to income tax, Tecplata was subjected to annual minimum presumed income tax (MPIT) calculated as 1 percent of the fixed and current assets until second half of 2019 (see Note 9). Unutilized MPIT can be used to offset against income tax payable for the next ten fiscal years from the year MPIT was paid. Tax losses can be carried forward for five years. On June 16, 2021, Law 27,630, which introduced amendments to the corporate income tax law, entered into force. Corporate income will be subject to tax at progressive rates ranging from 25 percent to 35 percent. The following tax rates apply to the Company based on the accumulated net profit: (a) up to ARS 5.0 million – 25 percent; (b) more than ARS5.0 million and up to ARS50.0 million – 30 percent tax rate; (c) more than ARS50.0 million – 35 percent tax rate. Starting in January 2022, these brackets will be annually adjusted to account for inflation, as per the consumer price index "IPC", published by the relevant governmental agency (INDEC).
SPICTL and MITL	30.0%	The corporate tax rate for resident PNG companies is 30 percent. Tax losses can be carried forward for a period of 7 years. Corporate income tax is collected under a provisional tax system. Provisional tax is imposed by assessment issued by the Internal Revenue Commission based on the last year assessed with an 8 percent increase. Provisional tax is payable over three equal instalments in April, July and October. In the event that no prior assessment exists, the Commissioner General has the right to estimate the amount of tax that he believes should be paid. Applications can be made to adjust (reduce or increase) the amount of provisional tax payable.
PICT	29.0%	Corporate tax rate in Pakistan that applies to PICT is 29 percent. In 2014, a new provision [Section 113(c) of Income Tax Ordinance, 2001 (Ordinance)] was added by which companies are required to pay Alternative Corporate Tax (ACT) at 17 percent of accounting profits if the actual tax liability is less than ACT. The differential excess can be carried forward for ten years. In Pakistan, deductible depreciation is computed by applying the applicable rates, as provided in the Third Schedule to the Ordinance, to the particular category of assets on a diminishing balance method. The rate of tax depreciation ranges from 10 to 100 percent depending on the category of the assets. An initial depreciation allowance at the rate of 25 percent, depending on the category of assets, is also available for eligible depreciable assets, in accordance with section 23 of the Ordinance.
RCBV, ITBV and other subsidiaries in The Netherlands	25.0%	The corporate income tax rate in the Netherlands is 16.5 percent on taxable income of up to €200,000 and 25.0 percent on taxable income exceeding €200,000. Tax losses in Netherlands can be carried back one year, and carried forward for six years starting 2019 (previously nine years). Effective January 1, 2021, corporate income tax rate in the Netherlands is 15.0 percent on taxable income up to €245,000 and 25.0 percent on taxable income exceeding €245,000.
OPC	25.0%	On January 31, 2017, the Secretariat of Finance (SEFIN) issued a resolution through which it grants the Company an exemption of Net Asset Tax, Temporary Solidarity Contribution, Advance of 1 percent in respect of Income Tax provided for in Decree No. 96-2012, (Law on Anti-Evasion Measures on Income Tax) of the Income Tax modality corresponding to 1.5 percent of Gross Income Declared set forth in Article 22-A of the Income Tax Act, as well as from all those taxes related to income, for the lifetime of the project called "Design, Financing, Construction, Maintenance, Operation and Exploitation of Puerto Cortes' Container and General Cargo Terminal", as of the date of commencement of operations, and it must be renewed annually until the end of the concession by SEFIN. It is stated in the official document that SEFIN will verify that OPC complies with the commitments and objectives stipulated in the concession contract, otherwise, the benefit of the tax exemption will be suspended. The tax authorities will verify that OPC is in compliance with its obligations and, otherwise, the benefit will be suspended. Likewise, OPC shall update the registration of exempted payers annually.
YICT	25.0%	Registered as a Sino-foreign joint venture in China, Berths 61 and 62 of YICT are entitled to a full tax holiday in the first five years and 50 percent exemption in the subsequent five years starting 2006 and 2011, respectively. YICT's tax exemption is until December 2015 and starting year 2016, YICT is subjected to the 25 percent regular income tax rate. Tax losses can be carried forward for five years. In January 2015, Berths 51 and 52 of YICT were granted a full tax holiday in the first three years and 50 percent exemption in the subsequent three years.
CGSA	25.0%	CGSA's corporate income tax rate applicable starting 2018 is 25 percent. This tax is calculated after deducting 15 percent of social contribution on profits for workers. CGSA is subject to the payment of an annual temporary contribution equivalent to 0.20 percent of taxable income in 2018, starting 2020 until 2022. In 2020, CGSA entered into an investment contract with the government of Ecuador, wherein the contract entitled CGSA to a reduction of a maximum of 10% in the income tax rate for the years 2021 to 2028, provided certain amount of investment is reached and other requirements are complied with.
MTS, IJP, OJA, and PT CTSSI	22.0%	MTS, IJP and OJA are subject to corporate income tax rate in Indonesia of 25 percent until 2019. For calendar year 2020-2021, an income tax rate of 22 percent applies to net taxable income. For calendar year 2022 onwards, an income tax rate of 20 percent applies to net taxable income. On March 31, 2020, the Indonesia issued a Government Regulation in lieu of the Law of the Republic of Indonesia Number 1 Year 2020 which stipulates, among others, reduction of the tax rates for corporate income tax and permanent establishments entities from previously 25% to 22% for fiscal years 2020 and 2021 and 20% starting fiscal year 2022 and onwards.

(Forward)

Name of Company	Tax Rate	Tax Rules
MICTSL and SPIA	20.0%	MICTSL is subject to statutory corporate income tax rate of 20 percent. A minimum tax of MGA0.32 million plus 0.5 percent of the annual turnover is levied if the company incurs a loss or if the corporate tax rate calculated using the 20 percent rate is less than the minimum tax. SPIA is incorporated in Colombia and on June 26, 2012, the Colombian Government issued the formal resolution granting SPIA a Free Trade Zone status. Effective 2012, the income tax applicable to SPIA is 15 percent instead of 33 percent general corporate income tax rate in force in 2012. General corporate income tax rate decreases to 32 percent in 2020, 31 percent in 2021, and 30 percent in 2022. Subsequently, a structural tax reform passed in December 2016 increased the income tax rate for Free Trade Zone users by 5 percent, from 15 percent to 20 percent effective starting 2017. Net tax losses until 2016 can be carried indefinitely. Net tax losses starting 2017 can be carried forward for the next twelve years.
BCT	19.0%	BCT is subject to statutory corporate income tax rate of 19 percent.
AGCT	18.0%	The statutory corporate income tax rate in Croatia for entities which operate in the free-trade zone is 18 percent from 2017 onwards.
TSSA	15.25%	TSSA's statutory income tax rate is 34.0 percent, including 9 percent as social contribution, and was granted a tax incentive reducing tax rate to 15.25 percent. The tax incentive is applicable for the years 2005 to 2022 on profits from port operating services in Suape, Pernambuco. Tax losses can be carried forward indefinitely but amount of tax loss that can be utilized is limited to 30 percent of taxable income for a tax year.
BICTL and ICTSI Iraq	15.0%	BICTL is subject to statutory corporate income tax rate of 15 percent. Starting January 1, 2017, income tax is calculated based on distributed profit. ICTSI Iraq is subject to statutory corporate income tax rate of 15 percent. Tax losses can be carried forward up to five years provided that losses may not offset more than half of the taxable income of each of the five years and the loss may offset only income from the same source from which the loss arose. Any carry-over losses are subject to discretion of the tax authorities. As of December 31, 2021, ICTSI Iraq has acquired an Iraqi investor license which entitles ICTSI Iraq to 10-year tax holiday.
SBITC, ICTSI Subic, Inc. and APBS	5.0%	SBITC and ICTSI Subic are registered with the Subic Bay Metropolitan Authority as Subic Bay Free Port Zone Enterprises that are entitled to certain tax incentives including a preferential income tax rate of 5.0 percent based on gross revenues less allowable deductions (see details below). APBS is registered with the Philippine Economic Zone Authority as an Ecozone IT Enterprise that is entitled to certain tax incentives including a preferential income tax rate of 5.0 percent on gross income from Philippine Economic Zone Authority-registered activities, in lieu of all national and local taxes. APBS is also entitled to an income tax holiday of four years from date of commercial operations on December 31, 2015.
ICTSNL	30.0%	The corporate income tax rate is dependent on the company's turnover. Large companies with turnover greater than NGN100 million are taxed at a rate of 30%. Medium companies with turnover between NGN25 million and NGN100 million are taxed at a rate of 20%. Small companies are exempt from corporate income tax. ICTSNL applied to the Oil & Gas Free Zone Authority for a Free Zone license, which was issued on September 1, 2020 under the name, "International Container Terminal Services FZE (ICTS FZE)". The license confers ICTSNL with the status of an approved free zone entity to operate within the Onne Oil & Gas Free Trade Zone (FTZ). Section 8 of the Nigeria Export Processing Zone Authority (NEPZA) Act (the Act) states that approved enterprises operating within Free Zones shall be exempt from all Federal, State, and Local Government taxes, levies, and rates. Section 18 (1) of the Act further provides that all legislative provisions pertaining to taxes shall not apply within Free Zones.

Enactment of CREATE in the Philippines

On March 26, 2021, the President of the Philippines signed into law the Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act to attract more investments and maintain fiscal prudence and stability in the Philippines. The Republic Act (RA) 11534 or the CREATE Act introduces reforms to the corporate income tax and incentives systems. The bill was published in a newspaper of general circulation on March 27, 2021, and became effective on April 11, 2021, which is 15 days after its publication.

The key changes to the Philippine tax law pursuant to the CREATE Act which have an impact on the Group is that effective July 1, 2020, the regular corporate income tax (RCIT) rate is reduced from 30% to 25% for domestic and resident foreign corporations. For domestic corporations with net taxable income not exceeding Php5 million and with total assets not exceeding Php100 million (excluding land on which the business entity's office, plant and equipment are situated) during the taxable year, the RCIT rate is reduced to 20%.

As clarified by the Philippine Financial Reporting Standards Council in its Philippine Interpretations Committee Q&A No. 2020-07, the CREATE Act was not considered substantively enacted as of December 31, 2020, even though some of the provisions have retroactive effect to July 1, 2020, thus considered as a non-adjusting subsequent event on the December 31, 2020 consolidated balances. Accordingly, current and deferred taxes as of and for the year ended December 31, 2020 continued to be computed and measured using the applicable income tax rates as of and for the year then ended (i.e., 30% RCIT / 2% minimum corporate income tax (MCIT)) for financial reporting purposes.

The approval of the CREATE Act into law on March 26, 2021 is considered a substantive enactment of the Act into law that requires adjustments for financial reporting purposes. Applying the provisions of the CREATE Act to the Philippine-based entities, the applicable new income tax rates (i.e., 25% RCIT / 1% MCIT) were used to calculate for the current and deferred income taxes as at and for the period ended December 31, 2021.

Likewise, the impact on the December 31, 2020 consolidated balances had the CREATE Act been substantively enacted as of then, that were adjusted in 2021, are as follows:

Consolidated Balance Sheet

(Amounts in millions)	Increase (Decrease)
Deferred tax asset - net	(US$10.4)
Income tax payable	(1.8)
Investments in joint ventures	4.0

Consolidated Income Statement

(Amounts in millions)	Increase (Decrease)
Provision for current income tax	(US$1.8)
Benefit from deferred income tax	(10.4)
Equity in net gain of joint ventures and an associate - net	4.0
Net income attributable to equity holders of the parent	(4.7)
Net income attributable to non-controlling interests	0.1

23 Related Party Transactions

23.1 Transactions with the Shareholders and Affiliates

			2019		2020		**2021**	
Related Party	Relationship	Nature of Transaction	Amount	Outstanding Receivable (Payable) Balance	Amount	Outstanding Receivable (Payable) Balance	**Amount**	**Outstanding Receivable (Payable) Balance**
SPIA Spain S.L.								
SPIA	Joint venture	Interest-bearing loans (Note 9) [i]	(US$103.21)	US$167.78	(US$7.24)	US$160.54	**(US$10.10)**	**US$150.44**
		Interest income (converted into interest-bearing loan) (Note 9) [i]	(29.94)	43.36	4.82	55.42	**(3.72)**	**61.79**
		Interest receivable [i]	16.69	6.37	13.12	6.68	**13.18**	**6.53**
YICT								
YPH	Non-controlling shareholder	Port fees [ii]	0.18	–	0.02	–	**–**	**–**
		Trade transactions [iii]	0.01	–	(0.70)	(0.03)	**(0.91)**	**(0.05)**
YPHT	Common shareholder	Outsourced services[iv]	–	–	1.10	1.17	**5.70**	**0.59**
YPG	Common shareholder	Port fees [ii]	2.86	0.55	2.63	1.00	**3.62**	**1.00**
		Trade transactions [iii]	1.24	0.02	(1.54)	(0.01)	**(2.17)**	**(0.14)**
SCIPSI								
Asian Terminals, Inc.	Non-controlling shareholder	Management fees	0.18	(0.02)	0.19	(0.04)	**0.17**	**(0.02)**
AGCT								
Luka Rijeka D.D. (Luka Rijeca)	Non-controlling shareholder	Provision of services [v]	0.44	(0.04)	0.44	–	**0.54**	**–**
PICT								
Premier Mercantile Services (Private) Limited	Non-controlling shareholder	Stevedoring and storage charges [vi]	2.22	(0.12)	2.74	(0.19)	**3.22**	**(0.13)**
		Container handling revenue [vi]	0.04	0.01	0.11	0.02	**0.03**	**–**
Marine Services (Private) Limited , Portlink International (Private) Limited , and AMI Pakistan (Private) Limited	Common shareholder	Container handling revenue [vi]	0.22	0.01	0.06	–	**0.10**	**–**
Bilal Associates (Pvt) Limited	Common shareholder	Stevedoring and storage charges [xi]	–	–	–	–	**0.03**	**(0.03)**
		Container handling revenue [xi]	–	–	–	–	**0.01**	**–**
LGICT								
NCT Transnational Corp.	Non-controlling shareholder	Management fees	0.48	(0.10)	0.49	(0.22)	**0.49**	**(0.17)**
		Maintenance and repairs	0.13	(0.04)	0.05	(0.04)	**0.11**	**(0.05)**
		Trade transactions	–	–	0.02	(0.01)	**0.02**	**(0.01)**

(Forward)

			2019		2020		**2021**	
Related Party	Relationship	Nature of Transaction	Amount	Outstanding Receivable (Payable) Balance	Amount	Outstanding Receivable (Payable) Balance	**Amount**	**Outstanding Receivable (Payable) Balance**
BIPI								
Atlantic Gulf and Pacific Co. of Manila, Inc. (AG&P)	Common shareholder	Rent expense	US$0.07	US$ –	US$ –	US$ –	**US$ –**	**US$ –**
		Utilities	0.03	–	–	–	**–**	**–**
IDRC								
Ledya SARL	Non-controlling shareholder	Management fees	2.39	–	2.26	(0.61)	**3.39**	**(0.30)**
Parent Company								
Prime Metro BMD Corporation	Common shareholder	Construction services [viii]	35.10	(1.01)	21.85	(1.99)	**13.05**	**(1.49)**
		Dredging services [viii]	2.60	–	5.36	–	**–**	**–**
		Sublease[ix]	0.38	0.18	0.32	0.08	**0.45**	**0.27**
Prime Metro Power Holdings Corporation	Common shareholder	Reimbursement of operating expenses	0.03	0.01	0.05	0.04	**0.07**	**0.07**
		Sublease[ix]	0.09	0.04	0.08	–	**0.16**	**(0.01)**
Prime Metro Infrasturcture Holdings Corporation	Common shareholder	Reimbursement of operating expenses	0.07	–	–	–	**0.02**	**–**
		Sublease[ix]	0.09	0.04	0.08	(0.01)	**0.68**	**0.14**
FAMI	Joint Venture	Reimbursement of operating expenses	0.02	0.01	0.13	(0.01)	**0.03**	**0.34**
		Management fees	0.09	(0.02)	0.87	(0.19)	**1.33**	**(0.25)**
PSHI	Common shareholder	Acquisition of shares of stock	–	–	–	–	**51.24**	**–**
CGT								
Prime Metro BMD Corporation	Common shareholder	Contract administration and site management services [x]	0.16	(0.04)	0.11	–	**–**	**–**

[i] On October 1, 2018, ICBV assigned to SPIA Spain S.L. all its outstanding interest-bearing loans, including interest converted into interest-bearing loan, and interest receivable from SPIA as of the same date, amounting to US$321.1 million and US$9.6 million, respectively.

[ii] YICT is authorized under the Joint Venture Agreement to collect port charges levied on cargoes, port construction fees and facility security fee in accordance with government regulations. Port fees remitted by YICT for YPH /YPG are presented as part of "Port authorities' share in gross revenues" in the consolidated statements of income. Outstanding payable to YPH/YPG related to these port charges are presented under "Accounts payable and other current liabilities" account in the consolidated balance sheets.

[iii] Trade transactions include utilities, rental and other transactions paid by YICT to YPH and YPG.

[iv] Starting October 2020 and for a period of two years, YPHT outsources its domestic container terminal business to YICT.

[v] AGCT has entered into agreements with Luka Rijeka, a non-controlling shareholder, for the latter's provision of services such as equipment maintenance, power and fuel and supply of manpower, among others. Total expenses incurred by AGCT in relation to these agreements were recognized and presented in the consolidated statements of income as part of Manpower costs, Equipment and facilities-related expenses and Administrative and other operating expenses.

[vi] PICT has entered into an agreement with Premier Mercantile Services (Private) Limited for the latter to render stevedoring and other services, which are settled on a monthly basis.

[vii] Marine Services (Private) Limited, Portlink International (Private) Limited, and AMI Pakistan (Private) Limited are customers of PICT.

[viii] ICTSI has entered into contracts with Prime Metro BMD Corporation for the construction of port facilities.

[ix] ICTSI has entered into contracts with Prime Metro BMD Corporation, Prime Metro Power Holdings Corporation and Prime Metroline Infrastructure Holdings Corporation for the sublease of office space.

[x] CGT has entered into contract with Prime Metro BMD Corporation for contract administration and site management services.

[xi] PICT has entered into an agreement with Bilal Associates (Pvt) Limited for the latter to render stevedoring and other services, which are settled on a monthly basis.

The outstanding balances arising from these related party transactions are current and payable without the need for demand.

Outstanding balances at year-end are unsecured and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the years ended December 31, 2019, 2020 and 2021, the Group has not recorded any impairment of receivables relating to amounts owed by related parties. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

23.2 Compensation of Key Management Personnel

Compensation of key management personnel consists of:

	2019	2020	**2021**
Short-term employee benefits	US$1,520,311	US$1,476,190	**US$1,548,255**
Post-employment pension	29,154	22,191	**47,960**
Share-based payments	969,691	1,094,203	**1,303,187**
Total compensation to key management personnel	US$2,519,156	US$2,592,584	**US$2,899,402**

24 Pension Plans

Defined Benefit Pension Plans

The Parent Company, BCT, BIPI, DIPSSCOR, SBITC, ROHQ, MTS, IJP, OJA, SCIPSI, MICTSL, MICTSI, AGCT, CGSA, CMSA, CMSA Servicios Portuarios SA De CV, CMSA Servicios Profesionales Y De Especialistas SA De CV, ICTSI Iraq and APBS have separate, noncontributory, defined benefit retirement plans covering substantially all of its regular employees. The benefits are based on employees' salaries and length of service. Net pension expense charged to operations included as manpower costs amounted to US$2.7 million in 2019, US$4.0 million in 2020 and US$3.5 million in 2021.

Pension plans consist of:

	2019	2020	**2021**
Pension assets (presented as "Other noncurrent assets")			
Asia	US$–	US$1,548,255	**US$–**
Pension liabilities (presented as "Other noncurrent liabilities")			
Asia	US$5,513,975	US$6,799,208	**US$5,168,982**
EMEA	1,944,206	2,954,122	**3,494,953**
Americas	4,847,870	5,121,636	**5,592,492**
	US$12,306,051	US$14,874,966	**US$14,256,427**

Pension Liabilities. The following tables summarize the components of the Group's net pension expense recognized in the consolidated statements of income and the funded status and amounts recognized in the consolidated balance sheets.

	2019	2020	**2021**
Net pension expense:			
Current service cost	US$2,115,471	US$3,100,683	**US$2,964,206**
Net interest cost	457,327	436,933	**147,136**
Past service cost	105,226	453,035	**355,205**
	US$2,678,024	US$3,990,651	**US$3,466,547**
Pension liabilities:			
Present value of defined benefit obligation	US$22,307,102	US$24,625,657	**US$24,467,525**
Fair value of plan assets	(10,001,051)	(9,750,691)	**(10,211,098)**
	US$12,306,051	US$14,874,966	**US$14,256,427**
Changes in the present value of the defined benefit obligation:			
Balance at beginning of year	US$17,359,581	US$22,307,102	**US$24,625,657**
Current service cost	2,115,471	3,100,683	**2,964,206**
Interest cost	1,087,157	889,418	**761,398**
Actuarial loss on obligations - net	3,093,324	1,332,370	**521,966**
Past service cost	105,226	453,035	**355,205**
Benefits paid	(2,463,479)	(4,564,047)	**(2,714,661)**
Translation adjustment	433,958	1,107,096	**(1,505,266)**
Change in plan position	575,864	–	**(540,980)**
Balance at end of year	US$22,307,102	US$24,625,657	**US$24,467,525**

	2019	2020	**2021**
Changes in fair value of plan assets:			
Balance at beginning of year	US$8,119,007	US$10,001,051	**US$9,750,691**
Interest income	629,830	452,485	**614,262**
Actuarial gain (loss) on plan assets	120,698	(40,042)	**101,755**
Benefits paid	(1,481,506)	(3,474,005)	**(1,702,052)**
Actual contributions	1,590,167	2,292,942	**2,171,934**
Translation adjustment	357,093	518,260	**(725,492)**
Change in plan position	665,762	–	**–**
Balance at end of year	US$10,001,051	US$9,750,691	**US$10,211,098**
Actual return on plan assets	US$750,528	US$412,443	**US$716,017**

The Group does not expect significant contributions to the retirement plans of the Parent Company and its subsidiaries in 2021.

The principal assumptions used in determining pension benefits obligation of the Parent Company, BIPI, SBITC, ISI, ROHQ, APBS, DIPSSCOR, MTS, OJA, IJP, SCIPSI, MICTSI, AGCT, BCT, MICTSL, ICTSI Iraq, CMSA, CMSA Servicios Portuarios SA De CV, CMSA Servicios Profesionales Y De Especialistas SA De CV and CGSA are shown below (in percentage):

	2019	2020	**2021**
Discount rate			
Asia	4.40% - 6.25%	3.61% - 7.65%	**3.60% - 6.15%**
EMEA	2.00% - 8.79%	1.50% - 7.93%	**3.40% - 6.08%**
Americas	4.21% - 9.75%	3.13% - 9.60%	**2.96% - 7.61%**
Future salary increases			
Asia	3.00% - 10.00%	2.00% - 8.00%	**2.00% - 6.00%**
EMEA	3.00% - 5.00%	3.00% - 5.00%	**3.00% - 5.00%**
Americas	1.00% - 5.04%	1.31% - 5.00%	**1.05% - 6.00%**

A quantitative sensitivity analysis for significant assumptions as at December 31, 2021 is shown below (amounts in millions):

	Discount rate		Future salary increases	
Sensitivity level	-1%	+1%	-1%	+1%
Impact on the net defined benefit obligation	1.3	(1.0)	(0.8)	1.0

The sensitivity analyses above have been determined based on a method that extrapolates the impact on net defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

The following payments are expected to be made in the future out of the defined benefit plan obligation:

	2019	2020	**2021**
Within the next 12 months	US$2,604,914	US$2,343,855	**US$3,515,584**
Between 2 and 5 years	2,604,914	2,343,855	**3,515,584**
Between 5 and 10 years	9,688,902	8,670,388	**6,694,861**
Beyond 10 years	46,065,189	38,001,702	**35,610,235**
Total expected payments	US$60,963,919	US$51,359,800	**US$49,336,264**

The average duration of the defined benefit plan obligation as at December 31, 2021 is 18.99 years.

The amount of experience adjustments on pension obligations amounted to US$0.7 million in 2019, US$0.8 million in 2020 and US$0.5 million in 2021. The amount of experience adjustments on plan assets amounted to nil in 2019, 2020 and 2021.

The plan assets of Group are being held by various trustee banks. The investing decisions of these plans are made by the respective trustees.

The following table presents the carrying amounts and fair values of the combined assets of the plans less liabilities:

	2019	2020	**2021**
Cash and cash equivalents	US$3,929,447	US$3,119,660	**US$3,312,562**
Investments in debt securities	1,188,909	1,018,937	**926,301**
Investments in government securities	3,375,337	4,977,350	**4,136,578**
Investments in equity securities	1,749,794	1,498,519	**1,862,098**
Others	93,935	66,850	**69,216**
	10,337,422	10,681,316	**10,306,755**
Liabilities	(336,372)	(930,625)	**(95,656)**
	US$10,001,050	US$9,750,691	**US$10,211,099**

The plan assets' carrying amount approximates its fair value since these are either short-term in nature or stated at fair market values.

The plans' assets and investments consist of the following:

- Cash and cash equivalents, which includes regular savings and time deposits;
- Investments in corporate debt instruments, consisting of both short-term and long-term corporate loans, notes and bonds, which bear interest ranging from 4.87 percent to 7.82 percent and have maturities from 2023 to 2027;
- Investments in government securities, consisting of retail treasury bonds that bear interest ranging from 1.37 percent to 11.14 percent and have maturities from 2021 to 2025; and
- Investments in equity securities include investment in shares of stock of ICTSI amounting to US$1.0 million, US$1.0 million and US$1.5 million as at December 31, 2019, 2020 and 2021, respectively. For years ended December 31, 2019, 2020 and 2021, mark-to-market gain arising from investment in ICTSI shares amounted to US$0.6 million, US$0.6 million and US$1.2 million, respectively.

  The carrying amounts of investments in equity securities also approximate their fair values given that they are stated at fair market values. The voting rights over these equity securities are exercised by the authorized officers of the respective subsidiary.
- Other financial assets held by these plans are primarily accrued interest income on cash deposits and debt securities held by the plan.
- Liabilities of the plan pertain to trust fee payable and retirement benefits payable.

Defined Contribution Pension Plan

The employees of YICT are members of a state-managed retirement benefit scheme operated by the local government. YICT is required to contribute a specified percentage of its payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of YICT with respect to the retirement benefit scheme is to make the specified contributions. PICT operates a recognized provident fund scheme for all its eligible employees. Equal monthly contributions are made by PICT and the employees to the fund at a rate of 8.33 percent of the basic salary.

In addition, ICTSI Oregon maintains a Safe Harbor 401k plan (401k plan), covering all of its employees, which became effective January 1, 2011. Participants who are eligible can contribute up to 100 percent of their eligible compensation and those who have reached the age of 21 years old are eligible to make contributions following six months of continuous service. All participants in the 401k plan are eligible for matching contributions of 100 percent of each dollar contributed up to 6 percent of a participant's earnings. Participant's voluntary contributions and actual earnings thereon are immediately vested. ICTSI Oregon's matching contributions to the 401k plan are immediately vested and cannot be forfeited.

Contributions made by YICT, ICTSI Oregon and PICT to the plans and recognized as expense under manpower costs totaled US$1.1 million in 2019, US$0.5 million in 2020 and US$0.8 million in 2021.

25 Significant Contracts and Agreements

The Group has entered into a number of contracts and agreements mainly related to the operation, development and management of ports and container terminals. As at December 31, 2021, ICTSI and its subsidiaries, joint venture and associate are in compliance with their concession agreements.

25.1 Contract for the Management, Operation and Development of the MICT

The Parent Company has a contract with the PPA for the exclusive management, operation, and development of the MICT for a period of 25 years starting May 18, 1988, which was extended for another 25 years until May 18, 2038.

Under the provisions of the contract, "Gross Revenues" shall include all income generated by the Parent Company from the MICT from every source and on every account except interest income, whether collected or not, to include but not limited to harbor dues, berthing fees, wharfage, cargo handling revenues, cranage fees, stripping/stuffing charges, and all other revenues from ancillary services. Harbor dues, berthing fees, and wharfage included in gross revenues defined in the MICT contract amounted to US$18.3 million in 2019, US$15.9 million in 2020, and US$18.7 million in 2021.

In addition, under the original contract, the Parent Company agreed to pay the PPA a fixed fee of US$313.8 million payable in advance in quarterly installments converted to Philippine peso using the closing Philippine Dealing System (PDS) rate of the day before payment is made (net of harbor dues, berthing fees and wharfage allowed by PPA as deduction) and a variable fee based on percentages of the Parent Company's gross revenues ranging from 12 percent to 20 percent during the term of the contract. Under the renewal contract effective May 19, 2013, the Parent Company agreed to pay the PPA a fixed fee of US$600.0 million payable in 100 advanced quarterly installments and pay a variable fee of 20 percent of the gross revenues.

Both the original and renewal contracts contain commitments and restrictions which include, among others, prohibition on the change of Parent Company's controlling ownership without prior consent of the PPA and adherence to a container terminal equipment acquisition program and deployment schedule. Moreover, upon expiration of the term of the contract or in the event of pre-termination, all the structures, buildings, facilities and equipment of the Parent Company being used at the MICT shall automatically become the property of the PPA. The PPA has no obligation to reimburse the Parent Company for the equipment, except for those acquired during the last five years prior to the termination of the contract for which the PPA shall have the option to purchase at book value or to pay rentals. Upon expiration of the original contract of MICT in May 2013, the Parent Company executed a deed of absolute transfer to effect the transfer of ownership of the said structures, improvements, buildings, facilities and equipment, except equipment purchased during the last five years of the original contract. Berth 6 was included in the said transfer. However, ICTSI shall continue to have possession, control and use of the transferred assets for another 25 years in accordance with the terms of the renewal contract in consideration for the upfront fee payment made by the Parent Company.

In 1997, the Parent Company signed a contract for leasehold rights over the storage facilities at the MICT. Under the contract, the Parent Company is committed to pay the PPA ₱55.0 million (equivalent to US$1.1 million as at December 31, 2021) a year from January 16, 1997 up to January 15, 2007 and a variable fee of 30 percent of revenues in excess of ₱273.0 million (equivalent to US$5.4 million as at December 31, 2021) generated from the operation of the storage facilities. This contract was renewed on June 11, 2008 and has been made co-terminus with the MICT Management Contract, or up to May 18, 2038.

In 1998, the Parent Company also acquired a contract to handle non-containerized cargoes and the anchorage operations for a period of ten years starting January 1998. Such contract was renewed on June 11, 2008 and has been made co-terminus with the 1988 MICT Management Contract, or up to May 18, 2038. Under this contract, the Parent Company is required to pay a variable fee of 14 percent of its gross revenues from anchorage operations and 20 percent of its gross revenues from berthside operations for the first three years of the contract. Thereafter, the consideration to be paid by the Parent Company shall be a fixed fee plus a variable fee of 7.5 percent of its gross revenues from berthside operations or 20 percent of its gross revenues, whichever is higher. The fixed fee shall be determined based on the highest annual government share by the Parent Company for the handling of non-containerized cargoes at berthside for the first three years, plus 10 percent thereof.

25.2 Contract with Subic Bay Metropolitan Authority (SBMA) and Royal Port Services, Inc. (RPSI)

On February 20, 2007, SBITC was awarded by the SBMA the contract to operate the New Container Terminal 1 (NCT-1) at Cubi Point in Subic for a period of 25 years. The NCT-1 was constructed by SBMA in accordance with the SBMA Port Master Plan and the Subic Bay Port Development Project. In consideration for the concession, SBITC shall pay: (i) base rent of US$0.70 per square meter per month with 6 percent escalation on the 5th year and every three years thereafter; (ii) fixed fee of US$500,000 every year except for the first two years of the contract; and (iii) variable fee of 12 percent to 16 percent of SBITC's gross revenue based on the volume of containers handled at the terminal.

25.3 Agreement for Public Concession with Societe de Gestion du Port Autonome de Toamasina (SPAT)

On June 16, 2005, the Parent Company and SPAT signed a 20-year concession agreement for a Public Service Concession for the operation of a container terminal in the Port of Toamasina. Under the agreement, the Parent Company, through MICTSL (a wholly owned subsidiary), will undertake container handling and related services in the Port of Toamasina. The Parent Company agreed to pay SPAT an entry fee of €5.0 million (US$6.5 million) and fixed and variable fees converted to MGA using the Euro/MGA weighted exchange rate published by the Central Bank of Madagascar on the day payment is made. Fixed fees paid amounted to €1.0 million (US$1.3 million) per year for the years 2005 to 2007; €1.5 million (US$1.9 million) per year for the years 2008 to 2010; €2.0 million (US$2.6 million) per year for years 2011 to 2015; and €2.5 million (US$3.2 million) per year for the years 2016 to 2025. The part of fixed fees attributable to year 2025 will be prorated up to the anniversary date of the concession handover. In addition, the Parent Company agreed to pay SPAT €5.0 million (US$6.5 million) for two quay cranes payable in three annual installments from the date of the agreement. Fixed and variable fees will be updated annually based on inflation rate of the Euro zone of the previous year. Annual fixed fee is payable in advance in semi-annual installments. The variable fee of €36.8 (US$47.7) per twenty-foot equivalents (TFE) is payable every 15th day of the following month. However, variable fee will be reduced by 20 percent after 12 consecutive months of operations with container traffic of more than 200,000 TFEs.

On December 10, 2021, the Concession Agreement have been extended for a further period of 15 years from its expiration, i.e., on October 16, 2025 to end on October 15, 2040, and that MICTSL will continue to be its Concessionaire with the same rights and obligations under the terms of the Concession Agreement.

25.4 Concession Agreement with Autoridad Portuaria de Guayaquil (APG)

In May 2007, ICTSI, through CGSA, entered into a concession agreement with the Port Authority of Guayaquil for the exclusive rendering of port services that includes the exploitation, construction, financing, operation, management and maintenance of container and multipurpose terminals in the Port of Guayaquil, Ecuador for a period of 20 years ending in 2027.

CGSA took over the terminal operations on August 1, 2007. The terminal handles containerized and bulk cargo. ICTSI's technical plan is to convert the port into a modern multipurpose terminal, comprehensive of two main facilities: a dedicated container terminal of about one million TEUs capacity and a break bulk terminal of about three million tons (banana and other fruits are the main cargo component in this field). ICTSI's development plan covers a period of five to seven years for the terminal to reach the said capacities.

Under the concession agreement, CGSA undertook to pay APG the following: (i) upfront fee totaling US$30.0 million payable over five years; (ii) fixed fees of US$2.1 million payable quarterly;

and (iii) variable fees of US$10.4 per TEU for containers handled and US$0.50 per ton for noncontainerized general cargo handled payable monthly. Fixed fees and variable fees are subject to annual increase according to index of adjustment factor calculated for the sum of 0.50 consumer price index (CPI) of Ecuador and 0.50 CPI of United States of America. The upfront fee, recorded as concession rights and concession rights payable at inception, is subject to interest based on three-month LIBOR rate.

In October 2014, the Concession Agreement was amended in order to modify the formula of calculation of variable fee from November 2014 at 9.5% of total gross revenues.

On December 3, 2019, CGSA and APG signed the addendum to the concession agreement extending the term of the concession until December 2046, from the original term until July 2027. The addendum sets out the revised investment commitments of CGSA and modified the manner of determining the variable fee. Henceforth, the variable fee shall be computed based on gross revenues less credit notes (net revenue), using a rate of 9.5% applied up to a certain base level of volume that changes yearly until 2046. An additional variable fee shall be paid if the actual volume exceeds the base volume agreed, based on a rate from 1% to 5% applicable to an agreed range of volume in excess of the base volume.

25.5 Concession Agreement with La Plata

ICTSI, through Tecplata, entered into a concession agreement with La Plata on October 16, 2008. The concession is for 30 years starting from taking bare possession of the terminal or until 2038 and renewable for another 30 years with the following considerations: (i) fixed rent fee - payable on a monthly basis and in advance for AR$8.7755 (US$0.23) per square meter (sqm) per month (ii) variable royalty - payable monthly and based on annual traffic volume at the start of commercial operations; and (iii) assured royalty - payable annually once the terminal becomes operative to cover fixed rent fee, variable royalty, tariff for the use of waterways and port and service of containerized cargoes for the amount of US$4.0 million, which is to be adjusted according to the cost of dredging. The port of La Plata shall be operated by ICTSI through Tecplata. Tecplata took over bare possession of the terminal on November 10, 2008. On July 17, 2014, an addendum to the concession agreement was signed which indicated that the terminal is considered in commercial operations for purposes of payment of US$4.0 million assured royalty once the terminal accepts calls from post-panamax vessels. Tecplata started commercial operations in April 2019 but has not yet started to serve post-panamax vessels.

The contract contains commitments and restrictions which include works and investments to be completed at different stages of the concession, to wit:, among others: (i) First Stage - construction of a dock with a length of 500 meters, a yard for handling and storage with an area of 227,600 square meters, access pavements and parking lots for trucks, service facilities and internal parking lots, margins protection to avoid erosion, and a 600-meter secondary road for access to the terminal; (ii) Second Stage - extension of the main dock by 300 meters and expansion of the yard by 31,000 square meters; (iii) Third Stage - expansion of the yard for handling and storage by 44,000 square meters and construction of Container Freight Station (CFS) facilities with an area of 10,000 square meters; and (iv) work completion and performance bonds amounting to US$1.0 million and US$2.5 million, respectively. The First Stage was completed with a berth of 600 meters which is 100 meters more than the required. The Second Stage and Third Stage become mandatory in 2028.

25.6 Deed of Usufruct between Tecplata and Compañia Fluvial del Sud, S.A.

In 2008, Tecplata entered into a lease agreement with Compañia Fluvial del Sud, S.A. for the use of land and real property in relation to Tecplata's contract to operate the port of La Plata in Argentina. The lease agreement is for 20 years, starting in 2010, subject to renewal for another 20 years at the option of Tecplata. On December 20, 2010, Tecplata and Compañia Fluvial del Sud, S.A. executed an amendment to the lease agreement which provided that: (i) in 2010, Tecplata should not have to make any payments in connection with the lease; (ii) from January 2011, Tecplata shall pay a monthly lease of US$17,500 (approximately AR$87,500); and (iii) from the month following the commencement of operations in the terminal, monthly payments shall be US$35,000 (approximately AR$175,000), which was the amount originally agreed upon by both parties. In addition, the accumulated discount as a result of the amendment in 2010 relating to lease payments in 2011, 2012 and 2013 with respect to the original values of the lease amounting to approximately US$0.5 million (as at December 31, 2013) shall be paid in 36 installments once Tecplata starts operations (the aforementioned discount was paid in 2014).

25.7 Agreement on Concession of Container and Ro-Ro Terminal Brajdica

In March 2011, ICTSI, through its wholly-owned subsidiary, ICBV, entered into a Share Purchase Agreement (SPA) with Luka Rijeka, a Croatian company, to purchase a 51.0 percent interest in AGCT. AGCT operates the Brajdica Container Terminal in Rijeka, Croatia with a concession period of 30 years until 2041. The concession agreement calls for a payment of fixed port fees in the amount of US$0.60 per sqm of the occupied concession area until second quarter of 2013 and variable port fees equivalent to 1.0 percent of annual gross revenues. After the delivery or handover of the new area, port fees shall be as follows: fixed port fees of €4.0 (US$5.2) per sqm; and variable fees based on annual volume handled. Variable fees shall be calculated in the following manner based on annual throughput: €6.4 (US$8.3) per TEU until 350,000 TEUs of volume handled; €4.8 (US$6.2) per TEU for annual throughput of 350,001 to 400,000 TEUs; and €3.2 (US$4.1) per TEU for volume handled above 400,000 TEUs.

25.8 Contract for the Operation and Management on the New Container Terminal 2 (NCT-2 Contract)

On July 27, 2011, SBMA and ICTSI signed the concession agreement for the operation and management of NCT-2 at Cubi Point in Subic, Philippines for 25 years. On August 19, 2011, SBMA approved the assignment of ICTSI's rights, interests and obligations in the NCT-2 contract to ICTSI Subic, which was incorporated on May 31, 2011.

The NCT-2 was constructed by SBMA in accordance with the SBMA Port Master Plan and the Subic Bay Port Development Project. In consideration for the concession, ICTSI Subic shall pay: (i) base rent of US$1.005 per sqm per month with 6.0 percent escalation on the fifth year and every three years thereafter; (ii) fixed fee of US$502,500 every year; and (iii) variable fee of 12.0 percent to 17.0 percent of ICTSI Subic's gross revenue depending on the volume of containers handled at the terminal. Under the NCT-2 Contract, ICTSI Subic shall manage and provide container handling and ancillary services to shipping lines and cargo owners at NCT-2. While SBMA shall provide the equipment at NCT-2, ICTSI Subic shall also provide additional equipment and facilities it may deem necessary to efficiently manage NCT-2. Furthermore, ICTSI Subic is committed to invest a total of ₱658.0 million (approximately US$16.0 million) for the entire duration of the concession agreement.

On August 2, 2012, SBMA issued the Notice to Proceed with the operation and management of the NCT-2 to ICTSI Subic.

25.9 Implementation Agreement between Karachi Port Trust (KPT) and Premier Mercantile Services (PVT) Ltd. (PMS)

On June 18, 2002, KPT and PMS signed the Implementation Agreement for the exclusive construction, development, operations and management of a common user container terminal at the Karachi Port for a period of 21 years until 2023. PMS established PICT as the terminal operating company to develop, operate and maintain the site and the terminal in accordance with the Implementation Agreement. The Implementation Agreement sets forth the specific equipment and construction works to be performed based on the terminal's productivity level; calls for the payment of fixed and variable fees; and requires the turnover of specific terminal assets at the end of the term of the Implementation Agreement. Fixed fees are in the form of Lease Payments or Handling, Marshalling and Storage charges ("HMS Charges") at a unit rate of Rs.411 per sqm per annum in respect of the site occupied by PICT and subject to an escalation of 15 percent every three years in accordance with the Lease Agreement between KPT and PICT, which is an integral part of the of the Implementation Agreement. On the other hand, variable fees are in the form of Royalty payments at a rate of US$12.54 per Cross Berth revenue move, subject to an escalation of 5 percent every three years.

25.10 Agreement between OPC, the Republic of Honduras and Banco Financiera Commercial Hondurena, S.A

On February 1, 2013, ICTSI was awarded with a 29-year agreement by the Republic of Honduras, acting on behalf of the Commission for the Public-Private Alliance Promotion (COALIANZA), and Banco Financiera Comercial Hondurena, S.A. (FICOHSA Bank) for the design, financing, construction, maintenance, operation and development of the container terminal and general cargo of Puerto Cortés, Republic of Honduras (the "Agreement"). The Agreement was signed on March 21, 2013 and is valid until August 30, 2042. The Container and General Cargo Terminal of Puerto Cortés (the "Terminal") will have 1,100 meters of quay for containers and 400 meters of quay for general cargo, 14 meters of dredge, 62.2 hectares of total surface area, nine ship-to-shore cranes, and a volume capacity of approximately 1.8 million TEUs.

Pursuant to the Agreement, OPC is obliged to pay certain contributions to the following: (a) Municipality of Puerto Cortés - 4% of the gross income without considering the tax over sales, payable monthly; (b) National Port Company - US$100,000 for each hectare occupied of the existing surfaces, from the beginning of the development of the occupied spaces and the new built surfaces referring to the ENP Works known as OPC Works from the date of occupation, payable annually; US$75,000 for each hectare of the new built and/or earned to the sea surfaces referring to the On Demand Mandatory Works from the beginning of the operative exploitation of the occupied surfaces, payable annually; a certain amount for each movement of the container of importation/exportation regardless if it is full or empty, with a right to reimbursement in an amount equivalent to 25% of the imposed amount; for the load not packed in containers - US$1 for each ton of fractioned load that is operated in the Terminal, US$5 for each unit of rolling load that is operated in the Terminal, US$1 for each passenger operated in the Terminal; Upfront payment of US$25.0 million; (c) COALIANZA - 2% of the total of the Reference Investment of the Project, paid on execution date of the Agreement; and (d) Trustee (FICOHSA Bank) - 0.37% of the annual gross income, payable monthly; and US$1,584,835 paid on execution date of the Agreement. Total payments in relation to this Agreement aggregated US$34.9 million, which are presented as part of "Intangibles" account in the consolidated balance sheets (see Note 5).

On October 29, 2015, the Agreement was amended to incorporate the following, among others: (a) OPC shall carry out the Works of the National Port Company relating to the construction and development of Berth 6 with a length of 550 meters out of the 1,100 meters of quay for containers under the Agreement. OPC shall complete the second phase on June 30, 2023 at the latest; (b) 10% reduction from the original variable and fixed rates related to the annual contribution paid to the National Port Company as well as contributions per movement of container of importation/exportation, ton of load not packed in containers, unit of rolling load and terminal passenger. The reduction in variable and fixed rates were effective upon the commencement of the first phase of berth construction subject to annual escalation based on inflation calculated as prescribed in the amended agreement; (c) reduction in the number of port equipment investment commitment; and (d) modification in the timing of committed investment in infrastructure and equipment.

25.11 Contract for the Construction and Operation of Three New Quays and Management and Operation of Quay No. 20 in the Port of Umm Qasr in Iraq

ICTSI, through its wholly owned subsidiary, ICTSI Dubai and GCPI signed on April 10, 2014 the Contract in the Port in Iraq. The Contract grants ICTSI the rights to: (a) manage and operate the existing container facility at Berth 20 of the Port for a period of 10 years, (b) build in three phases, under a *BOT* scheme, a new container and general cargo terminal in the Port for a concession period of 26 years, and (c) provide container and general cargo terminal services in both components. On March 1, 2016, the First Addendum was signed by the parties granting ICTSI, through ICTSI Dubai, the right to manage and operate an additional existing Quay No. 19 for a total of 13 years, with the first three years for the completion of rehabilitation works. Also, the First Addendum extended the original term for the management and operation of Quay No. 20 from 10 to 13 years. On March 26, 2017, the Second Addendum was signed by the parties granting ICTSI, through ICTSI Dubai, the right to manage and operate Quay No. 21 co-terminus with the Contact and the First Addendum. The Second Addendum extended the term for the management and operation of Quay No. 19 and 20 from 13 to 21 years.

ICTSI commenced trial operations at Berth 20 in September 2014 and full-fledged commercial operations in November 2014. ICTSI commenced commercial operations of Berth 19 in June 2016. Berth 21 started commercial operations in the third quarter of 2018 while the rehabilitation works are on-going.

Phase 1 of the expansion project (Berth 27) under the BOT scheme has 250 meters of berth with an estimated capacity of 300,000 TEUs. The facility will have 600 meters of quay with an estimated capacity of 900,000 TEUs. Berth 27 was completed and fully operational in the first quarter of 2017.

On October 22, 2017, ICTSI signed an agreement with GCPI for the Phase 2 of expansion development of the Port. The Phase 2 expansion project was substantially completed and fully operational in the fourth quarter of 2019 and involved the development of two new berths, Berths 25 and 26, including a 10.2-hectare yard area and installation of three new quay cranes. An additional yard area of 0.9 hectares was further completed in January 2020. This expansion increased the Port's container handling capacity to 1,200,000 TEUs or by an additional 600,000 TEUs, and its capability to handle large container vessels of up to 10,000 TEUs.

25.12 Terminal Operating Agreement and Subscription and Shareholders Agreement - Lae

Terminal Operating Agreement (TOA). In September 2017, ICTSI received a notification from PNG Ports Corporation Limited (PNGPCL), a PNG state-owned enterprise, of the confirmation by the Independent Consumer and Competition Commission in PNG with respect to the 25-year agreement signed by ICTSI's PNG subsidiary, SPICTL, with PNGPCL for the operation, management and development of the international port in Lae in PNG. SPICTL was allowed by PNGPCL to take over the port facilities and begin operations at the Port of Lae in February 2018. The TOA and other related contracts took effect on June 1, 2018 after all the parties have complied with the agreed conditions precedent.

The initial annual rent amounted to PGK22.8 million (US$6.9 million) and is subject to periodic review. The TOA also required the payment of advance rent amounting to PGK57.0 million (US$17.3 million) to be applied equally over the first 10 years of the term of the TOA.

Subscription and Shareholders Agreement (*SSA*). ICTSI, through its subsidiaries, ISPL and SPICTL entered into an SSA with the local communities for the management and governance of and the further transfers and/or issues of shares of SPICTL. The SSA became effective upon the effectivity of the TOA for Lae on June 1, 2018. Under the SSA, the local communities have the right to subscribe up to 30% of the total initial shares of SPICTL. Pre-emptive rights on additional subscriptions are available to all shareholders. On February 15, 2020, ISPL entered into share acquisition agreements with the local communities, Ahi Terminal Services Limited (Ahi) and Labu Investment Limited (Labu), for the transfer of SPICTL shares from ISPL to Ahi and Labu with each local community acquiring a 15% stake in SPICTL. The transfer of 30% of SPICTL shares from ISPL to the local communities became effective upon signing of the said agreements.

25.13 Terminal Operating Agreement and Subscription and Shareholders Agreement - Motukea

Terminal Operating Agreement (TOA). In September 2017, ICTSI received a notification from PNGPCL, a PNG state-owned enterprise, of the confirmation by the Independent Consumer and Competition Commission in PNG with respect to the 25-year agreement signed by ICTSI's PNG subsidiary, MITL, with PNGPCL for the operation, management and development of the international port in Motukea in PNG. MITL was allowed by PNGPCL to take over the port facilities and begin operations at the Port of Motukea in May 2018. The TOA and other related contracts took effect on June 1, 2018 after all the parties have complied with the agreed conditions precedent.

The initial annual rent amounted to PGK16.2 million (US$5.2 million) and is subject to periodic review. The TOA also required the payment of advance rent amounting to PGK43.0 million (US$13.1 million) to be applied equally over the first 10 years of the term of the TOA.

Subscription and Shareholders Agreement (SSA). ICTSI, through its subsidiaries, ISPL and MITL entered into a SSA with the impacted communities (IC) for the management and governance of and the further transfers and/or issues of shares of MITL. The SSA became effective upon the effectivity of the TOA for MITL on June 1, 2018. Under the SSA, the local communities have the right to subscribe up to 30% of the total initial shares of MITL. Pre-emptive rights on additional subscriptions are available to all shareholders. On August 8, 2019, ISPL entered into agreements with the local Tatana and Baruni communities, represented by Noho-Mage Holdings Limited (Noho-Mage), for the latter to acquire a 30% stake in MITL. In accordance with the agreements, the shares, representing 30% stake in MITL, together with all the benefits and rights attached to those shares, will be transferred to Noho-Mage, following entry of its name in the share register of MITL. On December 20, 2019, 30% of the shares held by ISPL were transferred to Noho-Mage after these shares were entered in MITL's share register under the name of Noho-Mage.

25.14 Concession Agreement between Sea Ports Corporation of Sudan and ICTSI Middle East DMCC

On January 3, 2019, ICTSI, through its wholly-owned subsidiary ICTSI Middle East DMCC, signed a Concession Agreement with the SPC to operate, manage and develop the SPCT at the port of Port Sudan, Republic of the Sudan for 20 years. Pursuant to the concession agreement, ICTSI is required to pay: (a) an upfront fee of €530.0 million in installments of €410.0 million (US$467.2 million) and five other installments each in the amount of €24.0 million (US$27.3 million) from the third to the seventh operation year; (b) fixed monthly fee of €1.0 million in the first 72 months of the concession term and €1.5 million, subject to adjustments, for the remainder of the term; and (c) royalty fee of 14% of gross revenue during the first six operating years of the concession and 16% of gross revenue starting the seventh operating year.

The port of Port Sudan is the only major modern port in the country and serves as the international gateway for more than 95% of Sudan's cargo flows. The Agreement is secured by a sovereign guarantee by the Republic of the Sudan. On January 13, 2019, ICTSI paid the initial installment of upfront fee of EUR410.0 million (US$470.2 million, the "Upfront Fee"). In February 2019, ICTSI established AGT, a Sudanese entity, to operate the container terminal.

On January 8, 2019, the Ministry of Finance and Economic Planning of the Republic of the Sudan (the "Ministry") issued a bond (the "Refund Bond"), which was subsequently amended, wherein it agreed to refund the Upfront Fee in case ICTSI is unable to take over operations by April 7, 2019. On August 7, 2019, due to the ongoing political instability in the Republic of the Sudan and the failure of the Sudanese government to turn over SPCT on or before April 7, 2019, the Sudanese Ministry sent ICTSI a letter confirming: (1) the remittance of EUR195.2 million as partial repayment of the Upfront Fee under the terms of the Refund Bond and (2) that the balance will be repaid as soon as possible. On December 13, 2019, ICTSI, through ICTSI Middle East DMCC, received from the Sudanese Government a second partial repayment of the Upfront Fee in the amount of AED110.2 million (EUR26.8 million or US$29.8 million). ICTSI continues to regularly engage the Ministry into productive discussions on the remaining balance of the Upfront Fee under the terms of the Refund Bond, which the Ministry continues to expressly committ its obligations. ICTSI reserves and continues to reserve its rights under the Concession Agreement following a letter from SPC regarding its cancellation which ICTSI disputes, and to pursue remedies available under the Refund Bond.

ICTSI has an excellent track record of managing and making significant investments in its container terminal infrastructure and is committed to making the Port of Sudan a leading port and strategic gateway to Africa, benefitting all of its stakeholders.

25.15 Lease Agreement Between Companhia Docas Do Rio De Janeiro (CDRJ) and Libra Terminal Rio S.A. (ICTSI Rio)

ICTSI Rio was declared the winning bidder for the exclusive management, operation and development of the facilities in Terminal 1 of the Port of Rio de Janeiro to carry out container handling and storage services by virtue of the lease agreement signed with CDRJ in March 1998. The lease agreement sets out the investment commitments of ICTSI Rio, minimum operational requirements, remuneration to be paid by ICTSI Rio for the use of the port facilities including waterway access and CDRJ's share of container handling charges, as well as the committed minimum annual volume to be handled including the penalty for not meeting the required minimum annual volume. The original term of the lease was 25 years until May 2023 extendable for up to another 25 years.

Pursuant to the twelfth amendment of the Lease Agreement signed on September 16, 2011, in order to adopt the terminal to the requirements of integrated logistics in international trade, ICTSI Rio committed to invest BRL543.1 million in construction works and equipment. The port modernization requirement is in accordance with the Modernization of Ports Act in Brazil. To allow for the recovery of the committed investments, the term of the agreement was early renewed for another 25 years until May 2048. CDRJ and ICTSI Rio also agreed to adjust the minimum annual volume to be handled and set the new base fixed fee considering additional areas as each of the three phases of expansion is completed, and base variable fee from BRL18.0 to BRL22.5 per container handled. The base fixed and variable fees are readjusted based on the general price index in Brazil.

25.16 Shareholders' Agreement (Agreement) of the Kribi Multipurpose Terminal (KMT)

In June 2020, the Group, through its subsidiary, ICTSI Middle East DMCC, entered into an Agreement with the PAK forming KMT, a Cameroonian company. KMT, which is 75%-owned by the Group, will be responsible for the development, operation, and maintenance of the multi-purpose terminal under the Concession Agreement. Pursuant to the Agreement, KMT will be headed by a President, who shall be nominated by the Group and appointed by the Executive Committee (EC). The EC shall be comprised of four members, three of which shall be proposed by the Group.

25.17 Concession Agreement for the Development, Operation and Maintenance of the Multipurpose Terminal of the Port of Kribi

On July 27, 2020, the 25-year concession agreement was officially signed by Kribi Multipurpose Terminal (KMT), a Cameroonian subsidiary of ICTSI, and Port Authority of Kribi (PAK). Under the concession contract, KMT was given the exclusive right to develop, operate, and maintain the multipurpose facility at Kribi, a newly built deep-water port

located 150 kilometers South of Douala. The concession can be extended based on terms and conditions to be mutually agreed by the parties.

The concession covers Phase 1 of the construction of the Kribi Deep-Sea Port, consisting of 615 meters of berth and corresponding facilities, 33 hectares of yard and 1,355 meters of breakwater. Phase 1 is divided into two sub-phases. Sub-phase 1 consists of a 265-meter berth (Quay 1.1), 10 hectares of yard and port equipment and facilities that was turned over to KMT upon effectivity of the concession. Sub-phase 2 consists of a 350-meter berth (Quay 1.2, an extension of Quay 1.1), and 23 hectares of yard (including facilities to be provided by PAK) that are currently and temporarily utilized by the container terminal operator and will be turned over to KMT upon completion of the Phase 2 of the Kribi Deep-Sea Port where the container terminal operator will transfer to.

Under the contract, KMT shall be responsible for the planning, design, and implementation of the development, operation, and maintenance of the terminal. In consideration for the rights granted under the contract, KMT shall pay PAK the following: (a) an entry fee amounting to EUR50.0 million of which, EUR20.0 million shall be due not later than the effectivity of the concession agreement and the remaining EUR30.0 million shall be due upon the handover of Sub-phase 2; (b) annual fixed fees of EUR3.0 million, that shall increase to EUR6.0 million upon handover of Sub-phase 2; and (c) variable fees of 10% of KMT's annual turnover, excluding tax, pertaining to conceded services specified in the agreement. KMT is required to pay an annual minimum variable fee as committed during the bid as defined in the agreement. Also, KMT shall be required to pay other fees like PAK's 50% share of storage revenue and exceptional fees based on a threshold as defined in the agreement.

25.18 Lease Agreement for the Installation and Exploitation of a Container Terminal for Mixed Private Use of the Port of Suape-Complexo Industrial Portuario (Suape)

On July 2, 2001, TSSA entered into a lease agreement with Suape for the operation and development of a container terminal in a port in Suape, Brazil for a period of 30 years starting from the date of agreement. In consideration for the lease, TSSA shall pay Suape a fee in Brazilian Reais (R$) consisting of three components: (i) R$8.2 million, payable within 30 days from the date of agreement; (ii) R$3.1 million, payable in quarterly installments; and (iii) an amount ranging from R$15 to R$50 (depending on the type of container and traffic, i.e., full, empty/ removal and transshipment) handled for each container, payable quarterly. For the third component of the fee (which rates per container increase by 100 percent every ten years), if the total amount paid for containers handled in the four quarters of the year is less than the assured minimum amount for such component indicated in the agreement, TSSA will pay the difference to Suape based on a certain formula. The lease fee is subject to readjustment annually, unless there is a change in legislation, which allows a reduction in the frequency of readjustment, based on a certain formula contained in the agreement.

Under the lease agreement, TSSA undertakes to make the investment in works, equipment, systems and others necessary to develop and operate the Suape port within the agreed time frame.

Upon the expiration of the term of the contract or in the event of pre-termination, the building and other structures constructed in the port by TSSA shall become the property of Suape in addition to assets originally leased by Suape to TSSA. TSSA may remove movable goods from the container terminal, unless the parties agree otherwise.

25.19 Contracts with Gdynia Port Authority (the "Harbour")

On May 30, 2003, the Parent Company and the Harbour signed three Agreements, namely Agreement on Commercial Cooperation, Lease Contract and Contract for Sale of Shares, which marked the completion of the privatization of BCT. BCT owns the terminal handling assets and an exclusive lease contract to operate the Gdynia container terminal for 20 years until 2023, extendable for another specified or unspecified period, depending on the agreement.

Under the Agreement on Commercial Cooperation, US$78.0 million is the estimated investment for terminal improvements over the life of the concession, of which €20.0 million is necessary within the first eight-year period. As at December 31, 2021, BCT invested US$111.6 million (€89.9 million), thus exceeding the minimum investment level required.

In the original Lease Contract signed between the Harbour and the original owners of BCT, the Harbour shall lease to BCT its land, buildings and facilities for a period of 20 years for a consideration of Polish zloty (PLN) equivalent of US$0.62 million per month to be paid in advance. Subsequently, twenty-two amendments in the contract were made reducing the monthly rental to US$0.61 million and US$0.55 million in May 2004 and October 2013, respectively. Under the revised Agreement with BCT, the Harbour further reduced the rental fee by US$0.9 million (PLN2.8 million) annually effective January 1, 2005. This amount has been translated into US dollar using the average exchange rate of US dollar effective in the National Bank of Poland as at December 31, 2004 and deducted from the existing rental rate in US dollar.

25.20 Concession Agreement with Batumi Port Holdings Limited (BPHL)

In September 2007, IGC obtained the concession from BPHL to develop and operate a container terminal and a ferry and dry bulk handling facility in the Port of Batumi in Georgia. BPHL has the exclusive management right over the State-owned shares in Batumi Sea Port Limited (BSP). IGC established BICTL to operate the concession.

In relation to the concession, BICTL, through IGC, entered into a lease and operating agreement with BSP for a 48-year lease over a total area of 13.6 hectares of land in Batumi Port, consisting of Berths 4 and 5 for a container terminal, and Berth 6 as ferry terminal and for dry bulk general cargo. The lease and operating agreement will expire on June 30, 2055. IGC paid BPHL US$31.0 million, shown as "Intangible assets" account in the consolidated balance sheets and amortized up to year 2055, in consideration of the procurement for the lease between BICTL and BSP. Under the lease and operating agreement between BICTL and BPHL, BICTL shall pay BSP an annual rent of US$0.1 million from November 2, 2007 to 2008, US$0.2 million from November 2, 2008 to 2009, US$0.5 million from November 2, 2009 to 2011 and US$0.8 million from November 2, 2011 to expiration date of the contract as stipulated in the agreement.

25.21 Concession Contract for the Management and Operation of the MCT

On April 25, 2008, Phividec Industrial Authority (PIA) awarded the management and operation of MCT in Misamis Oriental, in the Philippines to ICTSI. The concession contract is for a period of 25 years starting from the date of the agreement. ICTSI established MICTSI to operate the concession. Under the contract, MICTSI shall be responsible for planning, supervising and providing full terminal operations for ships, container yards and cargo handling. MICTSI shall also be responsible for the maintenance of the port infrastructure, facilities and equipment set forth in the contract and shall procure any additional equipment that it may deem necessary for the improvement of MCT's operations. In consideration for the contract, MICTSI shall pay PIA fixed fee of ₱2,230.0 million (US$46.9 million) payable in advance in quarterly installments and variable fees based on percentages of MICTSI's gross revenue ranging from 15 to 18 percent during the term of the contract. In September 2020, PIA and MICTSI entered into a Memorandum of Agreement on the Renegotiation of Concession Fees of the Mindanao Container Terminal (MOA) in order to renegotiate the fixed and variable fees, set out the investment requirements subject to market performance and viability and for MICTSI to pay the PIA an amount of Php100.0 million (US$2.1 million) as a result of the renegotiation of concession fees.

25.22 Contract Granting Partial Rights and Obligations to Contecon Manzanillo, S.A. de C.V.

In November 2009, ICTSI was declared by the Administracion Portuaria Integral de Manzanillo, S.A., de C.V. (API) the winner of a 34-year concession for the development and operation of the second Specialized Container Terminal (TEC-II) at the Port of Manzanillo. ICTSI established CMSA on January 6, 2010 to operate the Port of Manzanillo. The concession agreement was signed on June 3, 2010. CMSA paid upfront fees of MXN50.0 million (US$4.0 million) to API in two installments: MXN25.0 million (US$2.0 million) on June 3, 2010, the date of signing of the contract; and another MXN25.0 million (US$2.0 million) on September 17, 2010.

Under the terms of the contract granting partial rights and obligations, CMSA will build, equip, operate and develop the terminal that will specialize in the handling and servicing of containerized cargo. Investments in the Port of Manzanillo include maritime works, dredging, quay (including crossbeams and fenders), maneuver yards, storage installations, land access and signals, as well as all those works necessary to fulfill the productivity indexes contained in the contract.

The port facilities will be turned over by API to CMSA in three phases: (a) Phase I, North Area, Position 18: 379,534.217 sqm of the federal land area and 18,000 sqm of the maritime area; (b) Phase II, Centre Area Position 19: 158,329.294 sqm of the federal land area and 18,000 sqm of the maritime area; and (c) Phase III, South Area (Position 20): 186,355.22 sqm of the federal land area and 18,000 sqm of the maritime area. On November 30, 2010, the first phase of the ceded area was formally delivered to CMSA while a portion of the second phase of the ceded area equivalent to 42,000 sqm of the federal land area and 18,000 sqm of the maritime area were delivered in advance to CMSA. The remaining portion of the second phase of the ceded area equivalent to 116,329.294 sqm was delivered to CMSA on June 30, 2017. On June 30, 2020, the third phase of the ceded area was formally delivered to CMSA.

CMSA shall pay annual fixed fees of MXN163.0 million (US$12.9 million), MXN75.5 million (US$6.0 million) and MXN 83.8 million (US$6.6 million) for the first, second and third phases of the ceded area, respectively. The annual fixed fees shall be paid and adjusted based on CPI on a monthly basis. Further, CMSA shall pay monthly variable fees of US$10.40 (MXN200) per TEU, up to a maximum volume of 1,500,000 TEUs per year. The contract requires the payment of a minimum variable fee calculated based on a certain minimum guaranteed volume per year starting on the sixth year of the contract until the end of the concession.

CMSA started commercial operations in November 2013.

25.23 Lease Agreement between the Port of Portland and ICTSI Oregon

On May 12, 2010, ICTSI Oregon signed a 25-year lease with the Port of Portland for the container/break bulk facility at Terminal 6. Under the terms of the agreement, ICTSI Oregon and ICTSI paid the Port of Portland US$8.0 million (US$2.0 million on May 12, 2010 as a signing deposit; and the remaining US$6.0 million on August 12, 2010) in addition to an annual rent payment of US$4.5 million, subject to any increases in the consumer price index. As terminal volume increases over time, ICTSI will pay the Port of Portland additional incremental revenue per container moved. Furthermore, the Port of Portland shall; (a) demise and lease the terminal land, the improvements, cranes, and all appurtenances pertaining thereto or arising in connection therewith to ICTSI, for and during the term of the lease; (b) grant an exclusive right to conduct stevedoring services at the terminal and to operate, manage, maintain and rehabilitate the port infrastructure, as well as to provide terminal services and collect and retain user fees; and (c) grant a non-exclusive right during the term of the lease to use the common areas in connection with permitted uses of the terminal.

The US$8.0 million upfront fee was allocated to concession rights and property and equipment amounting to US$4.2 million and US$3.8 million, respectively. ICTSI Oregon

took over the operations of the Terminal 6 of the Port of Portland on February 12, 2011.

In October 2016, the Board of ICTSI Ltd. has authorized the management of ICTSI Oregon to negotiate with the Port of Portland and reach terms mutually acceptable to both parties with respect to the termination of the lease agreement after two major customers, Hanjin Shipping Co. and Hapag-Lloyd, stopped calling the Port of Portland in March 2015 due to continuing labor disruptions. During the latter part of 2016, the Port of Portland and ICTSI Oregon began discussions of a mutual agreement to terminate the lease agreement.

On March 8, 2017, ICTSI, through ICTSI Oregon, and the Port of Portland signed a Lease Termination Agreement and both parties have mutually agreed to terminate the 25-year Lease Agreement to operate the container facility at Terminal 6 of the Port of Portland with an effective date of March 31, 2017. The Lease Termination Agreement allowed ICTSI Oregon to be relieved of its long-term lease obligations.

As a result of the Lease Termination Agreement, ICTSI Oregon is no longer engaged in container operations at Terminal 6 or at any other locations. ICTSI Oregon's activities are currently devoted to supporting the on-going legal proceedings.

25.24 Development Agreement between VICT and POMC

On May 2, 2014, ICTSI, through its subsidiary in Australia, VICT, signed a contract in Melbourne with POMC for the design, construction, commissioning, operation, maintaining and financing of the Webb Dock Container Terminal (Terminal) and Empty Container Park (ECP) at Webb Dock East (WDE) in the Port of Melbourne. The Contract grants VICT the rights to: (a) design, build and commission the new Terminal at berths WDE 4 and WDE 5; (b) design, build and commission the new ECP at WDE; and (c) operate the Terminal and ECP until June 30, 2040.

In consideration for the contract, VICT is committed to pay fixed fee subject to escalation over the lease term.

Phase 1 of the Terminal and the ECP with capacities of 350,000 TEUs and 250,000 TEUs, respectively, commenced commercial operations in the second quarter of 2017. Phase 2 of the Terminal commenced commercial operations in the first quarter of 2018 and has increased the capacity to 1,000,000 TEUs.

On August 3, 2021, VICT and POMC entered into a Deed of Variation of Lease. The variation covers additional premises on conditions that are materially similar, to the terms of the existing lease.

The parties entered into a Side Deed covering intentions on the part of POMC to submit a Tariff Rebalancing Application to the Essential Services Commission (ESC), while a corresponding commitment exists from VICT to pay a management fee from the commencement date as defined in the Deed of Variation of Lease and a berth usage payment contingent upon a second unsuccessful tariff rebalancing application by POMC to the ESC. The berth usage payment shall be charged at $5 per TEU and will continue until an amount of $30 million has been contributed to POMC.

25.25 Concession to Construct and Operate a Maritime Container Terminal in the Port of Tuxpan

On May 27, 2015, ICTSI, through its subsidiary, ICTSI Tuxpan B.V., acquired from Grupo TMM S.A.B and Immobiliaria TMM S.A. de C.V 100 percent of the capital stock of TMT for US$54.5 million. TMT is a company duly incorporated in accordance with the laws of Mexico with a concession to construct and operate a maritime container terminal in the Port of Tuxpan, Mexico and is the owner of the real estate where the maritime container terminal will be constructed. The concession agreement is valid until May 25, 2021, subject to extension for another 20 years. The concession covers an area of 29,109.68 square meters, which is adjacent to the 43 hectares land owned by TMT. Under the concession agreement, TMT is liable and committed to: (1) pay fixed fee of MXN23.24 plus VAT, per square meter of assigned area; and (2) pay minimum guaranteed fee starting January 2018 ranging from MXN145.33 (US$9.51) per TEU to MXN340.60 (US$22.29) per TEU for containerized cargo and MXN3.37 (US$0.22) per ton to MXN5.62 (US$0.37) per ton for general cargo, based on agreed minimum volume. As at March 1, 2022, management is continuing to assess the long-term plans for the concession and the land.

25.26 Lease Agreement between the Nigerian Ports Authority (NPA) and ICTSNL

In 2020, ICTSNL signed a Lease Agreement with the Nigerian Port Authority for the development and operation of a multipurpose terminal in the Port of Onne in Rivers State, Nigeria. The terminal operates Berths 9, 10 and 11 of the Federal Ocean Terminal. In consideration of the lease, ICTSNL shall pay in advance on an annual basis a rent of NGN505.2 million (plus VAT).

25.27 Shareholders' Agreement (Agreement) with AG&P

On September 30, 1997, IWI CTHI entered into an Agreement with AG&P forming BIPI. BIPI developed the property acquired from AG&P at Bauan, Batangas into an international commercial port duly licensed as a private commercial port by the PPA.

Simultaneous with the execution of the Agreement, AG&P executed a Deed of Conditional Sale in favor of IWI CTHI conveying to the latter a parcel of land for a total purchase price of ₱632.0 million (equivalent to US$12.4 million as at December 31, 2021). The said land was transferred by IWI CTHI to BIPI under a tax-free exchange of asset for shares of stock.

Notwithstanding the sale and purchase on April 10, 2019 of the 20% stake in BIPI held by AG&P, the unfulfilled obligations under the Agreement shall remain in force.

25.28 Long-term Contract for the Operations of Cargo Handling Services at Makar Wharf

On February 20, 2006, the PPA granted SCIPSI a ten-year contract for the exclusive management and operation of arrastre, stevedoring, and other cargo handling services, except porterage, at Makar Wharf, Port of General Santos, General Santos City in the Philippines that expired on February 19, 2016. Thereafter, the PPA granted SCIPSI a series of hold-over authority on a temporary basis over the cargo handling services at Makar Wharf, Port of General Santos. Pursuant to the PPA Memorandum Circular No. 37-2020, "Further Extension of Validity of PPA Approvals/Permits During the Enhanced Community Quarantine (ECQ), Modified ECQ (MECQ), and General CQ (GCQ) Due to COVID-19 Pandemic" dated September 29, 2020, and in view of the restrictions affecting processing of HOAs, among others, all HOAs to operate cargo handling services that expired/are expiring during the ECQ/MECQ/GCQ periods are deemed extended until December 31, 2020. On April 13, 2021, the HOA was issued by the PPA with the validity of twelve months from January 1, 2021 up to December 31, 2021 or until the award of a new contract by the PPA, whichever is earlier, unless cancelled or revoked for reason by the PPA during the validity of the HOA. As at March 1, 2022, SCIPSI continued to operate and has submitted the letter of intent including the requirements for the issuance of a new HOA.

25.29 Long-term Contract for the Operations of Cargo Handling Services at Sasa Wharf

On April 21, 2006, the PPA granted DIPSSCOR a ten-year contract for cargo handling services at Sasa Wharf, Port of Davao in the Philippines that expired on April 20, 2016. Thereafter, the PPA granted DIPSSCOR a series of hold-over authority on a temporary basis over the cargo handling services at Sasa Wharf, Port of Davao. Pursuant to the PPA Memorandum Circular No. 37-2020, "Further Extension of Validity of PPA Approvals/Permits During the Enhanced Community Quarantine (ECQ), Modified ECQ (MECQ), and General CQ (GCQ) Due to COVID-19 Pandemic", dated September 29, 2020, and in view of the restrictions affecting processing of HOAs, among others, all HOAs to operate cargo handling services that expired/are expiring during the ECQ/MECQ/GCQ periods are deemed extended until December 31, 2020. On May 24, 2021, the HOA was issued by the PPA with the validity of twelve months from January 1, 2021 up to December 31, 2021 or until the award of a new contract by the PPA, whichever is earlier, unless cancelled or revoked for reason by the PPA during the validity of the HOA. As at March 1, 2022, DIPPSCOR continued to operate and has submitted the letter of intent including the requirements for the issuance of a new HOA.

25.30 Joint Venture Contract on Yantai Rising Dragon International Container Terminal, Ltd. (YRDICTL) and YICT

In January 2007, the Group (through IHKL) entered into a joint venture contract with YPG and SDIC Communications, Co. on YRDICTL to operate and manage the Yantai port in Shandong Province, China. The registered capital of YRDICTL is RMB600.0 million (equivalent to US$99.1 million as at December 31, 2013) and the term of the joint venture is 30 years, and may be extended upon agreement of all parties. The joint venture became effective on February 28, 2007.

In 2010, YPG and SDIC invested its 40 percent stock holdings in YRDICTL into Yantai Port Holdings (YPH). As such, the non-controlling shareholder of the Company was changed from YPG and SDIC to YPH.

Pursuant to a joint venture agreement, the Board of YRDICTL shall be comprised of five members, three of which the Group has the right to elect. The land operated by YRDICTL was contributed as an in-kind capital contribution by YPG for a period of 30 years.

On July 1, 2014, the Group, through its subsidiary IHKL, acquired 51 percent of the total equity interest of YICT and the Group sold its 60 percent ownership interest in YRDICTL to YPH. The Group entered into a joint venture agreement on YICT with DP World and YPH for a period of 29 years until September 29, 2043 and may be extended upon agreement of all parties. The objective of these transactions is to consolidate and optimize the overall port operations within the Zhifu Bay Port Area in Yantai, China. YICT became the only foreign container terminal within the Zhifu Bay Port Area. DP World China (Yantai) and YPH owns 12.5 percent and 36.5 percent ownership interest in YICT, respectively, with ICTSI as the majority shareholder.

Pursuant to the said joint venture agreement, the Board of YICT shall be comprised of six members, three of which the Group has the right to elect. The Chairman of the Board shall be appointed by the Group and the said Chairman shall be entitled to a casting vote in the event of equality of votes. The Group is also entitled to appoint the General Manager and Financial Controller. The land operated by YICT was contributed by YPH and is valid until August 28, 2043.

YICT is authorized by YPH to collect, on its behalf, the port charges (including port charges levied on cargoes and facilities security fees) in accordance with the state regulations and shall, after retaining 50% of the port charges levied on cargoes (as the fees for maintaining the facilities within the port owned by YICT) and 80% of the facilities security fees (as the fees for maintaining and improving the security facilities within the terminal owned by YICT) collected, pay to YPH the remaining parts no later than the fifteenth (15th) day of the following month.

25.31 Domestic Trade Container Terminal Service Outsourcing Agreement with YPHT

Effective October 15, 2020, YICT agreed with YPH and Yantai Port Container Terminal Ltd. (YPHT, a subsidiary of YPH) to promote the integration of container terminal business in Port of Yantai by moving the domestic container business of YPHT to YICT. YPHT, as principal, subcontracts all of its container business to YICT, with YICT, as subcontractor, provides terminal services such as ship berthing, loading and discharging, container receiving and dispatching, and storage. YPHT

pays an agreed amount per TEU with respect to the agreed standard services. The outsourcing agreement is valid for a period of two years.

25.32 Cooperation Agreement for Operation of Terminal Area III of the Tanjung Priok Port at Jakarta, Indonesia between PT Pelabuhan Indonesia II (Pelindo) and OJA

OJA has existing cooperation agreements with Pelindo under a revenue sharing scheme covering the terminal operations of berths 300, 301, 302 and 303 located in Terminal Area III (referred to as "Cooperation Area") of the Tanjung Priok Port, Jakarta, Indonesia. OJA and Pelindo share a fixed percentage based on various activities or services with container handling equipment and other facilities provided and operated by OJA in the Cooperation Area including stevedoring, lift-on/lift off, reefer container plugging and monitoring, trucking, and container customs inspection. The cooperation agreement was signed on March 7, 2011 and expired on March 7, 2013. On June 5, 2013, OJA signed a 15-year Cooperation Agreement with Pelindo for international container stevedoring services wherein the parties will share a fixed percentage of revenues. Pending the fulfillment of certain conditions, the 15-year term of the Cooperation Agreement has not yet commenced as at March 1, 2022. The refrigerated container plugging and monitoring, and inspection of container customs are being renewed yearly.

25.33 Cooperation Agreement for the Procurement, Installation and Operation of Container Handling Equipment under a Revenue Sharing Scheme at the Makassar Container Terminal Port of Makassar, South Sulawesi, Indonesia

MTS has an existing agreement with PT Pelabuhan Indonesia IV (Pelindo), the Indonesian government-owned corporation that owns and operates the Makassar Container Terminal, for the procurement, installation and operation of Container Handling Equipment (CHE) at the Makassar Container Terminal under a revenue sharing scheme for ten years until 2013, renewable for another 10 years by mutual agreement. In December 2012, MTS extended the joint operation contract, which will originally expire on September 30, 2013, until February 1, 2023. Under the agreement, MTS provides and operates CHE at the Port of Makassar. For the services provided, MTS is paid by Pelindo 60 percent of the gross revenue based on the published tariff for the operation of CHE owned by MTS.

25.34 Shareholders' Agreement on IDRC

On January 23, 2014, the Group, through its subsidiary, ICTSI Cooperatief, forged a business partnership with SIMOBILE for the establishment and formation of a joint venture company, IDRC. IDRC, which is then 60 percent-owned by ICTSI Cooperatief, will build a new terminal along the river bank of the Congo River in Matadi and manage, develop and operate the same as a container terminal, as well as provide exclusive container handling services and general cargo services therein.

At incorporation, the share capital of IDRC amounted to US$12.5 million represented by 12,500 ordinary voting shares. IDRC was incorporated for an initial term of 99 years, subject to early dissolution or prorogation. ICTSI contributed US$2.0 million cash upon incorporation and the US$5.5 million cash in tranches while SIMOBILE contributed land valued at US$5.0 million. On May 19, 2015, ICTSI, through its subsidiary, ICTSI Cooperatief, and its joint venture partner, SIMOBILE, transferred their respective 8% and 2% ownership interest in IDRC to SCTP SA in exchange for the latter's contribution of technical knowledge, skills and substantial experience in the port and port system in DRC and operation of railroad system and undertaking to facilitate the activities of IDRC and to assist in its relations with the public authorities. SIMOBILE transferred to its subsidiary, SIP Sprl, its 10% ownership in IDRC. Thereafter, IDRC is owned 52% by ICTSI, 28% by SIMOBILE, 10% by SIP Sprl and 10% by SCTP SA.

Pursuant to the shareholders' agreement, the Board of IDRC shall be comprised of nine members, five of which will be appointed by the Group.

Phase 1 of the facility consists of two berths that can handle 175,000 TEUs and 350,000 metric tons. The capacity and berth length can, subject to demand, be doubled in Phase 2. Phase 1 was completed in the fourth quarter of 2016. Initial operations started in the third quarter of 2016 while commercial operations started in January 2017. Development of Phase 2 of the facility started in the first quarter of 2020 and is expected to be completed in the second quarter of 2023. The expansion project covers both yard and berth, including acquisition of port equipment. Upon completion of Phase 2, berth length will increase from 350 meters to 500 meters and capacity will increase to 400,000 TEUs and 800,000 metric tons. The empty container yard expansion was completed in the last quarter of 2020. As of March 1, 2022, the development of the full container yard is ongoing and is expected to be completed in the last quarter of 2023. The development of the quay will commence in the first quarter of 2022 and is expected to be completed in the last quarter of 2023.

25.35 Lease Agreement Between MMR Administração, Participações e Empreendimentos S.A. (MMR) and IRB Logistica S.A. (IRB)

In this contract, IRB leases the Property located at Rua Barros Viana, nº 530, Floriano, Barra Mansa, Rio de Janeiro, as well as the equipment and movable assets that are part of the production unity, with commercial purposes. and will use the Property, at its own risk and responsibility, exclusively for the installation and operation of a road and rail freight terminal, its use for other purposes being expressly prohibited without the prior, expressly, and written consent of MMR.

MRS Concession Area corresponding to the NBP Land nº 3000602, longitudinally between km 171+780 and 172+080 of the Rio - São Paulo Line, with approximately 2,913 m² (two thousand nine hundred and thirteen square meters), as well as Floriano Station, NBP nº 3200602, at km 172+700 of the São Paulo Line, totaling approximately 202 m² (two hundred and two square meters), located in the Municipality of Barra Mansa, State of Rio de Janeiro.

In return for the rental of the Property, ICTSI will pay the monthly rent, which will be automatically updated by inflation on an annual basis, adopting as an index resulting from the sum of 50% IGP-M/FGV (Fundação Getúlio Vargas General Market Price Index) and 50% of the IPCA (Extended Consumer Price Index) or other indices that replace them, taking into account the equalization clause that whenever the Rent Value, readjusted, presents a difference from the Reference Value, equal to or greater than 2% (two percent), more ("Positive Difference") or less ("Negative Difference"), the value of the Rent will be equalized through the average dollar rate of the last 12 months multiplied by the reference value stated at the signing of the contract.

The Lessee shall maintain the Lease Guarantee Insurance in force throughout the term of the Lease. However, the Rental Guarantee Insurance policy may be valid for 5 (five) years. At the end of the term of validity of the policy, the Lease Guarantee Insurance, the Lessee must promote the respective renewal of the Lease Guarantee Insurance, within a maximum period of 7 (seven) days after the expiration of the policy, under penalty of application of the penalties provided for in the Agreement.

This Agreement will enter into force on April 1, 2021, with a term of 323 (three hundred and twenty-three) months, ending in February 2048.

The existing contracts and agreements entered into by the Group contain commitments and restrictions which include, among others, the prohibition of the change in subsidiaries' shareholders without the prior consent of the port authority, maintenance of minimum capitalization and certain financial ratios, investment in the works stipulated in the investment program, provisions for insurance, submission of performance bonds, non-compete arrangements, productivity targets and other related matters.

26 Contingencies

Due to the nature of the Group's business, it is involved in various legal proceedings, both as plaintiff and defendant, from time to time. The majority of outstanding litigation involves subrogation claims under which insurance companies have brought claims against the operator, shipping lines and/or brokerage firms for reimbursement of their payment of insurance claims for damaged equipment, facilities and cargoes. Except as discussed below, ICTSI is not engaged in any legal or arbitration proceedings (either as plaintiff or defendant), including those which are pending or known to be contemplated and its Board has no knowledge of any proceedings pending or threatened against the Group or any facts likely to give rise to any litigation, claims or proceedings which might materially affect its financial position or business. Management and its legal counsels believe that the Group has substantial legal and factual bases for its position and is of the opinion that losses arising from these legal actions and proceedings, if any, will not have a material adverse impact on the Group's consolidated financial position and results of operations.

MICT

In 2013, a case was filed by Malayan Insurance Co., Inc. (MICO) against ICTSI before the Regional Trial Court of Manila, Branch 55, for damages allegedly sustained by the assured cargo of Philippine Long Distance Telephone Company (PLDT) consisting of telecommunications equipment. The amount of claim is ₱223.8 million (approximately US$4.5 million) plus legal interest and attorney's fees of ₱1.0 million (US$19.6 thousand).

PLDT initially filed a claim against ICTSI, claiming that the cargo had been dropped while inside a container at the terminal of ICTSI and holding the latter responsible for the value of the equipment. ICTSI did not pay the claim, arguing that there is no evidence that the cargo had been damaged. ICTSI further argued that the containerized equipment was never dropped to the ground but was merely wedged in between containers while being moved in the container yard. The case is currently on trial.

In 1997, Paramount Company (Private) Limited (PCL) filed a case against ICTSI. PCL claimed for damages in the sum of US$17.4 million as well as a 10% shareholding in Karachi International Container Terminal Limited (KICTL). PCL asserted that it was ousted from the Consortium with ICTSI and American President Lines Limited (APL) even if PCL has obtained the approvals for the establishment of KICTL which allegedly entitled PCL to receive a 10% shareholding in the said company.

ICTSI filed an application for the matter to be referred to arbitration (Arbitration Application). This was as per an Equity Linked Security Agreement entered between ICTSI and PCL in 1995. The Arbitration Application was not contested and via Order dated August 21, 1998, the Court recorded PCL's consent to such referral. However, a dispute arose amongst the parties about the venue for arbitration. PCL insisted on Dubai, whereas ICTSI requested for Hong Kong. The Court via Order dated December 16, 1998, fixed the venue to Singapore. The Orders dated August 21, 1998 and December 16, 1998 (the Orders) were appealed by PCL but were ultimately upheld by the Supreme Court. In 2016, after dismissal by the Supreme Court, PCL again raised the matter yet again before the civil court, which was also dismissed via Order dated March 21, 2019. PCL challenged this Order before the appellate court. The next hearing is on March 9, 2022.

PICT

The Trustees of the Port of Karachi (KPT) filed a civil suit 1201/2006 against PICT on September 13, 2006 in the Honourable High Court of Sindh (HCS) claiming a sum of US$1.7 million along with the interest, as default payment of wharfage and penalty thereon, for the alleged mis-declaration of the category of goods on the import of Ship-to-Shore Cranes and Rubber Tyre Gantry Cranes in 2004. On April 24, 2017, HCS passed the judgment and decree in favor of PICT and ordered that KPT is not entitled to the amount of wharfage charges claimed by it. KPT filed an appeal which is currently pending.

PICT is involved in several tax proceedings. However, PICT's management and its legal counsels believe that the said cases will be decided in favor of PICT.

TSSA

In 2008, a civil suit was filed by former customer Interfood Comercio (Interfood) against TSSA for damages to perishable cargo amounting to BRL7.0 million (approximately US$3.0 million). Interfood's cargo (garlic and birdseed) was declared improper for human and animal consumption due to long storage period at TSSA before it was claimed and such cargo was destroyed by Brazilian customs authorities. TSSA has fully settled its obligations to Interfood in 2021.

In 2015, Custom Enclosure Atlântico Terminais SA (CE) and Suata Serviço Unificado de Armazenagem e Terminal Alfandegado SA (SUATA) filed a civil case against TSSA questioning the legality of charging for the Segregation Service (Terminal Handling Charge 2, THC2). CE and SUATA alleged that the THC2 would be included in the amount paid in the Terminal Handling Charge (THC) rate. Pending litigation, the court ordered TSSA to suspend the collection of the THC2. TSSA questioned the court's competence to judge the matter discussed in the action, in view of the absence of the necessary notification from the Regulatory Agency (ANTAQ) to enter the dispute. The case is currently awaiting the court's decision. TSSA will file a request for annulment of the order suspending the collection of THC2 in light with a new ANTAQ law 34/2019, which allows the collection of THC2. The case is currently suspended due to the COVID-19 pandemic.

TSSA filed an Annulment Action with Urgent Injunction Request to nullify the Brazilian Administrative Council for Economic Defense (the Brazil Competition Authority, CADE) decision in an administrative case wherein CADE ruled that (1) TSSA's collection of the THC2 is illegal, and (2) TSSA should pay a fine in the amount of BRL9.1 million (US$1.6 million). The CADE decision pointed out that charging the THC2 fee would provide an unjustifiable and illegal competitive advantage in the bonded storage market.

Last February 18, 2021, the preliminary injunction requested by TSSA was granted. This suspended the enforceability of the CADE decision upon providing a valid and full guarantee, as well as to guarantee TSSA's ability to continue with the retroactive collection of the services provided and not invoiced, as well as future collection of the THC2 by TSSA, until further final judgment of the case.

In 2016, CE and SUATA filed a civil action against TSSA questioning the legality of charging fees connected with the ISPS Code, which according to CE and SUATA, is a service that is integrated in the port activity and, therefore, cannot be provided or charged separately. TSSA's defense consists in affirming that the ISPS Code was established by international demand, after the attacks of September 11, 2001.

The amount collected is for extraordinary security costs that are continually implemented by TSSA in order to meet international counter-terrorism requirements and are levied on the importer or exporter. The preliminary injunction was granted and enjoined TSSA from charging fees connected with the ISPS Code. TSSA's appeal on this injunction is still pending.

TSSA filed an Annulment Action with Urgent Injunction Request to suspend the CADE's decision for TSSA to (i) refrain from charging fees connected with the ISPS Code to CE and import companies, as well as any other fees whose purpose is to reimburse costs incurred for adaptation and compliance with safety standards, and (ii) pay a fine in the amount of BRL7.2 million.

On September 14, 2021, an award in favor of TSSA was issued. The award ruled that the collection of ISPS Code tariff is legitimate and there was no violation of Competition Law.

TICT

On December 28, 2012, TICT filed a Notice of Termination of its 10-year Investment Agreement with Tartous Port General Company (TPGC) on the grounds of "unforeseen change of circumstances" and "Force Majeure". In early 2013, TPGC submitted to arbitration TICT's termination notice. On April 1, 2014, the arbitration panel decided in favor of TPGC. While the award has become executory on April 20, 2015, management and its legal counsels believe that TPGC will not be able to successfully enforce the award outside of Syria.

BICTL

In 2015, BICTL filed a case against Revenue Service with the Tbilisi City Court for the cancellation of the tax assessment in the amount of US$860.7 thousand (GEL2.3 million). The case went up to the Supreme Court, that decided in favor of BITCL in 2021. The entire assessment was cancelled.

ICTSI Oregon

Due to continuing labor disruptions caused by the International Longshore and Warehouse Union and ILWU Local 8 (collectively "ILWU") in Portland, Oregon from June 2012 and continuing over several years, ICTSI Oregon filed a claim in federal court for damages caused by the ILWU's unlawful secondary activity under the National Labor Relations Act. In connection with this claim, the National Labor Relations Board (NLRB) sought and obtained two federal court injunctions against the ILWU prohibiting illegal work stoppages and a finding of contempt of court against the ILWU for injunction violations. The federal district court initially stayed ICTSI Oregon's damage claim for unlawful secondary activity pending completion of administrative proceedings before the NLRB. The NLRB's administrative proceedings were completed favorably to ICTSI Oregon in 2015. ILWU appealed to the United States Court of Appeals for the District of Columbia Circuit in Washington D.C., which upheld the two NLRB decisions declaring that the ILWU engaged in deliberate work stoppages and slowdowns, made false safety claims, and engaged in other illegal coercive conduct against ICTSI Oregon and its customers.

ICTSI Oregon's damage claim went to trial and a jury verdict awarded damages to ICTSI Oregon in the total sum of US$93.6 million. The ILWU then filed a motion for judgment as a matter of law and for a new trial. On March 5, 2020, the district court issued its Opinion and Order denying the ILWU's motion for judgment as a matter of law. The district court also denied the ILWU's motion for new trial on all issues except for damages, which it denied conditioned upon ICTSI Oregon accepting reduced damages in the amount of US$19.1 million. The Court stated that, if ICTSI Oregon did not accept this reduced judgment amount, then ILWU's motion for new trial was granted in part, limited to damages. On March 19, 2020, ICTSI Oregon notified the district court of its decision to decline acceptance of the reduced judgment and to instead proceed to retrial.

On April 1, 2020, the ILWU then filed (1) a motion for an interlocutory appeal of the district court's March 5, 2020 order to the United States Court of Appeals for the Ninth Circuit; and (2) a motion for reconsideration of the district court's decision to limit the retrial to only damages. On May 28, 2020, the District Court granted the ILWU's motion to certify the order denying the ILWU's Motion for Judgment as a Matter of Law for interlocutory review to the Ninth Circuit Court of Appeals. However, the District Court denied the ILWU's motion to reconsider its previous order that the new trial in this case would be limited to only damages.

On June 5, 2020, the ILWU filed such a Petition to Appeal with the Ninth Circuit. On June 15, 2020, ICTSI Oregon filed its Answer Opposing ILWU's Petition to Appeal, and in the Alternative, Conditional Cross-Petition Requesting Review of Additional Issues. By this pleading, ICTSI Oregon opposed ILWU's request for an appeal to the Ninth Circuit and instead sought a prompt retrial of its claim before the district court, limited to damages. However, in the event that the Ninth Circuit decided to accept the ILWU's appeal for consideration, ICTSI Oregon requested that the Ninth Circuit also review and reverse the district court's decision to set aside the jury's verdict of US$93.6 million and reduce it to US$19.1 million.

On September 17, 2020, a panel of three judges of the Ninth Circuit Court of Appeals issued its decision granting the ILWU's petition for permission to appeal. The Ninth Circuit also granted ICTSI Oregon's conditional petition to appeal that portion of the trial court's order reducing the jury's verdict from US$93.6 million to US$19.1 million. Parties filed their respective pleadings and presented oral arguments.

On January 18, 2022, the Court issued its decision dismissing the ILWU's appeal as outside of the court's jurisdiction. The district court's decision ordering a retrial of ICTSI Oregon's claims limited to the amount of damages is therefore now in effect. However, the ILWU is expected to file a Petition for Rehearing en Banc of the panel's decision. Although the timeline is uncertain, ICTSI Oregon expects the Ninth Circuit to dispose of such a petition within two or three months. In the event that the Ninth Circuit denies the ILWU's petition for rehearing, it is estimated that a second jury trial on damages only will be conducted before the district court either in late 2022, or sometime in 2023.

ICTSI Rio

ICTSI Rio filed a case questioning the legality of a portion of the Lease Agreement Contract (Contract) with the Companhia Docas do Rio de Janeiro – CDRJ (Port Authority) which requires ICTSI Rio to pay the Port Authority for not achieving the minimum container handling goals (MMC). ICTSI Rio pointed out that the Port Authority failed to fulfill its obligation to provide adequate infrastructure to the Port of Rio and that the Port of Rio has adequate and sufficient infrastructure to allow ICTSI Rio to meet its movement goals established in the Contract. In 2016 and 2017, ICTSI Rio was heavily impacted by the delay in the dredging works of the access channel to the Port of Rio de Janeiro, which was the responsibility of the Port Authority. ICTSI Rio requested the cancellation of the collection carried out by the Port Authority related to the invoices of MMC for the years 2016 and 2017 amounting to BRL22.8 million (US$ 4.1 million). It was also requested that the Port Authority refund to ICTSI Rio the amount of BRL16.8 million (US$3.0 million) paid in advance. The case is for presentation of evidence.

27 Financial Instruments

27.1 Fair Values

Set out below is a comparison of carrying amounts and fair values of the Group's financial instruments by category whose fair value is different from its carrying amount as at December 31:

	2019		2020		**2021**	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value	**Carrying Amount**	**Fair Value**
Financial Liabilities						
Other financial liabilities:						
Long-term debt	US$1,662,628,789	US$1,752,911,779	US$1,764,478,740	US$1,913,246,945	**US$2,145,607,533**	**US$2,291,843,465**
Lease liabilities	1,189,175,168	1,191,280,770	1,234,777,473	1,493,843,178	**1,282,594,748**	**1,386,279,974**
Concession rights payable	660,740,508	646,423,482	703,327,707	881,522,245	**723,034,856**	**898,437,749**
	US$3,512,544,465	US$3,590,616,031	US$3,702,583,920	US$4,288,612,368	**US$4,151,237,137**	**US$4,576,561,188**

Carrying values of cash and cash equivalents, receivables, accounts payable and other current liabilities and loans payable approximate their fair values due to the short-term nature of the transactions.

The fair values of the US dollar-denominated notes and US dollar-denominated medium-term notes are based on quoted prices. The fair value of other fixed interest-bearing loans and concession rights payable were estimated at the present value of all future cash flows discounted using the applicable rates for similar types of loans ranging from 1.26 to 15.48 percent in 2019, 0.32 to 11.87 percent in 2020 and 0.67 to 13.60 percent in 2021.

For variable interest-bearing loans repriced monthly or quarterly, the carrying amount approximates the fair value due to the regular repricing of interest rates.

The fair values of derivative assets and liabilities, specifically forward contracts and prepayment options, are calculated using valuation techniques with inputs and assumptions that are based on market observable data and conditions. For cross-currency swap, interest rate swaps, currency forwards and other structured derivatives, fair values are based on counterparty bank valuation.

27.2 Fair Value Hierarchy

The following tables below present the fair value hierarchy of the Group's financial instruments as at December 31:

	2019			
	Amount	Quoted prices in active market (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets measured at fair value:				
Derivative assets	US$23,123	US$–	US$23,123	US$–
Derivative liabilities	21,513,563	–	21,513,563	–
Financial assets at FVOCI	2,482,923	2,482,923	–	–
Liabilities for which fair values are disclosed:				
Other financial liabilities:				
Long-term debt	1,752,911,779	1,032,125,609	–	720,786,170
Concession rights payable	646,423,482	–	–	646,423,482
Lease Liabilities	1,191,280,770	–	–	1,191,280,770

	2020			
	Amount	Quoted prices in active market (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets measured at fair value:				
Derivative assets	US$–	US$–	US$–	US$–
Derivative liabilities	43,383,572	–	43,383,572	–
Financial assets at FVOCI	2,224,093	2,224,093	–	–
Liabilities for which fair values are disclosed:				
Other financial liabilities:				
Long-term debt	1,913,246,945	1,307,283,020	–	605,963,925
Concession rights payable	881,522,245	–	–	881,522,245
Lease Liabilities	1,493,843,178	–	–	1,493,843,178

	2021			
	Amount	**Quoted prices in active market (Level 1)**	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
Assets measured at fair value:				
Derivative assets	**US$–**	**US$–**	**US$–**	**US$–**
Derivative liabilities	**13,326,958**	**–**	**13,326,958**	**–**
Financial assets at FVOCI	**2,618,336**	**2,618,336**	**–**	**–**
Liabilities for which fair values are disclosed:				
Other financial liabilities:				
Long-term debt	**2,291,843,465**	**1,605,763,580**	**–**	**686,079,885**
Concession rights payable	**898,437,749**	**–**	**–**	**898,437,749**
Lease Liabilities	**1,386,279,974**	**–**	**–**	**1,386,279,974**

In 2019, 2020 and 2021, there were no transfers between *Level 1* and *Level 2* fair value measurements and no transfers into and out of *Level 3* fair value measurements.

27.3 Derivative Financial Instruments

ICTSI enters into derivative transactions as economic hedges of certain underlying exposures arising from its foreign currency-denominated loans, revenues and expenses. Such derivatives, which include interest rate swaps and currency forwards, are accounted for either as cash flow hedges or transactions not designated as hedges.

27.4 Derivative Instruments Accounted for as Cash Flow Hedges

Interest Rate Swap. In 2014, AGCT entered into an interest rate swap transaction to hedge the interest rate exposure on its floating rate Euro-denominated loan maturing in 2023. A notional amount of EUR5.1 million (US$6.2 million) and EUR3.8 million (US$4.6 million) out of the total EUR10.6 million (US$12.8 million) floating rate loan was swapped to fixed rate. Under the interest rate swap, AGCT pays fixed interest of 6.19 percent for EUR5.1 million and 5.55 percent for EUR3.8 million and receives floating rate of one-month EURIBOR plus 4.20 bps on the notional amount. Starting July 2016, the fixed interest for EUR5.1 million and EUR3.8 million was reduced to 5.39 percent and 4.75 percent, respectively, and AGCT receives floating rate of one-month EURIBOR plus 3.40 bps on the notional amount. The market valuation loss on the outstanding interest rate swap amounted to EUR0.2 million (US$0.3 million) as at December 31, 2018. The effective portion of the change in the fair value of the interest rate swap amounting to EUR0.2 million (US$0.2 million), net of EUR40.1 thousand (US$46.0 thousand) deferred tax, for the year ended December 31, 2018 was taken to equity under other comprehensive loss.

On December 31, 2019, AGCT terminated the outstanding interest rate swap due to the payment of the underlying EUR-denominated floating rate loan. The amount deferred in equity representing the effective portion of the change in fair value of the swap amounting to EUR0.2 million (US$0.2 million) at the time of prepayment was transferred to profit and loss and recognized under "Interest expense and financing charges on borrowings" account in the 2019 consolidated statement of income.

In August 2016, VICT entered into interest rate swap transactions to hedge the interest rate exposures on its floating rate AUD-denominated loans maturing in 2023, 2026 and 2031. A total notional amount of AUD320.4 million floating rate loan was swapped to fixed rate. Under the interest rate swap arrangements, VICT pays annual fixed interest of a range of 2.10 to 2.5875 percent and receives floating rate of six-month Bank Bill Swap Bid Rate (BBSY) basis points on the notional amount. In March 2017, VICT entered into additional interest rate swap transactions to hedge an additional AUD5.5 million and AUD12.4 million of its AUD-denominated loans maturing in 2026 and 2031, respectively. VICT pays an annual fixed interest of 2.885 to 2.9730 percent for the loans maturing in 2026 and 2031, respectively.

The market valuation loss on the outstanding interest rate swaps amounted to AUD14.4 million (US$10.1 million) and AUD19.7 million (US$15.2 million) as at December 31, 2019 and 2020, respectively. The effective portion of the change in the fair value of the interest rate swap amounting to AUD9.1 million (US$6.4 million), net of AUD3.9 million (US$2.7 million) deferred tax, and AUD3.7 million (US$3.5 million), net of AUD1.6 million (US$1.5 million) deferred tax, for the years ended December 31, 2019 and 2020, respectively, was taken to equity under other comprehensive loss (see Note 15.7).

On December 14, 2021, VICT terminated the outstanding interest rate swap due to the payment of the underlying AUD-denominated floating rate loan. The amount deferred in equity representing the effective portion of the change in fair value of the swap amounting to AUD7.7 million (US$5.8 million) at the time of prepayment was transferred to profit and loss and recognized under "Other expenses" account in the 2021 consolidated statement of income.

In January 2016, CMSA entered into interest rate swap transactions to hedge the interest rate exposure on its floating rate US$-denominated floating rate loan maturing in 2027. A total notional amount of US$181.0 million floating rate loan was swapped to fixed rate. Under the interest rate swap arrangements, CMSA pays annual fixed interest of an average 2.44 percent and receives floating rate of six-month LIBOR on the notional amount. In May 2018, ICTSI entered into offsetting interest rate swaps in order to manage the changes in and lock the fair values on the planned pre-termination of CMSA's outstanding interest rate swaps in anticipation of the prepayment of the underlying loan.

In November 2016, ICTSI entered into an interest rate swap transaction to hedge the interest rate exposures of CGSA's floating rate US$-denominated floating rate loan maturing in 2021. A total notional amount of US$32.5 million floating rate loan was swapped to fixed rate. Under the interest rate swap arrangements, ICTSI pays annual fixed interest of 3.045 percent and receives floating rate of six-month LIBOR plus 160 basis points on the notional amount.

As at December 31, 2019 and 2020, the market valuation gain on the outstanding interest rate swaps amounted to US$23.1 thousand and US$5.8 thousand, respectively. The effective portion of the change in the fair value of the interest rate swap amounting to US$161.7 thousand, net of US$69.2 thousand deferred tax and US$20.2 thousand, net of US$8.7 thousand deferred tax, for the years ended December 31, 2019 and 2020, respectively, was taken to equity under other comprehensive loss (see Note 15.7).

On March 30, 2021, the interest rate swap matured and the amount deferred in equity representing the effective portion of the change in fair value of the swap amounting to US$17.5 thousand at the time of payment was transferred to profit and loss and recognized under "Interest expense and financing charges on borrowings" account in the 2021 consolidated statement of income.

In April 2019, the Group entered into an interest rate swap transaction to hedge the interest rate exposures of ICTSI Global Finance B.V.'s floating rate US$-denominated loan maturing in 2026. A total notional amount of US$300.0 million floating rate loan was swapped to fixed rate. Under the interest rate swap arrangements, annual fixed interest of 3.6981 percent is being paid and floating interest of three-month LIBOR plus 130 basis points on the notional amount is being received. As at December 31, 2019, 2020, and 2021, the market valuation loss on the outstanding interest rate swaps amounted to US$10.8 million, US$28.2 million, and US$13.3 million, respectively. The effective portion of the change in the fair value of the interest rate swap amounting to US$7.6 million, net of US$3.2 million deferred tax and US$11.8 million, net of US$5.6 million deferred tax, for the years ended December 31, 2019 and 2020, respectively, and ineffective portion of the change in the fair value of the interest rate swap amounting to US$11.2 million, net of US$3.7 million deferred tax for the year ended December 21, 2021, was taken to equity under other comprehensive loss.

Net Investment Hedging. In March 2017, ICTSI entered into a cross-currency swap with a swap rate of 5.05 percent maturing on March 17, 2020 to mitigate the foreign currency risk arising from the translation of the Group's Euro net investment in MICTSL. The EUR15.0 million cross currency swap was designated as a net investment hedge to partially offset the gains/losses from the translation of its net investment in MICTSL into US Dollar. As at December 31, 2018 and 2019, the market valuation loss on the outstanding cross currency swap amounted to EUR1.1 million (US$1.2 million) and EUR0.5 million (US$0.6 million), respectively. The effective portion of the fair value of the cross currency swap amounting EUR0.7 million (US$0.8 million), net of EUR0.4 million (US$0.4 million) deferred tax EUR0.4 million (US$0.4 million), net of EUR0.2 million (US$0.2 million) deferred tax, for the years ended December 31, 2018 and 2019, respectively, was taken to equity under other comprehensive loss. On March 17, 2020, the cross-currency swap matured and the net settlement of US$0.3 million, net of US$0.1 million deferred tax was taken to equity attributable to MICTSL's investment carrying value (see Note 15.7).

Translation Hedging. In 2018, ICTSI designated EUR138.3 million (US$158.5 million) of its Euro-denominated cash equivalents as cash flow hedges to hedge the variability of a Euro-denominated transaction that would arise as a result of changes in the EUR:USD exchange rate. The related foreign currency translation loss on the Euro-denominated cash equivalents designated as cash flow hedges aggregating to US$10.2 million was taken to equity under other comprehensive loss. No ineffectiveness was recognized in the consolidated statements of income for the year ended December 31, 2018.

On January 8, 2019, ICTSI terminated the cash flow hedge of its Euro-denominated cash equivalents. The related foreign currency translation loss on the Euro-denominated cash equivalents designated as cash flow hedges aggregating to US$10.6 million that was taken to equity was reclassified as part of upfront fee paid to SPC included in "Other noncurrent assets" account in the 2019 consolidated balance sheet (see Notes 10, 11 and 25.14).

27.5 Other Derivative Instruments Not Designated as Hedges

Foreign Currency Forwards. In March 2020, ICTSI entered into a sell-US$ buy-PHP non-deliverable forward contracts with an aggregate notional amount of US$20.0 million. The forward contracts were used to economically hedge the variability of cash flows arising from the Philippine peso-denominated payments and were settled on April 14, 2020 resulting to a total derivative gain of US$0.5 million.

27.6 Fair Value Changes on Derivatives

The net movements in fair value changes of ICTSI's derivative instruments are as follows:

	2019	2020	**2021**
Balance at beginning of year	(US$2,256,181)	(US$21,490,440)	**(US$43,383,572)**
Net changes in fair value of derivatives:			
Designated as accounting hedges	(19,234,259)	(21,893,132)	**24,289,950**
	(21,490,440)	(43,383,572)	**(19,093,622)**
Less fair value of settled instruments	–	–	**(5,766,664)**
Balance at end of year	(US$21,490,440)	(US$43,383,572)	**(US$13,326,958)**

The net movement in fair value changes of freestanding derivative instruments designated as cash flow hedges are presented in the consolidated statements of comprehensive income as follows:

	2019	2020	**2021**
Balance at beginning of year	(US$1,534,126)	(US$15,421,637)	**(US$38,521,684)**
Changes in fair value of cash flow hedges of designated derivatives	(19,234,259)	(21,893,133)	**24,289,950**
Transferred to consolidated statements of income	–	–	**5,766,664**
Tax effects	5,346,748	(1,206,914)	**(4,861,888)**
Balance at end of year (Note 15.7)	(US$15,421,637)	(US$38,521,684)	**(US$13,326,958)**

Fair value changes on freestanding derivatives as at December 31 are presented as follows:

	2019	2020	**2021**
Derivative assets (Notes 10 and 14)	US$23,123	US$–	**US$–**
Derivative liabilities (Note 17)	(21,513,563)	(43,383,572)	**(13,326,958)**
Total	(US$21,490,440)	(US$43,383,572)	**(US$13,326,958)**

28 Financial Risk Management Objectives and Policies

The principal financial instruments of the Group comprise mainly of bank loans and cash and cash equivalents. The main purpose of these financial instruments is to raise working capital and major capital investment financing for the Group's port operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

ICTSI has port operations and development projects in 20 countries as at December 31, 2021. Short-term treasury activities are carried out at the subsidiary level, however, overall policy decisions concerning the Group's financial risks are centralized at the Parent Company in Manila. The Board reviews and approves the Group's policies for managing each of these risks, as summarized below, as well as authority limits. Treasury operations are regularly reviewed annually by Internal Audit to ensure compliance with the Group's policies.

ICTSI finances its business activities through a mix of cash flows from operations and long-term loans from banks. It is the Group's policy to minimize the use of short-term loans. The Group's borrowings are in US Dollar, Philippine Peso, Euro, Iraqi Dinar, Papua New Guinean Kina and Australian Dollar at fixed and floating rates of interest. The Group minimizes its currency exposure by matching its currency of borrowing to the currency of operations and functional currency at the relevant business unit whenever possible. It is, and has been throughout the year under review, the Group's policy that no trading in financial instruments shall be undertaken.

In the context of PFRS 7, the main risks arising from the normal course of the Group's business are interest rate risk, liquidity risk, foreign currency risk and credit risk.

Working Capital Management

The Parent Company has minimal working capital requirements due to the short cash collection cycle of its business. Working capital requirements are well within the credit facilities established which are adequate and available to the Parent Company to meet day-to-day liquidity and working capital requirements. The credit facilities are regularly reviewed by the Treasury Group to ensure that they meet the objectives of the Group. Most of the foreign operating subsidiaries currently do not access short-term credit facilities as their respective cash flows are sufficient to meet working capital needs.

Interest Rate Risk

The Group's exposure to market risk for changes in interest rates relates primarily to the Group's bank loans and is addressed by a periodic review of the Group's debt mix with the objective of reducing interest cost and maximizing available loan terms.

The following tables set out the carrying amount, by maturity, of the Group's liabilities that are exposed to interest rate risk as at December 31:

2019

	Less than 1 Year to 2 years	>2 Years to 3 years	>3 Years to 4 years	>4 Years to 5 years	Over 5 Years		Total	Net Debt*
Liabilities						*(In Original Currency)*	*(In US Dollar)*	
Long-term Debt								
Floating Rate :								
US$ Loan	90,000,000	–	–	–	–	US$90,000,000	US$90,000,000	US$90,000,000
Interest rate	LIBOR + 0.75% spread							
Eur Loan	–	38,225,000	–	–	–	EUR38,225,000	US$42,861,693	US$42,445,397
Interest rate	EURIBOR + 1.00% spread							
PGK Loan	42,760,000	21,380,000	21,380,000	21,380,000	–	PGK106,900,000	US$31,603,843	US$31,603,843
Interest rate	ANZ ILR* less 6.45%							
RMB Loan	–	10,000,000	20,000,000	–	–	RMB30,000,000	US$4,308,364	US$4,308,364
Interest rate	PBOC standard rate less 5%							

2020

	Less than 1 Year to 2 years	>2 Years to 3 years	>3 Years to 4 years	>4 Years to 5 years	Over 5 Years		Total	Net Debt*
Liabilities						*(In Original Currency)*	*(In US Dollar)*	
Long-term Debt								
Floating Rate :								
Eur Loan	38,225,000	–	–	–	–	EUR38,225,000	US$46,695,660	US$46,393,091
Interest rate	EURIBOR + 1.00% spread							
PGK Loan	42,760,000	21,380,000	21,380,000	–	–	PGK85,520,000	US$24,188,257	US$23,821,653
Interest rate	ANZ ILR* less 6.45%							

2021

	Less than 1 Year to 2 years	**>2 Years to 3 years**	**>3 Years to 4 years**	**>4 Years to 5 years**	**Over 5 Years**		**Total**	**Net Debt***
Liabilities						*(In Original Currency)*	*(In US Dollar)*	
Long-term Debt								
Floating Rate :								
Eur Loan	**38,225,000**	**–**	**–**	**–**	**–**	**EUR38,225,000**	**US$43,461,700**	**US$43,322,239**
Interest rate	EURIBOR + 1.00% spread							
PGK Loan	**42,760,000**	**21,380,000**	**–**	**–**	**–**	**PGK64,140,000**	**US$18,274,025**	**US$20,909,311**
Interest rate	ANZ ILR* less 6.45%							
PHP Loan	**6,650,000,000**	**–**	**–**	**–**	**–**	**PHP6,650,000,000**	**US$130,394,714**	**US$133,669,166**
Interest rate	3-month BVAL tenor + 2.40% spread							

**Net of Debt Issuance Costs*

Re-pricing of floating rate financial instruments is mostly done monthly, quarterly or semi-annually. Interest on fixed rate financial instruments is fixed until maturity of the instrument. Financial instruments not included in the above tables are either noninterest-bearing, therefore not subject to interest rate risk or has minimal interest rate exposure due to the short-term nature of the account (i.e., cash equivalents).

The sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of ICTSI's income before income tax (through the impact on unhedged floating rate borrowings), at December 31 are as follows (amounts in millions unless otherwise indicated):

Effect on Profit Before Tax

	Increase/Decrease in Interest Rates (%)	2019	2020	**2021**
Loans	+1.0	(US$1.7)	(US$0.7)	**(US$1.9)**
	-1.0	1.7	0.7	**1.9**

Liquidity Risk

The Group monitors and maintains a certain level of cash and cash equivalents and bank credit facilities deemed adequate by management to finance the Group's operations, ensure continuity of funding and to mitigate the effects of fluctuations in cash flows. The Group's policy is that not more than 25 percent of borrowings should mature in any 12-month period.

Five percent, four percent and 14 percent of the Group's total borrowings, gross of debt issuance costs as at December 31, 2019, 2020 and 2021 respectively, will mature in the ensuing 12 months. The Group is re-assessing its policy in mitigating liquidity risk in line with the current developments and demands of its rapidly growing business.

The tables below summarize the maturity profile of the Group's financial liabilities as at December 31 based on contractual undiscounted payments (amounts in millions unless otherwise indicated).

2019

	Less than 3 Months	3 to 6 Months	>6 to 12 Months	>1 to 5 Years	More than 5 Years	Total
Long-term debt	US$196.6	US$32.4	US$22.7	US$1,166.3	US$321.4	US$1,739.4
Accounts payable and other current liabilities*	208.5	18.2	–	–	–	287.3
Other noncurrent liabilities*	–	–	–	11.0	1.2	12.2
Loans payable	–	–	–	–	–	–
Derivative liabilities	0.6	0.8	3.2	1.4	15.6	21.6
Concession rights payable	13.6	14.2	26.8	316.8	952.5	1,323.9
Lease liabilities	24.4	24.4	50.8	618.9	2,014.5	2,733.0
Total	US$443.7	US$90.0	US$164.1	US$2,114.4	US$3,305.2	US$6,117.4

**Excludes statutory liabilities, noncurrent portion of derivative liabilities and provisions for claims and losses.*

2020

	Less than 3 Months	3 to 6 Months	>6 to 12 Months	>1 to 5 Years	More than 5 Years	Total
Long-term debt	US$17.0	US$10.3	US$24.7	US$1,038.3	US$717.6	US$1,807.9
Accounts payable and other current liabilities*	199.8	11.2	70.1	–	–	281.1
Other noncurrent liabilities*	–	–	–	7.7	–	7.7
Loans payable	2.8	–	–	–	–	2.8
Derivative liabilities	–	1.1	8.6	1.6	32.0	43.3
Concession rights payable	15.9	15.9	31.9	286.0	1,298.2	1,647.9
Lease liabilities	29.9	28.5	59.3	503.0	2,106.5	2,727.2
Total	US$265.4	US$67.0	US$194.6	US$1,836.6	US$4,154.3	US$6,517.9

**Excludes statutory liabilities, noncurrent portion of derivative liabilities and provisions for claims and losses.*

2021

	Less than 3 Months	**3 to 6 Months**	**>6 to 12 Months**	**>1 to 5 Years**	**More than 5 Years**	**Total**
Long-term debt	**US$5.0**	**US$10.4**	**US$55.1**	**US$1,210.3**	**US$904.0**	**US$2,184.8**
Accounts payable and other current liabilities*	**186.3**	**8.4**	**60.8**	**–**	**–**	**255.5**
Other noncurrent liabilities*	**–**	**–**	**–**	**9.9**	**–**	**9.9**
Loans payable	**5.0**	**–**	**–**	**–**	**–**	**5.0**
Derivative liabilities	**1.6**	**1.5**	**2.5**	**7.8**	**–**	**13.4**
Concession rights payable	**17.8**	**18.7**	**35.5**	**300.2**	**1,240.8**	**1,613.0**
Lease liabilities	**32.2**	**33.4**	**65.3**	**551.3**	**2,037.2**	**2,719.4**
Total	**US$247.9**	**US$72.4**	**US$219.2**	**US$2,079.5**	**US$4,182.0**	**US$6,801.0**

**Excludes statutory liabilities, derivative liabilities and provisions for claims and losses.*

The financial liabilities in the above tables are gross undiscounted cash flows. However, those amounts may be settled using cash on hand and in banks, aggregating US$164.4 million, US$248.4 million and US$211.0 million as at December 31, 2019, 2020 and 2021, respectively. Furthermore, cash equivalents, amounting to US$70.5 million, US$486.5 million and US$446.5 million, as at December 31, 2019, 2020 and 2021, respectively, may also be used to manage liquidity.

Changes in liabilities arising from financing activities

	December 31, 2019	Cash flows	Foreign exchange movement	Translation Adjustment	Changes in fair values	Others*	December 31, 2020
Long-term debt	US$1,704,511,797	US$80,995,974	US$–	US$22,505,690	US$–	(US$140,606)	US$1,807,872,855
Lease liabilities	1,189,175,168	(109,333,649)	–	1,467,753	–	153,468,201	1,234,777,473
Concession rights payable	660,740,507	(65,374,530)	981,547	(19,631,316)	–	126,611,499	703,327,707
Derivative liability	21,513,564		–	1,385,824	20,484,184	–	43,383,572
Accrued interest	24,110,077	(106,154,932)	–	265,321	–	101,628,016	19,848,482
Dividends payable	5,899,966	(170,878,253)	193,230	174,513	–	167,964,082	3,353,538
Loans payable	–	2,890,675	–	(202,806)	–	140,505	2,828,374
Total liabilities from financing activities	US$3,605,951,079	(US$367,854,715)	US$1,174,777	US$5,964,979	US$20,484,184	US$549,952,909	US$3,815,392,001

** Others includes capitalization of fixed fees under IFRIC 12, reclassifications, accrual of dividends, accrual of interest from interest-bearing loans, and accretion of interest on lease and concession rights payable.*

	December 31, 2020	**Cash flows**	**Foreign exchange movement**	**Translation Adjustment**	**Changes in fair values**	**Others***	**December 31, 2020**
Long-term debt	**US$1,807,872,855**	**US$260,299,429**	**US$–**	**(US$20,148,854)**	**US$–**	**US$140,191,477**	**US$2,188,214,907**
Lease liabilities	**1,234,777,473**	**(125,099,978)**	**(142,692)**	**(63,443,554)**	**–**	**236,503,499**	**1,282,594,748**
Concession rights payable	**703,327,707**	**(74,108,244)**	**(747,912)**	**(12,298,688)**	**–**	**106,861,993**	**723,034,856**
Accrued interest	**19,848,482**	**(112,491,661)**	**–**	**(89,683)**	**–**	**111,792,538**	**19,059,676**
Derivative liability	**43,383,572**	**–**	**–**	**(356,913)**	**(29,699,701)**	**–**	**13,326,958**
Loans payable	**2,828,374**	**2,187,452**	**–**	**17,144**	**–**	**–**	**5,032,970**
Dividends payable	**3,353,538**	**(234,172,713)**	**327,033**	**(46,792)**	**–**	**234,343,045**	**3,804,111**
Total liabilities from financing activities	**US$3,815,392,001**	**(US$283,385,715)**	**(US$563,571)**	**(US$96,367,340)**	**(US$29,699,701)**	**US$829,692,552**	**US$4,235,068,226**

** Others includes capitalization of fixed fees under IFRIC 12, remeasurement of present value of fixed fees under IFRS 16 and IFRIC 12, effect of business combination, reclassifications, accrual of dividends, accrual of interest from interest-bearing loans, and accretion of interest on lease and concession rights payable.*

Foreign Currency Risk

As a result of operations in subsidiaries whose functional currency is not the US dollar, the Group's consolidated balance sheets can be affected significantly by movements in the subsidiaries' functional currency and US dollar exchange rates (see Note 1.3).

In respect of financial assets and liabilities held in currencies other than the functional currencies of the Parent Company and the operating subsidiaries, the net exposure is kept to an acceptable level by buying or selling foreign currencies at spot/forward rates where necessary to address short-term imbalances.

The Group recognized in the consolidated statements of income net foreign exchange gain amounting US$9.2 million, net foreign exchange loss amounting to US$4.2 million, and net foreign exchange gain amounting to US$0.9 million arising from net foreign currency-denominated financial assets and liabilities as at December 31, 2019, 2020 and 2021, respectively, which resulted mainly from the movements of Philippine peso, Brazilian real, Mexican peso and Colombian peso against the US dollar and Malagasy ariary against Euro.

The following table shows the Group's significant foreign currency-denominated financial assets and liabilities and their US Dollar equivalents at December 31:

	2019		2020		**2021**	
	Foreign Currency	US Dollar	Foreign Currency	US Dollar	**Foreign Currency**	**US Dollar**
Current Financial Assets						
Cash and cash equivalents:						
EUR	8,472,751	US$9,498,600	4,970,806	US$6,072,336	**17,842,246**	**US$20,286,633**
Philippine peso	4,159,243,079	82,141,662	8,736,061,156	181,914,107	**3,836,219,816**	**75,221,471**
AUD	16,620,742	11,671,869	66,572,254	51,220,692	**29,687,514**	**21,562,042**
RMB	57,432,757	8,248,278	41,271,777	6,323,045	**106,687,379**	**16,785,038**
MXN	100,988,591	5,335,689	1,080,336,367	54,249,277	**3,337,875,553**	**162,590,020**
PGK	79,282,850	23,435,664	20,685,181	5,850,543	**32,780,139**	**9,339,337**
MGA	7,345,505,091	2,023,555	17,840,522,727	4,611,360	**29,063,474,366**	**7,317,807**
PKR	1,315,643,101	8,494,926	1,875,077,619	11,705,408	**4,132,408,080**	**23,413,077**
IDR	40,594,603,400	2,927,636	45,102,273,996	3,210,126	**47,080,294,604**	**3,300,869**
BRL	55,719,999	13,843,478	144,267,371	27,778,448	**238,950,254**	**42,888,727**
HRK	2,981,670	449,453	14,744,274	2,385,766	**4,239,062**	**641,310**
PLN	1,443,388	380,440	311,241	83,369	**2,705,935**	**670,583**
ARS	25,303,439	422,619	13,528,325	160,772	**32,219,899**	**313,618**
BND	105,102	78,142	105,117	79,472	**105,117**	**77,801**
SGD	79,701	59,213	217	164	**–**	**–**
HKD	520	67	520	67	**–**	**–**
GEL	945,822	330,360	531,594	161,554	**1,194,763**	**386,780**
INR	6,333,424	88,728	6,333,433	86,676	**–**	**–**
ZAR	2,721	194	2,880	196	**–**	**–**
HNL	42,630,646	1,730,913	43,618,436	1,808,086	**99,189,685**	**4,050,228**
CDF	16,623	10	17,600	9	**1,247,545**	**628**
AED	5,261,189	1,432,395	6,793,812	1,849,663	**4,536,435**	**1,235,076**
IQD	2,323,211,507	1,964,043	1,808,474,596	1,238,681	**131,763,496**	**90,249**
JPY	–	–	8,206	79	**–**	**–**
XAF	–	–	1,589,821,738	2,974,200	**462,910,052**	**802,965**
NGN	–	–	–	–	**3,056,561,000**	**7,194,786**
Receivables:						
Philippine peso	755,909,009	14,928,587	632,348,707	13,167,622	**999,302,305**	**19,594,547**
BRL	52,304,657	12,994,946	79,701,382	15,346,372	**68,781,315**	**12,345,428**
PKR	1,337,463,167	8,635,815	1,781,897,960	11,123,722	**1,896,718,443**	**10,746,280**
AUD	19,288,558	13,545,336	20,715,892	15,938,807	**22,144,415**	**16,083,489**
RMB	38,605,854	5,544,428	39,864,558	6,107,452	**40,873,067**	**6,430,526**
IDR	16,099,722,713	1,161,094	30,659,186,661	2,182,149	**20,628,736,899**	**1,446,311**
PGK	9,413,492	2,782,587	9,524,201	2,693,800	**7,589,078**	**2,162,192**
MXN	62,051,602	3,278,470	81,720,002	4,103,584	**51,629,741**	**2,514,917**
EUR	2,368,852	2,655,664	2,550,940	3,116,228	**3,357,716**	**3,817,723**
MGA	5,975,156,125	1,646,049	5,589,386,346	1,444,726	**5,916,710,820**	**1,489,751**
PLN	3,691,126	972,885	2,234,245	598,464	**7,505,260**	**1,859,948**
HRK	1,912,521	288,291	1,325,908	214,545	**1,595,101**	**241,316**
SGD	886,196	658,393	–	–	**–**	**–**
ARS	8,745,769	146,072	10,192,815	121,132	**11,989,601**	**116,703**
HNL	1,151,960	46,773	2,234,998	92,646	**878,390**	**35,867**

(Forward)

	2019		2020		2021	
	Foreign Currency	US Dollar	Foreign Currency	US Dollar	**Foreign Currency**	**US Dollar**
IQD	530,820,422	US$ 448,756	232,453,637	US$ 159,215	**1,000,515,487**	**US$ 685,285**
HKD	–	–	83,474	10,767	**–**	**–**
AED	–	–	35,496	9,664	**140,477**	**38,246**
XAF	–	–	162,098,084	303,249	**87,240,745**	**151,328**
CDF	–	–	–	–	**394,864,219**	**198,646**
NGN	–	–	–	–	**12,362,409**	**29,100**
		244,292,080		440,498,240		**478,156,648**
Current Financial Liabilities						
Accounts payable and other current liabilities:						
Philippine peso	5,367,006,393	US$105,994,004	5,776,477,050	US$120,285,635	**6,163,127,866**	**US$120,848,014**
MXN	1,154,900,840	61,018,695	500,954,652	25,155,524	**410,437,684**	**19,992,678**
AUD	23,596,888	16,570,848	34,756,314	26,741,508	**32,339,904**	**23,488,472**
BRL	116,039,760	28,829,754	122,376,632	23,563,422	**144,023,208**	**25,850,452**
PKR	1,854,081,215	11,971,546	2,718,053,953	16,967,794	**2,967,103,376**	**16,810,784**
MGA	19,383,357,840	5,339,768	29,200,859,073	7,547,743	**24,127,705,501**	**6,075,044**
IQD	6,168,828,888	5,215,128	3,744,190,440	2,564,514	**7,135,547,060**	**4,887,361**
PLN	9,781,376	2,578,117	9,102,028	2,438,065	**27,612,079**	**6,842,803**
GEL	7,309,617	2,553,132	14,919,025	4,533,969	**8,142,545**	**2,635,981**
PGK	26,039,316	7,697,108	25,017,025	7,075,751	**24,836,323**	**7,076,077**
RMB	12,998,521	1,866,799	15,339,645	2,350,111	**18,826,495**	**2,961,957**
HRK	13,624,239	2,053,699	10,181,412	1,647,451	**13,504,673**	**2,043,067**
IDR	10,300,718,616	742,876	10,415,489,800	741,316	**15,418,160,370**	**1,080,990**
EUR	731,629	820,212	13,840,740	16,907,848	**1,198,755**	**1,362,984**
SGD	129,273	96,042	53,332	40,339	**–**	**–**
ARS	1,317,330,296	22,002,076	1,893,044,993	22,497,121	**340,722,917**	**3,316,490**
HNL	94,877,706	3,852,276	93,936,592	3,893,890	**126,189,916**	**5,152,733**
AED	349,159	95,061	1,512,887	411,894	**1,917,218**	**521,976**
JPY	–	–	7,947,256	76,971	**–**	**–**
HKD	–	–	89,316	11,520	**–**	**–**
XAF	–	–	614,816,595	1,150,184	**1,967,278,661**	**3,412,448**
ZAR	–	–	–	–	**113,999**	**7,153**
CDF	–	–	–	–	**1,081,150,110**	**543,898**
NGN	–	–	–	–	**1,225,045,736**	**2,883,614**
Noncurrent Financial Liabilities						
Other noncurrent liabilities:						
AUD	11,676,238	8,199,605	15,740,439	12,110,694	**864,790**	**628,097**
PLN	36,713,904	9,676,833	27,293,835	7,310,914	**20,427,828**	**5,062,408**
Philippine peso	216,680,873	4,279,271	164,824,973	3,432,209	**484,664,020**	**9,503,402**
MXN	11,181,552	590,773	18,683,991	938,220	**20,102,330**	**979,197**
IDR	10,285,235,425	741,759	9,945,846,249	707,889	**–**	**–**
EUR	267,041	299,374	118,779	145,100	**1,752**	**1,992**
MGA	603,501,802	166,254	506,649,621	130,957	**1,370,527,876**	**345,081**
BRL	651,685	161,909	399,410	76,906	**147,151**	**26,412**
HRK	622,119	93,777	594,531	96,201	**242,894**	**36,746**
ARS	26,498,544	442,579	–	–	**1,470,760**	**400,425**
AED	883,535	240,548	–	–	**–**	**–**

(Forward)

	2019		2020		2021	
	Foreign Currency	US Dollar	Foreign Currency	US Dollar	**Foreign Currency**	**US Dollar**
IQD	–	US$–	–	US$–	**787,103,637**	**US$ 539,112**
NGN	–	–	–	–	**734,578**	**1,729**
Long-term debt:						
AUD	328,455,102	230,656,673	292,105,136	224,745,692	**277,539,199**	**201,576,720**
RMB	29,999,132	4,308,363	–	–	**–**	**–**
EUR	37,861,294	42,445,397	37,977,317	46,393,091	**38,102,232**	**43,322,238**
PGK	106,915,794	31,603,841	84,223,829	23,821,651	**73,389,587**	**20,909,310**
Philippine peso	–	–	–	–	**6,816,993,797**	**133,669,166**
Concession rights payable						
EUR	10,580,966	11,862,070	9,157,446	11,186,736	**30,337,233**	**34,493,434**
HRK	81,408,249	12,271,367	80,977,078	13,102,875	**78,855,026**	**11,929,656**
PKR	549,290,996	3,546,696	418,793,316	2,614,370	**267,207,057**	**1,513,921**
PGK	268,959,664	79,503,300	281,774,808	79,696,461	**311,417,910**	**88,725,579**
BRL	412,528,070	102,491,446	422,964,571	81,441,142	**539,179,600**	**96,776,322**
Lease liabilities:						
Philippine peso	817,139,326	16,137,836	715,682,447	14,902,910	**1,153,770,267**	**22,623,390**
AUD	889,616,538	624,730,715	894,025,816	687,863,463	**895,368,662**	**650,306,259**
BRL	859,744,572	213,601,136	30,074,634	5,790,822	**1,204,691,459**	**216,227,781**
MXN	5,639,190,706	297,944,244	6,450,775,493	323,926,801	**7,503,913,720**	**365,520,362**
AED	–	–	519,755	141,507	**346,503**	**94,338**
IDR	–	–	185,698,850	13,217	**124,558,779**	**8,733**
NGN	–	–	–	–	**1,296,913,802**	**3,052,783**
		1,975,292,907		1,827,192,398		**2,166,069,569**
Net foreign currency-denominated financial liabilities		(US$1,731,000,827)		(US$1,386,694,158)		**(US$1,687,912,921)**

In translating the foreign currency-denominated monetary assets and liabilities into US dollar amounts, the Group used the exchange rates as shown in the table of exchange rates (see Note 3.3).

The following tables present the impact on the Group's income before income tax (due to change in the fair value of foreign currency-denominated financial assets and liabilities) and equity (due to translation hedging), of changes in the exchange rate between the foreign currencies and the US dollar (holding all other variables held constant) as at December 31 (amounts in millions unless otherwise indicated):

	2019	
	Effect on Profit Before Tax	Effect on Equity
Change in US dollar to other foreign currency exchange rates:		
5% appreciation	US$2.9	US$2.1
5% depreciation	(3.2)	(2.4)

	2020	
	Effect on Profit Before Tax	Effect on Equity
Change in US dollar to other foreign currency exchange rates:		
5% appreciation	US$6.7	US$4.7
5% depreciation	(6.1)	(4.2)

	2021	
	Effect on Profit Before Tax	**Effect on Equity**
Change in US dollar to other foreign currency exchange rates:		
5% appreciation	**US$10.7**	**US$7.8**
5% depreciation	**(9.7)**	**(7.0)**

The sensitivity analyses have been prepared on the basis that the amount of net debt, the ratio of fixed to float interest rates of the debt and derivatives and the proportion of the financial instruments in foreign currencies are all constant and on the basis of hedge designation in place at each balance sheet date

Credit Risk

The Group trades only with recognized, creditworthy third parties and the exposure to credit risk is monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. Since the Group trades only with recognized third parties, collateral is not required in respect of financial assets. Moreover, counterparty credit limits are reviewed by management on an annual basis. The limits are set to minimize the concentration of risks and mitigate financial losses through potential counterparty failure.

With respect to credit risk arising from the other financial assets of the Group, which comprise of cash and cash equivalents, and available-for-sale investments, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

As at December 31, 2019, 2020 and 2021, about 38 percent and 66 percent, and 41 percent, respectively, of cash and cash equivalents of the Group is with Philippine local banks. Investments of funds are made only with counterparties approved by the Board. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the consolidated balance sheets.

At December 31, the following tables provide credit information and maximum exposure of ICTSI's financial assets (amounts in millions unless otherwise indicated):

	2019			
	Neither Past Due nor Impaired	Past Due but Not Impaired	Impaired	Total
Loans and Receivables				
Cash and cash equivalents:				
Cash in banks	US$161.7	US$–	US$–	US$161.7
Cash equivalents	70.5	–	–	70.5
Receivables				
Trade	71.7	26.9	8.6	107.2
Advances and nontrade	7.2	17.6	0.5	25.3
Financial assets at FVOCI	3.2	–	–	3.2
Derivative assets	–	–	–	–
	US$314.3	US$44.5	US$9.1	US$367.9

	2020			
	Neither Past Due nor Impaired	Past Due but Not Impaired	Impaired	Total
Loans and Receivables				
Cash and cash equivalents:				
Cash in banks	US$247.9	US$–	US$–	US$247.9
Cash equivalents	486.5	–	–	486.5
Receivables				
Trade	78.2	–	8.9	108.9
Advances and nontrade	22.3	–	0.7	29.0
Financial assets at FVOCI	2.9	–	–	2.9
	US$837.8	US$27.8	US$9.6	US$875.2

	2021			
	Neither Past Due nor Impaired	**Past Due but Not Impaired**	**Impaired**	**Total**
Loans and Receivables				
Cash and cash equivalents:				
Cash in banks	**US$209.4**	**US$–**	**US$–**	**US$209.4**
Cash equivalents	**446.5**	**–**	**–**	**446.5**
Receivables				
Trade	**83.4**	**22.0**	**7.2**	**112.6**
Advances and nontrade	**18.6**	**11.0**	**0.7**	**30.3**
Financial assets at FVOCI	**3.3**	**–**	**–**	**3.3**
	US$761.2	**US$33.0**	**US$7.9**	**US$802.1**

At December 31, the credit quality per class of financial assets that were neither past due nor impaired follow (amounts in millions unless otherwise indicated):

	2019			
	Neither Past Due nor Impaired			
	Grade A	Grade B	Grade C	Total
Loans and Receivables				
Cash and cash equivalents:				
Cash in banks	US$161.7	US$–	US$–	US$161.7
Cash equivalents	70.5	–	–	70.5
Receivables				
Trade	43.7	24.9	3.1	71.7
Advances and nontrade	7.0	0.2	–	7.2
Financial assets at FVOCI	3.2	–	–	3.2
Derivative assets	–	–	–	–
	US$286.1	US$25.1	US$3.1	US$314.3

	2020			
	Neither Past Due nor Impaired			
	Grade A	Grade B	Grade C	Total
Loans and Receivables				
Cash and cash equivalents:				
Cash in banks	US$247.9	US$–	US$–	US$247.9
Cash equivalents	486.5	–	–	486.5
Receivables				
Trade	57.2	17.7	3.3	78.2
Advances and nontrade	20.6	1.7	–	22.3
Financial Assets at FVOCI	2.9	–	–	2.9
	US$815.1	US$19.4	US$3.3	US$837.8

	2021			
	Neither Past Due nor Impaired			
	Grade A	**Grade B**	**Grade C**	**Total**
Loans and Receivables				
Cash and cash equivalents:				
Cash in banks	**US$209.4**	**US$–**	**US$–**	**US$209.4**
Cash equivalents	**446.5**	**–**	**–**	**446.5**
Receivables				
Trade	**55.6**	**24.3**	**3.5**	**83.4**
Advances and nontrade	**12.9**	**5.7**		**18.6**
Financial Assets at FVOCI	**3.3**	**–**	**–**	**3.3**
	US$727.7	**US$30.0**	**US$3.5**	**US$761.2**

The credit quality of the financial assets was determined as follows:

Cash and cash equivalents, derivative financial assets and financial assets at FVOCI - based on the credit standing of the counterparty.

Receivables - Grade A receivables pertain to those receivables from clients or customers that always pay on time or even before the maturity date. Grade B includes receivables that are collected on their due dates provided that they were reminded or followed up by the Group. Those receivables which are collected consistently beyond their due dates and require persistent effort from the Group are included under Grade C.

At December 31, the aging analyses of the receivables that were past due but not impaired follow (amounts in millions unless otherwise indicated):

	2019				
	Past Due but Not Impaired				
	1 to 30 Days	31 to 60 Days	61 to 120 Days	More than 120 Days	Total
Trade	US$20.8	US$2.2	US$1.4	US$2.5	US$26.9
Advances and nontrade	0.4	2.0	1.4	13.8	17.6
	US$21.2	US$4.2	US$2.8	US$16.3	US$44.5

	2020				
	Past Due but Not Impaired				
	1 to 30 Days	31 to 60 Days	61 to 120 Days	More than 120 Days	Total
Trade	US$19.6	US$0.4	US$1.6	US$0.2	US$21.8
Advances and nontrade	1.2	0.1	–	4.7	6.0
	US$20.8	US$0.5	US$1.6	US$4.9	US$27.8

	2021				
	Past Due but Not Impaired				
	1 to 30 Days	**31 to 60 Days**	**61 to 120 Days**	**More than 120 Days**	**Total**
Trade	**US$16.2**	**US$2.7**	**US$0.1**	**US$3.0**	**US$22.0**
Advances and nontrade	**–**	**2.0**	**2.5**	**6.5**	**11.0**
	US$16.2	**US$4.7**	**US$2.6**	**US$9.5**	**US$33.0**

Capital Management

The primary objective of the Group's management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value.

The Group considers total equity and debt as its capital. The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares and raise additional debt through either the bond or loan markets or prepay existing debt. No changes were made in the objectives, policies or processes during the years ended December 31, 2019, 2020 and 2021.

The Group monitors capital using gearing ratio. Gearing ratio is total debt over net worth (total equity) where total debt includes long-term debt and loans payable. Some creditor banks compute gearing ratio as total debt less cash and cash equivalents over net worth for the computation of the Group's financial covenants.

The Group's policy is to keep the gearing ratio within two times.

	2019	2020	**2021**
Long-term debt	US$1,662,628,789	US$1,764,478,740	**US$2,145,607,533**
Loans payable	–	2,828,374	**5,032,970**
Total debt (a)	1,662,628,789	1,767,307,114	**2,150,640,503**
Net worth or total equity (b)	1,634,526,343	1,861,619,574	**1,511,579,003**
Gearing ratio (a/b)	1.02 times	0.95 times	**1.42 times**

29 Earnings Per Share Computation

The following table presents information necessary to calculate earnings per share:

	2019	2020	**2021**
Net income attributable to equity holders of the parent	US$100,366,870	US$101,764,236	**US$428,568,591**
Adjustment for the effect of cumulative distribution on subordinated perpetual capital securities (Note 15.6)	(59,379,985)	(62,016,315)	**(58,792,638)**
Net income attributable to equity holders of the parent, as adjusted (a)	US$40,986,885	US$39,747,921	**US$369,775,953**
Common shares outstanding at beginning of year	2,045,177,671	2,045,177,671	**2,045,177,671**
Weighted shares held by subsidiaries	(734,970)	(4,007,042)	**(4,478,243)**
Weighted treasury shares	(34,353,423)	(39,829,665)	**(2,619,751)**
Weighted average shares outstanding (b)	2,010,089,278	2,001,340,964	**2,038,079,677**
Effect of dilutive stock grants	3,807,507	3,888,072	**4,190,194**
Weighted average shares outstanding adjusted for potential common shares (c)	2,013,896,785	2,005,229,036	**2,042,269,871**
Basic earnings per share (a/b)	US$0.020	US$0.020	**US$0.181**
Diluted earnings per share (a/c)	US$0.020	US$0.020	**US$0.181**

30 Other Matters

The Group is exposed to a number of trends, events, and uncertainties which can affect its recurring revenues and profits. These include levels of general economic activity and containerized trade volume in countries where it operates, as well as certain cost items, such as labor, fuel, and power. In addition, the Group operates in a number of jurisdictions other than the Philippines and collects revenues in various currencies. Appreciation of the US dollar relative to other major currencies, particularly the Australian dollar, Brazilian real, and Mexican peso, may adversely affect the Group's reported levels of revenues and profits.

Continuing COVID-19 pandemic

On March 11, 2020, the World Health Organization has declared the novel coronavirus (COVID-19) outbreak a global pandemic.

In the Philippines, in a move to contain the COVID-19 outbreak, on March 13, 2020, the Office of the President of the Philippines issued a Memorandum directive to impose stringent social distancing measures in the National Capital Region effective March 15, 2020. On March 16, 2020, Presidential Proclamation No. 929 was issued, declaring a State of Calamity throughout the Philippines for a period of six (6) months and imposed an enhanced community quarantine throughout the island of Luzon until May 15, 2020. Thereafter, several extensions of community quarantines at different levels were implemented in Metro Manila and different areas in the Philippines. As at March 1, 2022, community quarantine restrictions of varying levels are still in effect in Metro Manila and other parts of the country in order to manage the spread of the virus.

Likewise, government authorities in other countries where the Group operates, adopted measures, including lockdowns, to control the spread of the virus and mitigate the impact of the outbreak.

These measures have caused disruptions to businesses, global supply chain, and economic activities, and its impact continues to evolve. The Group observed declines in general business, including container throughput and revenues, and has already incurred and will continue to incur costs as the Group mitigates the adverse impact of the outbreak on its operations.

Russia-Ukraine Conflict

On February 24, 2022, Russia launched a military attack on Ukraine that escalated an ongoing conflict that began in 2014.

This event sets several uncertainties with the potential to disrupt businesses and institutions and poses threat to world trade and economies, in general. The continuing effect of the situation on business and institutions could result in business continuity interference, trade disruptions, rising prices of basic commodities including oil and power, among others. The Group has no exposure to investments in Ukraine or Russia.

The scale and duration of these developments and event remain uncertain as of March 1, 2022. It is not possible to estimate the overall impact of the outbreak and war's near-term and longer effects, and could have a material impact on the Group's financial results for the rest of 2022 and even periods thereafter. Considering the evolving nature of the pandemic and the war, the Group will continue to closely monitor these situations.

Corporate Information

Corporate Offices

International Container Terminal Services, Inc. (ICTSI)
ICTSI Administration Building
Manila International Container Terminal
MICT South Access Road Port of Manila
Manila 1012 Philippines
+ 63 2 8245 4101
+ 63 2 8245 2245
info@ictsi.com
www.ictsi.com

For general information and company literature:

Maricel L. Bataller
Treasury Manager
+ 63 2 8247 8215
+ 63 2 8247 8035
mlaud@ictsi.com

Stockholder Inquiries

International Container Terminal Services, Inc.'s (ICTSI) common stock is listed and actively traded in the Philippine Stock Exchange under the symbol "ICT". For shareholder assistance regarding account status, stock certificates, stockholder information changes, and dividend payments:

Ricardo D. Regala
Stock Transfer Services Inc.
Unit 34-D Rufino Pacific Tower
6784 Ayala Avenue, Makati City Philippines
+ 63 2 8403 2410
+ 63 2 8403 3433
+ 63 2 8403 2414
rdregala@stocktransfer.com.ph

Investor Inquiries

ICTSI welcomes inquiries from investors, analysts and the financial community. For more information about ICTSI, please visit ictsi.com/investors.

Rafael D. Consing, Jr.
Senior Vice President and Chief Financial Officer, and Compliance Officer
+ 63 2 8247 8221
+ 63 2 8247 8035
jconsing@ictsi.com

Arthur R. Tabuena
Treasury Director and Head of Investor Relations
+ 63 2 8245 2255
+ 63 2 8247 8008
+ 63 2 8247 8035
atabuena@ictsi.com

Our complete Annual Reports can be viewed or downloaded at www.ictsi.com

A thorough discussion of the Company's sustainability and social responsibility efforts can be found at the 2021 ICTSI Group Sustainability Report and the ICTSI Foundation Accomplishment Report.

International Container Terminal Services, Inc.

Delivering a Resilient Future
ICTSI 2021 Financial Report

Delivering a Resilient Future

ICTSI 2021 CORPORATE GOVERNANCE REPORT

International Container Terminal Services, Inc.

About our Theme

The global business sector has been blindsided by the COVID-19 pandemic in more ways than one, and ICTSI is no exception. While some social and professional aspects of the Company were initially affected, we were able to swiftly pivot and recover. We were able to steer through the rough waters with confidence borne out of our track record of resilience amid difficult times. We have remained faithful to our customers, steadfast with our employees, and reliable for the communities whose lives we touch. With COVID-19 not only being a public health crisis but an economic one, the need for sustainable progress and harmonious existence with nature has only been underscored. The challenge is in creating lasting value for our stakeholders and bringing positive change to the industry. Sustainability priorities have seemingly become even more difficult to pursue amid the demands of the "new normal" but we recognize that these are social investments with far-reaching and long-term returns not only to our business but to our planet. Thus, we rise to the task of delivering a resilient future for all.

Delivering a Resilient Future

ICTSI 2021 CORPORATE GOVERNANCE REPORT

International Container Terminal Services, Inc.

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Delivering a Resilient Future

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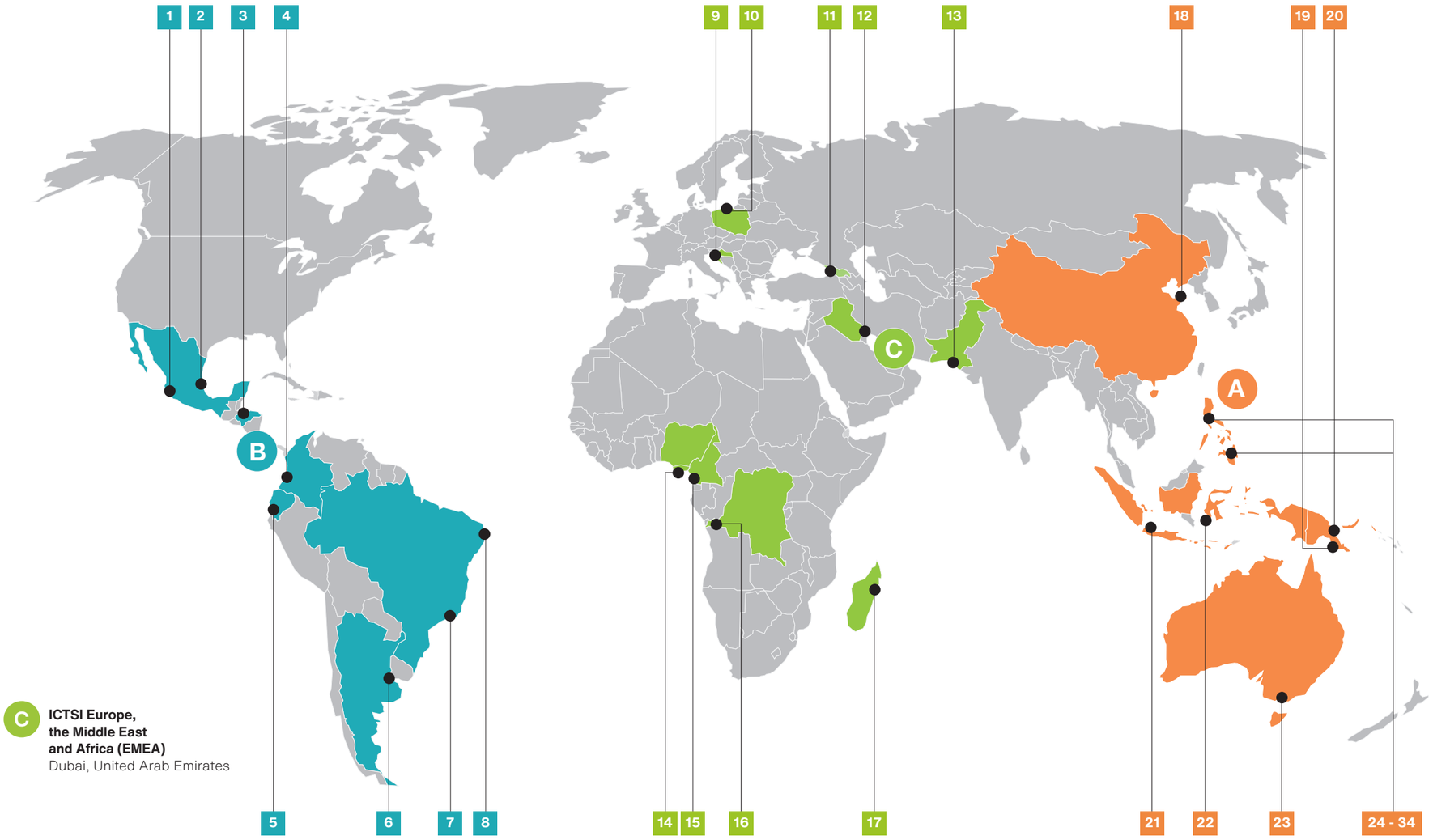


A **Corporate Offices**
Manila, Philippines

ICTSI Asia Pacific
Manila Philippines

B **ICTSI Americas**
Panama City, Panama

C **ICTSI Europe, the Middle East and Africa (EMEA)**
Dubai, United Arab Emirates

THE AMERICAS

1. **Contecon Manzanillo**
   Manzanillo, Mexico
2. **Tuxpan Maritime Terminal**
   Veracruz, Mexico
3. **Puerto Cortés**
   Cortés, Honduras
4. **Puerto Aguadulce**
   Buenaventura, Colombia
5. **Contecon Guayaquil**
   Guayaquil, Ecuador
6. **TecPlata**
   Buenos Aires, Ecuador
7. **ICTSI Rio Brasil 1**
   Rio de Janeiro, Brazil
8. **Tecon Suape**
   Pernambuco, Brazil

EUROPE, THE MIDDLE EAST & AFRICA

9. **Adriatic Gate Container Terminal**
   Rijeka, Croatia
10. **Baltic Container Terminal**
    Gydnia, Poland
11. **Batumi International Container Terminal**
    Adjara, Georgia
12. **Basra Gateway Terminal**
    Umm Qasr, Iraq
13. **Pakistan International Container Terminal**
    Karachi, Pakistan
14. **Onne Multipurpose Terminal**
    Port Harcourt, Nigeria
15. **Kribi Multipurpose Terminal**
    Kribi, Cameroon
16. **Matadi Gateway Terminal**
    Kongo Central, D.R. Congo
17. **Madagascar International Container Terminal**
    Toamasina, Madagascar

ASIA PACIFIC

18. **Yantai International Container Terminals**
    Shandong, China
19. **Motukea International Terminal**
    Port Moresby, Papua New Guinea
20. **South Pacific International Container Terminal**
    Lae, Papua New Guinea
21. **Tanjung Priok Berths 300-303**
    Jakarta, Indonesia
22. **Makassar Container Terminal**
    South Sulawesi, Indonesia
23. **Victoria International Container Terminal**
    Melbourne, Australia

Philippines

24. **Manila International Container Terminal**
25. **NorthPort**
26. **Manila Harbor Center**
27-28. **Subic Bay International Terminals (NCT 1 and 2)**
    Olongapo City
29. **Laguna Gateway Inland Container Terminal**
    Calamba City
30. **Cavite Gateway Terminal**
    Tanza, Cavite
31. **Bauan International Port**
    Bauan, Batangas
32. **Mindanao Container Terminal**
    Tagoloan, Misamis Oriental
33. **Sasa Wharf**
    Davao City
34. **Makar Wharf**
    General Santos City

The 2021 Corporate Governance Report covers milestones and accomplishments by the Company in corporate governance for the year 2021, including material and significant events in the first quarter of 2022.

2021 Awards

December: ICTSI was recognized by *The Asset* ESG Corporate Awards as one of the elite companies in Asia showing All-Round Excellence in Financial Performance, Management, Corporate Governance, Social Responsibility, Environmental Responsibility and Investor Relations, earning the Platinum citation. ICTSI's Global Corporate Investor Relations Department was also recognized as among the Best Investor Relations team.

November: *Corporate Governance Asia* recognizes ICTSI as having one of Asia's Best Corporate Social Responsibility and one of the Best Investor Relations Companies in the Philippines during the 11th Asian Excellence Award. Key Officers were likewise recognized, including Chairman and President Enrique K. Razon Jr. as Asia's Best CEO (Investor Relations); Senior Vice President and Chief Financial Officer Rafael D. Consing, Jr. as Asia's Best CFO (Investor Relations); and Treasury Director and Head of Investor Relations Arthur R. Tabuena as Best Investor Relations Professional.

August: ICTSI was recognized by *Alpha Southeast Asia* Awards 2021 with the Most Consistent Dividend Policy, Best Strategic Corporate Social Responsibility and second best in having the Best Senior Management IR Support in Southeast Asia.

July: ICTSI was one of the Honored Companies and with the Best IR Professional in the *Institutional Investor* All Asia Executive Team Awards Recognition 2021.

March: The International Association of Business Communicators – Philippines gives ICTSI Awards of Recognition for its 2019 Annual Report books and the Foundation's Wildlife Conservation project at the Victoria Anepa'an Mountain Range.

The Board's Governance Responsibilities

The Board of Directors of ICTSI is responsible for promoting good corporate governance and ensures accountability, fairness, and transparency in the Company's dealings and relationships with stakeholders. The Board oversees the development of and approves the Company's business objectives and strategy; and monitors the implementation of the same in order to sustain the Company's long-term viability and strength. The Board acts on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the Company and all our stakeholders.

To achieve an appropriate mix of competence and expertise, the composition of the Board is checked against prevailing requirements. The Board is filled up by six (6) Non-Executive Directors and one (1) Executive Director. There are three (3) Independent Directors out of the seven (7) seats. The Board is characterized by a right combination in age, ethnicity, culture, and knowledge to ensure diversity and allow a healthy balance of ideas, wisdom and experience on the management and business of the Company. The competence of the Board is enhanced by the conduct of annual continuing training for all the Directors and orientation program for first-time Directors.

Table 1 BOARD OF DIRECTORS 2021-2022

ENRIQUE K. RAZON JR.
Executive Director

Chief Justice Diosdado M. Peralta (ret.)
Non-Executive Director / Independent Director

Jose C. Ibazeta
Non-Executive Director

Cesar A. Buenaventura
Non-Executive Director / Independent Director

Stephen A. Paradies
Non-Executive Director

Carlos C. Ejercito
Non-Executive Director / Independent Director

Andres Soriano III
Non-Executive Director

Composition

The Board is composed of seven (7) Directors elected by the stockholders during the Annual Stockholders' Meeting (ASM) in accordance with prevailing laws as well as the Company's By-Laws. Per the Company's By-Laws, the ASM will be held on the third Thursday of April for each year.

The current set of Directors were elected during the 2021 ASM virtually held last April 15, 2021, except for Chief Justice M. Diosdado Peralta (ret.) who was elected on August 6, 2021 after Mr. Joseph R. Higdon resigned as Director effective July 31, 2021.

Each member of the Board possesses wide knowledge, experience, and expertise in the business industry of the Company, which is cargo handling and related services market.

Qualifications

Table 2 **Directors' Profile**

NAME OF DIRECTOR	AS OF APRIL 2022 DIRECTORSHIPS
ENRIQUE K. RAZON JR. *Filipino, 62 years old* **Director of ICTSI since 1987 and its Chairman since 1995** **Member of the US-Philippine Society and the ASEAN Business Club Philippines, Inc.** *Doctor of Science in Logistics Honoris Causa* **De La Salle University**	▪ ICTSI* ▪ IWI Container Terminal Holdings, Inc. ▪ Razon Industries, Inc. ▪ Sureste Realty Corporation ▪ Quasar Holdings, Inc. ▪ Falcon Investco Holdings, Inc. ▪ Achillion Holdings, Inc. ▪ Collingwood Investment Company Ltd. ▪ Bravo International Port Holdings, Inc. ▪ Provident Management Group, Inc. ▪ Bloomberry Resorts Corporation* ▪ Manila Water Company, Inc.* ▪ Sureste Properties, Inc. ▪ Monte Oro Resources and Energy, Inc. ▪ Bloomberry Resorts & Hotels, Inc., ▪ Prime Strategic Holdings, Inc. ▪ Pilipinas Golf Tournament, Inc. ▪ ICTSI (Hongkong) Ltd. ▪ Australian Container Terminals Ltd. ▪ Pentland International Holdings Ltd. ▪ CLSA Exchange Capital ▪ Xcell Property Ventures, Inc. ▪ ICTSI Foundation, Inc.
CHIEF JUSTICE DIOSDADO M. PERALTA (ret.) *Filipino, 69 years old* **Independent Director of ICTSI since August 2021** *Appointed by President Rodrigo Roa Duterte as the Chief Justice of the Supreme Court from October 23, 2019 until his retirement on March 27, 2021* *Bachelor of Science* **San Juan de Letran** *Bachelor of Laws* **University of Santo Tomas** *Doctor of Laws Honoris Causa* **Northwestern University, Laoag City, Ilocos Norte**	▪ ICTSI* ▪ Bloomberry Resorts Corporation* ▪ Philippine Business Bank* ▪ San Miguel Corporation* ▪ The Manila Hotel

CESAR A. BUENAVENTURA *Filipino, 92 years old* **Independent Director of ICTSI since 2019** **Honorary Officer of the Order of the British Empire (OBE) by Her Majesty Queen Elizabeth** *Bachelor of Science in Civil Engineering* **University of the Philippines** *Master's degree in Civil Engineering Major in Structures* **Lehigh University Bethlehem**	▪ ICTSI* ▪ Mitsubishi Hitachi Power Systems Phils., Inc. ▪ Buenaventura Echauz and Partners, Inc. ▪ DMCI Holdings, Inc.* ▪ Semirara Mining and Power Corp.* ▪ iPeople, Inc.* ▪ Petroenergy Resources Corp.* ▪ Concepcion Industrial Corp.* ▪ Pilipinas Shell Petroleum Corp.* ▪ Pilipinas Shell Foundation, Inc. ▪ DM Consunji Inc. ▪ The Country Club ▪ Manila Water Company, Inc.* ▪ Bloomberry Cultural Foundation, Inc. ▪ ICTSI Foundation, Inc.
CARLOS C. EJERCITO *Filipino, 76 years old* **Independent Director of ICTSI since 2021** *Bachelor's Degree in Business Administration - Cum Laude* **University of the East** *Master's Degree in Business Administration* **Ateneo Graduate School of Business** *Program for Management Development* **Harvard Business School**	▪ ICTSI* ▪ Aboitiz Power Corporation* ▪ Century Properties Group, Inc.* ▪ Mount Grace Hospitals, Inc. and its affiliates and subsidiaries ▪ Pinehurst Medical Services, Inc. ▪ Silvermed Corporation ▪ Medical Center Manila ▪ Dr. Victor R. Potenciano Medical Center ▪ Tagaytay Medical Center ▪ Grace General Hospital ▪ Healthserv Medical Center ▪ Mother Teresa of Calcutta Medical Center ▪ Nueva Ecija Good Samaritan Hospital ▪ Westlake Medical Center
JOSE C. IBAZETA *Filipino, 79 years old* **Director of ICTSI since 2009** **Member of the Board of Trustees of Radio Veritas and St. James the Great Parish Foundation** *Bachelor of Science in Economics* **Ateneo de Manila University** *Master's Degree in Business Administration* **University of San Francisco** *MBC in Banking and Finance* **New York University**	▪ ICTSI* ▪ ICTSI Foundation, Inc. ▪ A. Soriano Corporation* ▪ Anscor Consolidated Corporation ▪ AFC Agribusiness Corporation ▪ Anscor Holdings, Inc. ▪ Minuet Realty Corporation ▪ Phelps Dodge Philippines Energy Products Corporation ▪ Island Aviation, Inc. ▪ Pamalican Resort Inc. ▪ Vicinetum Holdings, Inc. ▪ Philippine Stratbase Consultancy Incorporated ▪ AGP Group Holdings, PTE, Ltd ▪ AG&P Estate Management, Inc. ▪ Atlantic, Gulf & Pacific Company of Manila, Inc. ▪ AG&P FieldCOM, Inc. ▪ Gas Entec Co, Ltd. ▪ AGP Philippines Holdings, Inc. ▪ Radio Veritas ▪ St. James the Great Parish Foundation, Inc.
STEPHEN A. PARADIES *Filipino, 68 years old* **Director of ICTSI since 1987** *Bachelor of Science Degree, Major in Business Management* **The Santa Clara University, California**	▪ ICTSI* ▪ IWI Container Terminal Holdings, Inc. ▪ Sociedad Puerto Industrial Aguadulce S.A. ▪ Apex Mining Co. Inc.* ▪ Union Investments Corp. ▪ Sureste Properties, Inc. ▪ Prime Metro BMD Corp. ▪ Prime Metro Power Holdings, Inc. ▪ Prime Metro Infrastructure Holdings, Inc. ▪ MORE Palawan Power Corp. ▪ Amber Electric & Power Corp. ▪ The Country Club Inc. ▪ Bloomberry Cultural Foundation, Inc. ▪ Napagapa Beverages, Inc. ▪ MORE Electric & Power Corp.
ANDRES SORIANO III *Filipino, 70 years old* **Director of ICTSI since 1992** *Bachelor of Science in Economics Major in Finance and International Business* **Wharton School of Finance and Commerce - University of Pennsylvania**	▪ ICTSI* ▪ A. Soriano Corporation* ▪ Anscor Consolidated Corp. ▪ The Andres Soriano Foundation, Inc. ▪ Phelps Dodge International Philippines, Inc. ▪ Phelps Dodge Philippines Energy Products Corp. ▪ Seven Seas Resorts and Leisure, Inc. ▪ Pamalican Resort, Inc.

*Publicly-listed company

Virtual 2021 Corporate Governance Training

Amidst the challenging and extraordinary situations brought by the still ongoing COVID-19 pandemic, the Company had conducted a training for 2021 through a virtual platform for the second time in a row. This 7th in-house Corporate Governance Training entitled "Reframe the Future: Focusing on Long Term Value, Sustainable Transformation and Decarbonization" was facilitated by SyCip, Gorres, Velayo & Co. (SGV) last December 14, 2021.

The Board of Directors led by the Chairman, Enrique K. Razon Jr., was also joined by the Executive Officers, including Mr. Christian R. Gonzalez, Executive Vice President and Chief Risk Officer; Mr. Rafael D. Consing, Jr., Compliance Officer; Ms. Catherine R. Castro, Director, Head of Internal Audit; and Attys. Rafael T. Durian, Silverio Benny J. Tan, and Benjamin Edison M. Gorospe III, Corporate Secretaries.

For the election of the new Independent Directors for the year 2021, virtual sessions for the On-Boarding Orientation Program were conducted with Mr. Carlos C. Ejercito and Chief Justice Diosdado M. Peralta (ret.). The sessions were led by Mr. Rafael D. Consing, Jr., Compliance Officer; Mr. Arthur R. Tabuena, Treasury Director and Head of Investor Relations; and Atty. Lirene C. Mora-Suarez, Director for GCLA.

Executive Director

An Executive Director is an officer of the Company who performs work related to the Company's operations. Mr. Enrique K. Razon Jr. is the only Executive Director in the ICTSI Board. He serves as Director in two (2) publicly listed companies other than ICTSI: Bloomberry Resort Corporation, the developer of Solaire Resorts and Casino, and Manila Water Company, Inc.

Non-Executive Directors

A Non-Executive Director is not an officer or head of a unit in ICTSI and does not perform any work related to the Company's operation. Of the seven (7) Directors in ICTSI, six (6) members are Non-Executive Directors.

Orientation and Training

Orientation for First-Time Directors

In the event of an election or appointment of a Director new to ICTSI, the Office of the Compliance Officer through the Global Corporate Legal Affairs ("GCLA") and the Office of the Corporate Secretary provide an On-Boarding Orientation Program.

The Program module includes, among others, an introduction to the Company's business, its Articles of Incorporation, By-Laws, Vision, Mission and Values, Code of Conduct, the composition of the Board and Management teams, the Company's financial achievements and its operations growth, the Company's social responsibilities and employee engagements.

Corporate Governance Training

Each ICTSI Director undergoes a minimum of at least four (4) hours of trainings, programs, seminars, and roundtable discussions on Corporate Governance with service providers or private/government institutions accredited by the Philippine Securities and Exchange Commission to ensure that the Company complies with the adopted leading practices on good governance and recommendations by the SEC under its Memorandum Circular No. 19-2016 or the Code of Corporate Governance for Publicly Listed Companies.

Section 9.3 of ICTSI's CG Manual provides that the Company shall conduct an orientation program and relevant annual continuing training for all directors as well as information campaigns, orientation program or workshops on corporate governance available to its directors, officers and employees.

Board Diversity

The mix of Non-Executive Directors, Independent Directors and Executive Director in ICTSI ensures that no Director or small group of Directors dominates in the decision-making process. The Board is also diverse in terms of age, ethnicity, culture, and knowledge. In this way, the protection of the interest of the Company is assured to be balanced with the interest of all stakeholders.

In 2021, in our effort toward strengthening our corporate governance and leading with integrity, we continue to take the Human Capital Statement we launched last November 2020, and see through its practical outworking in human right, health and safety, and diversity and inclusion, among others.

Corporate Secretaries

The Office of the Corporate Secretary is responsible for assisting the Board in the fulfillment of its responsibilities. Its key roles include preparing the agenda for the Board and Board Committee Meetings; recording and safekeeping of minutes of meetings; overseeing the drafting of amendments to the Articles of Incorporation and By-Laws, if necessary; and ensuring that the Company complies with the regulatory and reportorial requirements issued by the Philippine Securities and Exchange Commission. The Office of the Corporate Secretary distributes materials for board meetings at least five (5) business days before the scheduled meeting. Together with the Board of Directors, the Corporate Secretaries attend the in-house annual Corporate Governance Training *(see Table 3)*.

Atty. Rafael T. Durian has been the Company's Corporate Secretary since 1987. He earned his Bachelor of Laws from San Beda College and was a Partner at Cruz Durian Alday & Cruz-Matters Law Office.

Table 3 **2021 Advanced Corporate Governance Training**

	NAME	HOURS	TOPIC DISCUSSED	ORGANIZER	DATE
DIRECTORS	Enrique K. Razon Jr.	4	Overview of Corporate Governance, Reframe the Future: Sustainable Transformation and Decarbonization, and Long Term Value	SyCip, Gorres, Velayo & Co.	December 14, 2021
	Chief Justice Diosdado M. Peralta (ret.)				
	Jose C. Ibazeta				
	Carlos C. Ejercito	4	The Board Agenda 2020: The Business of Building Back Better	Aboitiz & Company	September 8, 2021
	Cesar A. Buenaventura	4	2021 In-House Corporate Governance Training	Pilipinas Shell Petroleum Corporation	November 24-25, 2021
	Andres Soriano III	4	Corporate Governance	SyCip, Gorres, Velayo & Co.	September 20, 2021
	Stephen A. Paradies	4	Briefing on the Latest Developments on Cybersecurity, Operationalizing Data Science and Artificial Intelligence, Enterprise Agility, and Capitalizing on ESG Assessments/ Initiative	Aboitiz & Company	September 8, 2021
OFFICERS	Christian R. Gonzalez Executive Vice President, *Chief Risk Officer*	4	Overview of Corporate Governance, Reframe the Future: Sustainable Transformation and Decarbonization, and Long Term Value	SyCip, Gorres, Velayo & Co.	December 14, 2021
	Rafael D. Consing, Jr. *Senior Vice President, Chief Financial Officer, Compliance Officer*				
	Rafael T. Durian *Corporate Secretary*				
	Silverio Benny J. Tan *Assistant Corporate Secretary*				
	Benjamin M. Gorospe III *Assistant Corporate Secretary*				
	Catherine R. Castro *Head of Internal Audit*				

The Assistant Corporate Secretaries share the same roles and responsibilities of the Corporate Secretary.

Atty. Silverio Benny J. Tan has been the Company's Assistant Corporate Secretary since 2011. He is a partner in and was managing partner from 2013 to 2015 in the law firm of Picazo Buyco Tan Fider & Santos. Atty. Tan holds a Bachelor of Laws, *cum laude*, from the University of the Philippines - College of Law and a Bachelor of Arts Major in Political Science, *cum laude*, from the University of the Philippines College Iloilo. Atty. Tan placed third in the 1982 Philippine Bar exams.

Atty. Benjamin M. Gorospe III has been the Company's Assistant Corporate Secretary since September 2013 and the Global Head for Tax. Atty. Gorospe joined ICTSI in 2003 as a Tax Manager. Prior to this, he worked with the Tax Department of SyCip Gorres Velayo & Co. (a member firm of Ernst & Young Global Limited) for five years and with its Audit Department for one year. Atty. Gorospe completed his law degree at the University of the Philippines, Diliman. He is also a Certified Public Accountant. He graduated from Xavier University with a degree of Bachelor of Science in Commerce, Major in Accounting.

The ICTSI Diversity and Equal Opportunities Policy creates a work environment where respect for inclusion and diversity is maintained and where people do not discriminate or are discriminated against due to disability, age, sexual orientation or preference, civil status, race, origin, religious or political beliefs, socio-economic status and other aspects that make the employees unique. The Policy was formulated in 2021. This is set for approval by the Board of Directors and roll out to the ICTSI Group in 2022.

SEC Official Contact Persons and Information

In addition to the reportorial requirements for PLCs, the Board of Directors approved the designations of Attys. Benjamin Edison M. Gorospe III and Lirene C. Mora-Suarez as official and alternate contact persons before the Philippine Securities and Exchange Commission ("SEC") and submitted the relevant email addresses and mobile numbers. This is in compliance with the SEC's Memorandum Circular No. 28-2020 to create/and or designate official contact person and contact information for the Company's transactions with the SEC.

Atty. Gorospe is the Assistant Corporate Secretary, as well as the Global Head for Tax. Atty. Mora-Suarez is the Director for the Global Corporate Legal Affairs.

SEC Online Submission Tool

The Board authorized the Company to enroll in the SEC Online Submission Tool and designate its authorized filers for online submissions of General Information Sheet, Audited Financial Statements and other reports in compliance with SEC Memorandum Circular No. 3-2021.

Compliance Program

As explicitly stated in the Company's Code of Business Conduct, it is a policy of ICTSI to comply with all applicable laws and regulations in every country it operates in.

As a port/terminal operator, ICTSI complies with all the Philippine Ports Authority regulations, customs issuances, and all other laws related to port management and operations. The Company also faithfully observes the provisions of existing Collective Bargaining Agreements, the Labor Code of the Philippines and other relevant labor and social legislation.

The Company's Code of Conduct states that if a Director, Officer or employee becomes aware of any potential or actual violations of the law or the said Code, he/she is required to immediately disclose any relevant information to the Company's Compliance Officer. The Company's Policy on Fraud Reporting provides for specific process in handling and investigating any complaint or disclosure. Any complaint or disclosure must be filed with the respective Human Resource Department (HRD) of the Business Unit (BU) or with the Global Corporate Human Resource (GCHR) for Corporate Functions through appropriate channels such as personal reporting, mail, electronic mail, telephone or website. It may also be filed with the Compliance Officer should any personnel from the HRD or GCHR be compromised. The complaint shall preferably be in writing and the whistleblower may elect to identify himself in the complaint or maintain his anonymity. The GCHR/HRD shall make the initial evaluation of the complaint to determine its sufficiency and to determine whether the complaint pertains to an issue or matter that is within the scope of the policy. A committee shall then be formed as the formal body to conduct extensive investigation on the complaint. The committee shall ensure that reporting of all complaints, investigations and resolutions are conducted in conformity with existing company procedures, laws and regulations. It shall submit to the EVP, for Corporate Functions or to the Head of the BU for complaint at the BU level a comprehensive written report of its findings, together with all the evidence gathered and submitted, its conclusions based on its assessment of facts presented and the recommendation on further actions to take against the respondent within thirty (30) days from the time all the relevant and material evidence and documents necessary for the resolution of the case are submitted.

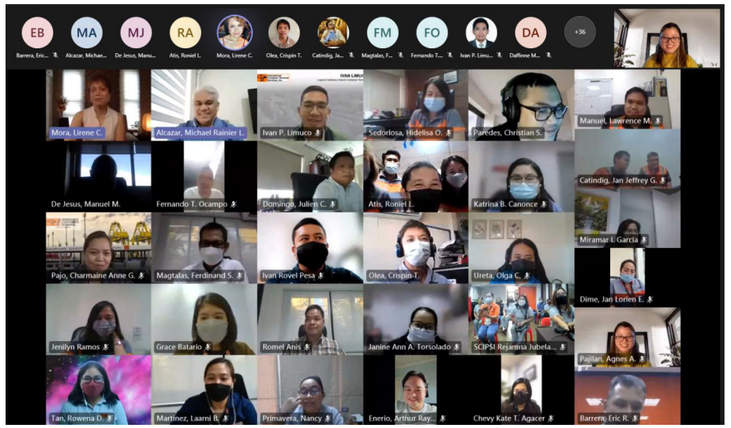
Among its initiatives and routine checks for the Company's Compliance Program, the Office of the Compliance Officer rolled out in 2019 a Terminal Health Check Program for all ICTSI Philippine terminals. The Program included training and monitoring on selected areas: Data Privacy, ICTSI Code of Business Conduct, Standard Trading Conditions, Terminal Services Agreement and Insurance Claims Procedure. For 2020-2021, in view of the COVID-19 pandemic, the Program was continued via online and virtual platforms.

The Office of the Compliance Officer likewise made initiatives in order to further reinforce the Company's Compliance Program. It will launch new policies for the business units across all operating and support functions and departments. The Supplement to the Anti-Bribery Compliance Policy and Procedure strengthened the penalty for any violation committed by contractors, subcontractors and other third parties. The Policy on Fraud Reporting reinforced the existing one by providing confidentiality of any disclosed information, protection from retaliation, providing for different forms of reporting channels and providing for the specific procedure for handling complaints. The Diversity and Equal Opportunities Policy is a new formal policy which highlights ICTSI Group's value of respect for all by giving utmost importance to diversity, inclusion and respect for human rights as embodied in ICTSI Group's Global Principles on Human Capital. It also strengthens the Employee Relations provision of the Code of Business Conduct.

Compliance Officer

Mr. Rafael D. Consing, Jr. has been the Company's Compliance Officer since February 2016. As Compliance Officer, he is responsible in ensuring that the Company is in full compliance with its Manual of Corporate Governance and the rules, circulars, and administrative orders of regulatory agencies. Together with the Board of Directors, the Compliance Officer attends the in-house annual Corporate Governance Training *(see Table 3)*.

Mr. Consing is holding directorships and is a Treasurer in several local and international subsidiaries of ICTSI. His career started at the Multinational Investment Bancorporation in June 1989. From 1999 to 2007, he assumed various roles in HSBC, including Director and the Head of Debt Capital Markets for the Philippines, and subsequently for South East Asia. He later became the Managing Director and the Head of the Financing Solutions Group, Asia Pacific. In HSBC, Mr. Consing was involved in strategic and situational financing and advisory activities, including acquisition, and leveraged finance,



debt capital markets, credit ratings and capital advisory. He also held positions in investment banking with Bankers Trust NY, Deutsche Bank, and ING Barings. In 1993 to 1995, Mr. Consing served as the Vice President and the Treasurer of Aboitiz & Company, Inc. and Aboitiz Equity Ventures, Inc*.

Mr. Consing received his A.B. degree, major in Political Science, from the De La Salle University, Manila, in 1989. He is an alumnus of the Emerging CFO: Strategic Financial Leadership Program of the Stanford Graduate School of Business.

Fiduciary Roles and Accountabilities

It is the Board's responsibility to foster ICTSI's long-term success, and to sustain its competitiveness and profitability in a manner consistent with its business objectives and the best interests of its stockholders and other stakeholders.

Throughout the year, our Directors stood by their duty to make informed decisions and carry out actions in good faith and with reasonable diligence, care and prudence.

Company Principles

The Board is mandated by the Manual on Corporate Governance to oversee the development of and approve the Company's business objectives and strategy, including its vision, mission, and core values, and monitor their implementation in order to sustain the Company's long-term viability and strength.

The Board reviews Company Principles at least once a year with the most recent review on December 21, 2021 and the last revision having been made last October 10, 2019.

Business Objectives and Strategy

Focused and Expansive.

We are singularly focused on our core competencies: port development, operations and management.

We are actively exploring new opportunities in strategically located ports, in both developed and developing economies, diversifying geographically across the world's continents. Specifically, we seek to develop, acquire, own, and operate common use container terminals in these new markets.

Our Purpose

To make ports around the world a driver for positive and sustainable growth.

At ICTSI, we work tirelessly to develop and operate efficient and sustainable port facilities and deliver the highest possible benefits to our customers, partners, people, stockholders, and to the communities we serve.

Our Values

ICTSI's commitment to our partners and communities began more than three decades ago in the Philippines. Our projects and terminals now extend across six continents and are anchored around many of the same founding values that have underpinned our sustainable approach to growing our business and our host economies. Our five values guide our behavior and form the foundation of our purpose:

- **Respect for All.** We place the utmost importance on safety, community, and diversity. The well-being and health of all our stakeholders is our number one priority. We strive to have the highest standards in place to ensure our people and stakeholders are safe, respected, and treated fairly.
- **Trust.** We lead with integrity, respect, and compassion for our people, partners, communities, and our environment. We take great pride in working responsibly to earn trust and keep it.
- **Collaboration.** We are a diverse and inclusive company working together and exploring new ways of doing things to deliver the best possible outcome for all stakeholders. As a responsible business, we embrace equality of opportunity and empower all our people to adapt, collaborate, and innovate across borders.
- **Tenacity.** Our people work tirelessly with utmost determination to achieve their goals and deliver on commitments to partners, stockholders, host communities, and the environment.
- **Passion.** We are pioneers in an industry with deep linkages to the host economies and communities in which we operate. Our people relish the challenge of exploring new opportunities, operating terminals, creating sustainable benefits for our host communities, protecting the environment while also delivering returns to our stockholders.

Competent Chairperson

The Chairman of the Board is Mr. Enrique K. Razon Jr. The Chairman of the Board presides during all meetings of the stockholders and of the Board of Directors; has general supervision, administration, and management of the business of the Company; and maintains qualitative and timely lines of communication and information between the Board and Management.

Mr. Enrique K. Razon Jr. belongs to the third generation of a family involved in the business of marine cargo handling. The Razon Group has a long-standing reputation of being pioneers and innovators in the management and development of ports, terminals, and related facilities. The Razon Group's proven track record stems from more than 90 years' experience in integrated cargo handling, stevedoring and other port services in the Philippines and abroad.

In 1987, the Razon Group and the Soriano Group incorporated ICTSI, initially to bid for the Manila International Container Terminal (MICT) in the Philippines. After winning the MICT contract in 1988, Mr. Razon spearheaded the MICT's development program. The MICT today is the country's premier international gateway. ICTSI also operates nine other ports and terminals in the Philippines.

After consolidating and strengthening its base and flagship operation at the MICT, ICTSI launched an international and domestic expansion program in 1994. Today, the Company is recognized as a world-leading operator, innovator, and pioneer in the field of port management, operating 34 ports and terminals in 20 countries.

Mr. Razon sits on the board of most ICTSI subsidiaries worldwide and of several leading foreign and Philippine corporations. Mr. Razon also chairs the ICTSI Foundation, Inc., which oversees and implements the corporate social responsibility advocacies of ICTSI and its subsidiaries ("ICTSI Group"). He is also chairman of Pilipinas Golf Tournaments, Inc., which stages the Philippine Golf Tour, Southeast Asia's largest professional golfing circuit.

Mr. Razon's other investments are in power, mining, water, oil and gas exploration, and leisure facilities. Mr. Razon is a member of the Management Association of the Philippines, the US Philippines Society, ASEAN Business Club, and Philippines, Inc.

The De La Salle University in the Philippines has conferred on Mr. Razon the degree of Doctor of Science in Logistics *honoris causa*.

Succession Planning and Retirement

In accordance with the Manual on Corporate Governance, part of the Board's responsibility is to ensure that the Company has an effective succession planning program and retirement policy for the Directors and Key Officers to ensure growth and continued increase in stockholders' value. These programs and policies are regularly reviewed by the Audit Committee and the ICTSI Audit & Compliance Group.

Board and Executive Remuneration

ICTSI has established a formal and transparent procedure for developing a policy on Board and Executive remuneration for purposes of fixing the remuneration packages of the individual Directors and Executive Officers. Remuneration packages may include share schemes, incentive performance packages, fringe benefits and any other items considered appropriate by the Committee. In developing such policy, a Director does not participate in discussions or deliberations involving such Director's own remuneration.

Named Executive Officers are covered by Letters of Appointment with the Company stating their respective terms of employment. There are no existing compensatory plans or arrangements, including payments to be received from ICTSI by any named Executive Officer from a change-in-control in the Company, except for the automatic vesting of awarded shares under the Company's Stock Incentive Plan.

For 2021, the members of the Board of Directors each received as Directors' Fees a total compensation equivalent to a certain percentage of the profits obtained during the year after deducting therefrom general expenses, remuneration to officers and employees, depreciation to buildings, machineries, transportation units, furniture and other properties. This is in accordance with the Company's By-Laws. There are no material terms of any other arrangements or contracts where any Director of ICTSI was compensated or is to be compensated, directly or indirectly, in 2020 and 2021 for any service provided as a Director.

Nomination and Election Policy

ICTSI's Nomination Sub-Committee reviews and evaluates the qualifications of all individuals nominated to its Board of Directors and other appointments that require Board approval. The Committee has the following functions that focus in determining the qualifications of the Board of Directors being nominated and elected:

- Recommend the appropriate size and composition of the Board, the number of independent directors and the committee structure;
- Undertake the process of identifying the quality of the Directors aligned with ICTSI's strategic direction;
- Assess that Directors have the appropriate mix of competencies to enable the Board to discharge its responsibilities effectively;
- Develop board succession plans so that an appropriate balance of skills, experience, expertise, and diversity is maintained;
- Oversee due diligence as to candidates for nomination or re-nomination as Board members;
- Recommend to the Board relating to the appointment, re-election and retirement of Directors;
- Recommend candidates for new directors who have the appropriate range of skills, experience and expertise that will best complement the other members of the Board; and
- Recommend to the Board definitions of "independence" and "conflicts of interest" for Board members, as well as guidance on time commitments and other directorships.

In searching for candidates for new Directors, the Company uses professional search firms or other external sources of candidates.

NAME AND PRINCIPAL POSITION	YEAR	SALARY	BONUS AND OTHERS[2]	TOTAL[3]
Enrique K. Razon, Jr. *Chairman of the Board and President*				
Christian R. Gonzalez[4] *Executive Vice President & Chief Risk Officer*				
Rafael D. Consing, Jr. *Senior Vice-President , Chief Financial Officer and Compliance Officer*				
Jose Joel M. Sebastian[5] *Senior Vice-President, Finance*				
Sandy A. Alipio[6] *Vice-President, Global Financial Controller*				
Gigi Iluminada T. Miguel *Vice-President and Treasurer[7]*				
Benjamin M. Gorospe III *Assistant Corporate Secretary*				
Chairman of the Board and President and four (4) highest paid executive officers, as a group	**2022 (Estimate)**	**US$0.4M**	**US$3.3M**	**US$3.7M**
	2021 (Actual)	**0.4M**	**2.5M**	**2.9M**
	2020 (Actual)	**0.4M**	**2.2M**	**2.6M**
All officers and Directors , as a group, Unnamed[1]	**2022 (Estimate)**	**1.4M**	**13.1M**	**14.5M**
	2021 (Actual)	**1.4M**	**8.9M**	**10.3M**
	2020 (Actual)	**1.6M**	**8.4M**	**10.0M**

[1]Including four (4) highest paid executive officers.
[2]Mainly includes non-cash compensation based on Stock Incentive Plan paid out of the allocated Treasury Shares of ICTSI.
[3]Includes total compensation paid in the Philippines by the registrant and its subsidiaries.
[4]Promoted as Executive Vice President of ICTSI effective March 20, 2020.
[5]Retired effective October 1, 2020.
[6]Appointed to the new position effective October 1, 2020.
[7]Resigned effective September 15, 2021.

The aggregate compensation paid to the Chairman of the Board and President, and four (4) highest paid executive officers named below, as a group, for 2021 amounted to US$3.0 million (2020: US$2.6 million). The estimated amount of compensation expected to be paid in 2022 to the Chairman of the Board and President and four (4) highest paid executive officers as a group, amounted to US$3.8 million.

Sec. 10, Article I of ICTSI By-Laws:

"All nominations for directors to be elected by the stockholders of the corporation shall be submitted in writing to the corporate secretary of the corporation at the principal office of the corporation not earlier than forty (40) days not later than twenty (20) days prior to the date of the regular or special meeting of the stockholders for the election of directors. Nominations which are not submitted within such nomination period shall be valid. Only stockholder of record entitled to notice of and to vote at the regular or special meeting of stockholders for the election of directors shall be qualified to be nominated and elected a director of the corporation."

Related Party Transaction Policy

In accordance with the revised Philippine Securities and Exchange Commission Code of Corporate Governance, the Board of Directors, together with the Related Party Transaction Committee, exercise the function of formulating and implementing policies and procedures that would ensure the integrity and transparency of related party transactions (RPTs).

In compliance with SEC Memorandum Circular No. 10-2019, the Company submitted its Related Party Transaction (RPT) Policy to the Philippine Securities and Exchange Commission on October 23, 2019. A copy of the RPT Policy is also made available in the ICTSI website: https://www.ictsi.com/governance/policies. The Committee approves RPT only on the affirmative vote of the majority of its members at a meeting, or, to the extent allowed by law, by unanimous written consent of the members.

The Company discloses all transactions with related parties in its Annual Reports and complies with the rules on Material Related Party Transactions set forth in the above memorandum circular. For 2021, the RPTs do not meet the threshold for Material Related Party Transaction (MRPT).

All RPTs entered into by the Company are done in "fair and at arm's length" basis and to the best interest of the Company and its stockholders.

Board Oversight

Performance Management Framework

The Manual on Corporate Governance mandates that the Board shall select and appoint the President, Chief Finance Officer, and other senior officers of ICTSI, such as the heads of the other control functions, namely, the Compliance Officer, Chief Risk Officer, and Chief Audit Executive. The Board further ensures that performances of Management and those of the ICTSI personnel are at par with the standards set by the Board.

The ICTSI Group Management team, including its corporate officers in its Regional Operating Headquarters, is comprised of the following officers.

For a thorough and effective assessment, the Board has established a Performance Management Framework for assessing the performance of the Management and its personnel.

The Performance Management Framework mandates annual assessment by the ICTSI Group's Senior Key Officers of the performance of the Company and its individual employees to determine the incentives for its officers and employees.

Oversight Responsibility on Internal Control

The control environment of ICTSI consists of:

a. The Board, which ensures that ICTSI is properly and effectively managed and supervised;
b. The Management, which actively manages and operates ICTSI in a sound and prudent manner;
c. The organizational and procedural controls supported by effective management information and risk management reporting systems; and
d. An independent audit mechanism to monitor the adequacy and effectiveness of ICTSI's governance, operations, and information systems.

The internal control mechanism for the Board's oversight responsibility include:

a. Defining the duties and responsibilities of the President;
b. Selecting or approving an individual with appropriate competence, vision, integrity and experience to fill the President's role;
c. Reviewing proposed senior management appointments;
d. Ensuring that the selection, appointment and retention of qualified and competent management and officers holding control functions; and
e. Reviewing ICTSI's personnel and human resource policies and its sufficiency, conflict of interest situations, changes to the compensation plan for employees and officers and management succession plans.

The Company's Internal Audit Charter sets the framework within which the Audit & Compliance Group in achieving its objectives. The charter is reviewed and updated at least once every three (3) years or as often as necessary. The latest revision was approved by the Board and the Audit Committee on November 3, 2020.

Enrique K. Razon Jr.
President

Christian Martin R. Gonzalez
Executive Vice President

SENIOR VICE PRESIDENTS

Sandy A. Alipio
SVP, Global Financial Controller

Hans-Ole Madsen
SVP, Regional Head - Europe, Middle East and Africa

Rafael D. Consing, Jr.
SVP, Chief Financial Officer

Humberto Godfried Wieske
SVP, Head of Global Commercial

Anders Kjeldsen
SVP, Regional Head - The Americas

VICE PRESIDENTS

Caroline C. Causon
VP, Head of Financial Management and Budget

Brian Mark Hibbert
VP, Global Chief Information Officer

Nathan Clarke
VP, Head of Global Engineering - Infrastructure and Project Delivery

Emilio Manuel V. Pascua
VP, Global Mergers and Acquisitions

Robin Cruickshanks
VP, Head of Global Corporate Human Resources

Johan Swart
VP, Head of Global Engineering - Equipment Maintenance

Oversight Responsibility on Enterprise Risk Management

The Board of Directors is committed to establishing an organization that ensures Enterprise Risk Management (ERM) as an integral part of all its activities and a core capability. The senior management of ICTSI fully supports the implementation of ERM Policy as approved by the Board and is responsible for the development of ERM processes and the implementation of risk reduction strategies.

ICTSI established the ERM Committee consisting of the Chief Risk Officer, who is also the Committee Chairman, and members of the senior management; and provided for the responsibilities of the ERM Committee. In addition, there is the Board Risk Oversight Committee (BROC) primarily overseeing the overall risk management activities of ICTSI.

ICTSI has a formal ERM Policy that was approved and released in May 2016. Further revisions were made in May 2018, May 2019 and in May 2020 and accordingly approved by the BROC. In 2021, the ERM policy is reviewed regularly or as often as necessary.

Board Charter

The ICTSI Board of Directors strictly abides by and adheres to its Board Charter wherein its roles, responsibilities and accountabilities in carrying out its fiduciary roles are clearly set forth.

The Manual of Corporate Governance serves as ICTSI's Board Charter and is made publicly available through the ICTSI website: https://www.ictsi.com/governance.

Insider Trading Policy

ICTSI complies with laws, rules and regulations on Insider Trading. In particular, ICTSI's policy is to ensure that directors, officers and employees of the Company who are aware of any material, non-public information concerning the Company or a third party with whom the Company does business, shall not engage in any transaction in the Company's or such third party's securities through observance of a Blackout Period, which commences from the date when the material non-public information is obtained or is known and up to two full trading days after the price sensitive information is disclosed.

Effective July 1, 2021, Mr. Sandy A. Alipio was promoted as Senior Vice President, Global Financial Controller, and Mr. Emilio Manuel V. Pascua as Vice President, Global Mergers and Acquisitions. On September 15, 2021, Mr. Arnie D. Tablante was elected as the Company's Treasurer to serve the unexpired term of Ms. Gigi Iluminada T. Miguel who resigned effective on the day of the election of the new Treasurer.

Board Committees

In accordance with the ICTSI Manual on Corporate Governance and as a Governance Support Structure, the Board of Directors has established Board Committees to respectively focus on certain functions of the Board. This Governance Support Structure ensures effective and optimal performance by the Board, particularly, in the areas of audit, risk management, related party transactions and other key corporate governance concerns.

Each Board Committee has adopted a Committee Charter which lays down the committee purpose, composition, functions, and processes. These Charters are made available in the Company website.

Audit Committee

Chairman: ***Carlos C. Ejercito*** *(Independent Director)*
Member: ***Cesar A. Buenaventura*** *(Independent Director)*
Member: ***Stephen A. Paradies***

The Audit Committee is responsible for assisting the Board in fulfilling its oversight responsibilities to ICTSI's stakeholders relating to the Company's financial statements and financial reporting process, governance, and internal control systems, the internal and external audit process, and the Company's process for monitoring compliance with contracts, laws and regulations and the ICTSI Code of Business Conduct.

The Audit Committee is composed of majority of Independent Directors who maintains independence from Management and the controlling stockholder. It is required to meet at least four (4) times in a calendar year. Further, the Chairman of the Audit Committee is not a Chairman of the Board or any other Board Committee.

Corporate Governance Committee

Chairman: ***Cesar A. Buenaventura*** *(Independent Director)*
Member: ***Carlos C. Ejercito*** *(Independent Director)*
Member: ***Chief Justice Diosdado M. Peralta*** *(ret.) (Independent Director)*

The Corporate Governance Committee is responsible in ensuring that ICTSI fully complies with corporate governance principles and practices. The corporate governance framework is periodically reviewed by the Corporate Governance Committee to ensure that the framework remains appropriate in light of material changes in the Company's size, complexity and business strategy, as well as its business and regulatory environments. In measuring compliance with corporate governance, this Committee recommends and plans relevant continuing education and training programs for the members of the Board of Directors.

The Corporate Governance Committee is entirely composed of Independent Directors who meet at least twice a year to oversee the implementation of the corporate governance framework.

Nomination Sub-Committee

Chairman: ***Jose C. Ibazeta***
Member: ***Stephen A. Paradies***
Member: ***Carlos C. Ejercito*** *(Independent Director)*

The Nomination Sub-Committee is responsible in reviewing and evaluating the qualifications of all persons nominated to the Board. It determines the nomination and election process and has the special duty of defining the general profile of members of the Board which the Company may need. The Nomination Sub-Committee ensures that appropriate knowledge, competencies and expertise of new Directors complement the existing skills of the Board.

This Sub-Committee is composed of two Non-Executive Directors and one Independent Director who meet at least twice a year to assess the Board and its Committees, as well as the Senior Management of the Company.

Table 4 **Governance Support Structure**

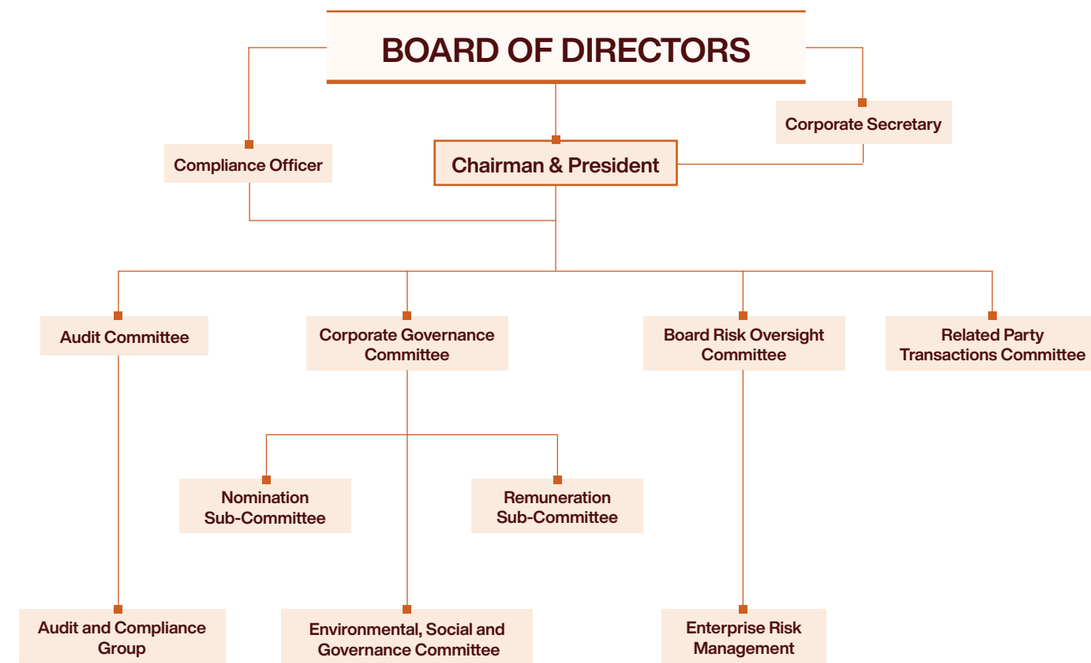


Table 5 **Board Committee Membership**

	Audit Committee	Corporate Governance Committee	Nomination Sub-Committee	Remuneration Sub-Committee	Environmental, Social and Governance Committee	Board Risk Oversight Committee	Related Party Transaction Committee
Chief Justice Diosdado M. Peralta (ret.)	-	M Independent	-	-	C Independent	M Independent	M Independent
Cesar A. Buenaventura	M Independent	C Independent	-	-	M Independent	M Independent	C Independent
Carlos C. Ejercito	C Independent	M Independent	M Independent	M Independent	-	M Independent	M Independent
Jose C. Ibazeta	-	-	C	-	-	-	-
Stephen A. Paradies	M	-	M	M	M	C	-
Andres Soriano III	-	-	-	C	-	-	-

Remuneration Sub-Committee

Chairman: ***Andres Soriano III***
Member: ***Stephen A. Paradies***
Member: ***Carlos C. Ejercito***
(Independent Director)

The Remuneration Sub-Committee was organized to establish a formal and transparent procedure for developing a policy on remuneration of the Directors and Key Officers to ensure that their compensation is consistent with the Company's culture, strategy and the business environment in which it operates.

This Sub-Committee is composed of two Non-Executive Directors and one Independent Director who meet at least twice a year to ensure that the remuneration levels are competitively set to attract and retain the most qualified and experienced executives.

Environment, Social and Governance (ESG) Sub-Committee

Chairman: ***Chief Justice Diosdado M. Peralta***
(ret.) (Independent Director)
Member: ***Stephen A. Paradies***
Member: ***Cesar A. Buenaventura***
(Independent Director)

In line with its Purpose "to make ports around the world a driver for positive and sustainable growth," the Company established in 2020 an Environment, Social and Governance (ESG) Sub-Committee under the Corporate Governance Committee. The ESG Sub-Committee is responsible for formulating policies and implementing programs which aim to develop and operate efficient and sustainable port facilities and deliver the highest possible benefits to Company's customers, partners, people, shareholders, and to the communities it serves.

The ESG Sub-Committee adopted its Charter in 2021. A copy of the Charter is available at the Company Website and can be directly accessed through this link: https://cdnweb.ictsi.com/s3fs-public/inline-files/ictsi_esg-committee-charter_vfinal_0.pdf

Chief Justice Diosdado Peralta (ret.) is the new Chairman of the ESG Committee.

During his tenure as Associate Justice, the Supreme Court of the Philippines in 2008 promulgated its decision in MMDA v. Concerned residents of Manila Bay for 13 government agencies to ensure the clean up, rehabilitation, and preservation of the Manila Bay, and restore and maintain its water to class SB level, which means that water is suitable for recreational activities such as swimming and skin diving.

Board Risk Oversight Committee

Chairman: ***Stephen A. Paradies***
Member: ***Carlos C. Ejercito***
(Independent Director)
Member: ***Cesar A. Buenaventura***
(Independent Director)
Member: ***Chief Justice Diosdado M. Peralta***
(ret.) (Independent Director)

The Board Risk Oversight Committee (BROC) is responsible for the oversight of ICTSI's risk management framework, including key strategic and operational risks, as well as the adequacy and effectiveness of its risk management system. Risk appetite levels and risk tolerance limits are annually reviewed by the Committee based on changes and development in the business, regulatory framework, external economic and business environment and when major events occur that are considered to have significant impact on the Company. The Committee also provides oversight over Management's activities in overseeing credit, market, liquidity, operational, legal and other risk exposures of the Company.

The BROC is composed of majority of Independent Directors. In accordance with its Committee Charter, it meets at least once every quarter, or as required by its Chairperson, preferably in conjunction with regular Board meetings, to discuss the Company's prioritized and residual risk exposures based on periodic management reports and to assess how the concerned units or officers are addressing and managing these risks.

Related Party Transaction Committee

Chairman: ***Cesar A. Buenaventura***
(Independent Director)
Member: ***Carlos C. Ejercito***
(Independent Director)
Member: ***Chief Justice Diosdado M. Peralta***
(ret.) (Independent Director)

The Related Party Transaction Committee (RPTC) is responsible in assisting the Board to ensure the integrity and transparency of related party transactions between and among ICTSI and its joint ventures, subsidiaries, associates, affiliates, major stockholders, officers and directors including their spouses, children and dependent siblings and parents, as well as interlocking director relationships by members of the Board to protect ICTSI's interest.

The RPTC ensures that appropriate disclosure is made, and/or information is provided to regulators and government authorities in connection with the Company's related party transactions exposures, and policies on conflicts of interest or potential conflicts of interest. Such transactions with related parties, including write-off of exposures, are subject to a periodic independent review or audit process.

The RPTC is composed of majority of Independent Directors, including the Committee Chairman who meet periodically to ensure that related party transactions are not undertaken on more favorable economic terms to such related parties than similar transactions with non-related parties of the Company, and to determine any potential reputational risk issues which may arise as a result of, or in connection with, the transactions.

Table 6 **2021 Board Committee Meetings**

BOARD COMMITTEE	DATE OF MEETINGS
Audit Committee	▪ March 2, 2021 ▪ May 4, 2021 ▪ August 3, 2021 ▪ November 3, 2021
Corporate Governance Committee	▪ March 5, 2021 ▪ July 30, 2021 ▪ September 15, 2021 ▪ November 3, 2021
Nomination Sub-Committee	▪ March 5, 2021 ▪ July 30, 2021 ▪ September 15, 2021
Remuneration Sub-Committee	▪ December 21, 2021
Board Risk Oversight Committee	▪ March 2, 2021 ▪ May 4, 2021 ▪ August 3, 2021 ▪ November 3, 2021
Related Party Transaction Committee	▪ March 2, 2021 ▪ May 4, 2021 ▪ August 3, 2021 ▪ November 3, 2021
Environmental , Social and Governance (ESG) Sub-Committee	▪ August 3, 2021 ▪ November 3, 2021

Attendance and Participation

The Board ensures a minimum quorum of 2/3 for board decisions and the Directors are always enjoined to render active participation in each Board meeting. The agenda and materials are sent in advance to the members of the Board to ensure that the Board has accurate and complete information which will enable the Directors to make appropriate and sound decisions. The Office of the Corporate Secretary provides the agenda and materials for a Board meeting at least five (5) workings days in advance.

The Board of Directors hold regular meetings on every third week of each month, and special meetings as may be allowed by the Company's By-Laws. The regular meetings are scheduled before the start of the calendar year. The Regular Board Meetings for 2022 were scheduled and approved by the Board last December 21, 2021.

In compliance with Section 52 of Revised Corporation Code and SEC Memorandum Circular No. 06-2020, the Company has adopted a policy on the attendance and participation of Directors and stockholders in regular and special meetings through teleconferencing, videoconferencing and other remote or electronic means of communication. On June 18, 2020, the Company held its first virtual Annual Stockholders Meeting through https://ictsi.com/2020asm.

Each member of the Board gave notice of their respective intent to accept directorships in other companies for the year 2021 and early 2022. This is to ensure the capacity of each Director to diligently and efficiently perform duties and responsibilities.

As part of digital solutions initiative and in compliance with Section 52 of the Revised Corporation Code and SEC Memorandum Circular No. 06-2020, the Company has developed an online platform, through Global Corporate Legal Affairs, called Corporate Governance Portal or "CG Portal", where the Board can participate in virtual board meetings and exercise their rights to cast their votes via remote communication. Serving both as digital briefcase and virtual meeting room, the Members of the Board are also given quick access to the basic information of the Company, presentation materials and minutes of the meetings.

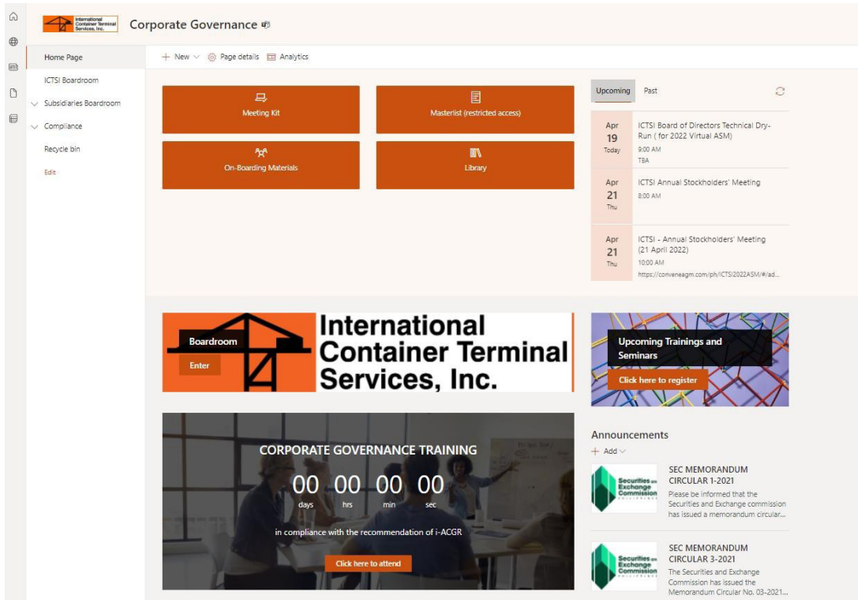


Table 7 2021 Board Meetings Attendance

BOARD COMMITTEE	DAYS PRESENT/ TOTAL NO. OF MEETINGS HELD*	NO. OF MEETINGS ATTENDED	% OF ATTENDANCE
Enrique K. Razon, Jr.	24	24	100%
Cesar A. Buenaventura	24	23	95%
Carlos C. Ejercito**	19	18	95%
Chief Justice Diosdado M . Peralta (ret.)***	10	10	100%
Jose C. Ibazeta	24	23	95%
Stephen A. Paradies	24	23	95%
Andres Soriano III	24	22	92%

**including Organizational Board Meeting*
*** Elected on April 15, 2021*
****Elected on August 6, 2021*

Table 8 **Highlight of Transactions Approved by the Board of Directors in 2021**

1. Availment, amendment, and renewal of credit, risk and term loan facilities with various banks
2. Guarantees involving loan facilities of subsidiaries in various banks
3. Appointment of Attorneys-in-Fact for various transactions
4. Election of Chief Justice Diosdado M. Peralta (ret.) as new Independent Director to replace Mr. Joseph R. Higdon
5. Promotion of Sandy A. Alipio as Senior Vice President, Global Financial Controller Emilio Manuel V. Pascua as Vice President, Global Merger and Acquisitions.
6. Election of Mr. Arnie D. Tablante as new Treasurer to replace Ms. Gigi Iluminada T. Miguel
7. Approval of the 2021 Governance Support Structure
8. Awarding of shares under Stock Incentive Plan
9. Declaration of regular and special cash dividends
10. Plans to use the dividends received from the Company's foreign subsidiaries to fund the Company's working capital requirements, and dividend distributions, among others
11. Signing of Share Purchase Agreement with Prime Strategic Holdings, Inc. (PSHI) to acquire 100% of the shares of Manila Harbour Center Port Services, Inc. (MHCPSI)
12. Transfer of Issuer's shares by IWI Container Terminal Holdings, Inc.
13. Tender Offer Relating to Senior Guaranteed Perpetual Securities of Royal Capital B.V. and Guarantee of New Senior Notes
14. Terms and Conditions of New Senior Notes of ICTSI Treasury B.V
15. Setting of 2022 Board Meeting Schedules
16. Intercompany loans

Independence

Independent Directors

As provided by law, the Independent Directors of the Company must constitute at least 20% of the membership of the Board, or two of the seven seats in the ICTSI Board. As a continuing effort to comply not only with the minimum requirements of law but also with the best practices in good corporate governance, the Board in 2019 increased the two seats for an Independent Director to three seats. Hence, the Company now has three Independent Directors.

Pursuant to SEC Memorandum Circular No. 4-2017, Independent Directors serve a maximum cumulative term of nine years and are barred from re-election but may continue to be qualified as a non-Independent Director. This term imposition is reckoned from 2012. In the instance that the Company wants to retain an Independent Director who has served the maximum term, the Board must provide meritorious justifications and seek stockholders' approval during the Annual Stockholders' Meeting.

Hence, in the cases of Mr. Octavio V. Espiritu and Mr. Joseph R. Higdon who reached their 9-year limit in 2021, they were not nominated for re-election as Independent Directors in observance of the SEC's prescription for term limit.

The current set of Independent Directors are then the following:

- Mr. Cesar A. Buenaventura, elected on April 15, 2021;
- Mr. Carlos C. Ejercito, elected on April 15, 2021; and
- Chief Justice Diosdado M. Peralta (ret.), elected on August 6, 2021.

Each Independent Director is independent of Management and free from any business or other relationship which could reasonably be perceived to materially interfere with his/her exercise of independent judgment in carrying out the responsibilities as a Director.

ICTSI has no By-Laws provisions, stockholder agreements, or other arrangements that will constrain the Independent Directors' ability to vote independently.

Chairman and President
Mr. Enrique K. Razon Jr. is the Company's Chairman of the Board and President.

The Company finds it practicable and more efficient to unify the positions of the Chairman of the Board and the President considering the nature of its business. Pursuant to ICTSI's Manual on Corporate Governance, given that these positions are unified, the proper checks and balances are put in place and the respective duties and responsibilities of the Chairman and the President are clearly defined to ensure that the Board of Directors gets the benefit of independent views and perspective.

Also, the Non-Executive Directors conduct separate periodic meetings without the presence of any Executive to evaluate the performance of the Board and the Management and may call on the external auditor and/or heads of internal audit, compliance and risk as resource persons.

Assessment System

To determine and measure compliance by the Board with the Manual on Corporate Governance, the Board adopted in 2018 an Annual Board and Management Assessment System to ensure effectiveness and identify the areas of improvement of governance practices.

The Assessment is done annually and, following the recommendations both under the SEC Code of Corporate Governance for Publicly Listed Companies and the ASEAN Corporate Governance Scorecard, the Company commits to engage the services of an external facilitator every three years to evaluate and support the results of the Self-Assessments.

For this purpose, the Company engaged the services of the Good Governance Advocates and Practitioners of the Philippines, Inc. ("GGAPP") to facilitate the evaluation.

Results of the 2019 Board and Management Assessment. The evaluation conducted by GGAPP was presented by the Company's Global Corporate Legal Affairs ("GCLA") to the Board of Directors, Chief Risk Officer, Compliance Officer, and Head of Internal Audit. GCLA also discussed the recommendations by the external facilitator and actions to be taken by the Board, Committee Members and Key Officers to address the issues raised in the evaluation.

A Stockholders' Feedback mechanism is also included in the Assessment System. Comments and concerns on Board performance are collected during the Annual Stockholders Meeting.

A copy of the Certificate of Third Party Board Evaluation issued by GGAPP is available in the Company Website under its Reports and Compliance of the Governance section.

Further improvements in the Assessment System were introduced in 2021 to enhance the scope and method. The latest Assessment includes a Board Self-Assessment as well as Assessment of the Management as led by the President and the Chief Risk Officer, Compliance Officer, and Head of Internal Audit. A Stockholders' Feedback mechanism is also included, which provides for collection of comments and concerns on Board performance especially during the Annual Stockholders Meeting.

Annual Board and Management Assessment System
- A. Board Appraisal
  - 1. Collective Board Assessment
  - 2. Board Committee Assessment
  - 3. Individual Director Assessment
- B. Assessment of Management
- C. Stockholders' Feedback

GCLA has rolled out the 2021 Board and Management Assessment for completion during the first quarter of 2022.

Code of Business Conduct

The Code of Business Conduct serves as the framework of all the business values and principles of the Company. which sets out what is expected of every employee, officer, director, consultant, contractors, business partners and other external third parties working with or acting with, for or on behalf of ICTSI. This shall provide guidance to all ICTSI employees, suppliers, vendors and third parties acting on its behalf. This policy sets out procedures specifically targeted at addressing corruption risks. Through this policy, ICTSI is able to embed the culture of anti-corruption practices to its personnel, as evident in its intensified campaigns done during the New Employee orientation programs, and through refresher courses during employee engagement programs and fora. ICTSI is in the process of further re-strengthening this policy by providing for more stringent penalties in case of violation. Employees are constantly reminded on the importance of ICTSI's anti-bribery and anti- corruption obligations by reminding them that the policy sets out operating procedures specifically targeted at combating corruption risks to ensure that ICTSI operates in accordance with applicable regulations.

ICTSI holds itself to the highest ethical standards, and is committed to acting with integrity in its business dealings and relationships, both locally and internationally. ICTSI complies with the relevant anti-corruption legislations in all the countries where it has a presence, such as the US Foreign Corrupt Practices Act and the UK Bribery Act. Local business customs and/or culture shall never be a valid reason for engaging in bribery and other corrupt practices. ICTSI employees are prohibited from asking for, accepting or receiving bribes, or any other personal benefit that would induce the employee to breach his/her duty to act in good faith, to act impartially or in accordance with a position of trust. ICTSI also strictly implements its programs against tipping and other forms of extortion

To promote anti-corruption and transparency in dealings with suppliers, ICTSI uses an e-sourcing system as a medium to send requests for quotations and for suppliers to submit their quotations accordingly. This means that suppliers shall send quotes through this system instead of via e-mail, fax, hard copy, phone call, etc. This provides a more systematic process of submitting quotations for a single requirement and promotes transparency and fairness amongst vendors.

Disclosure and Transparency

The Board establishes corporate disclosure policies and procedures to ensure a comprehensive, accurate, reliable and timely report to all stockholders and other stakeholders on ICTSI's financial condition, results and business operations.

ICTSI's disclosures are posted and are made available on the respective websites of the Company, the Philippine Stock Exchange (PSE) and the Philippine Securities and Exchange Commission.

Corporate Disclosure Policies

ICTSI believes that the essence of corporate governance is transparency. The Company ensures that its internal workings are transparent as assurance to all stakeholders that the Management is leading the Company and appropriating its assets properly and effectively.

The Company, through full, fair, timely and accurate disclosures, complies with all disclosure requirements under the law. ICTSI promptly makes available in the Company's website (under Investor Relations/Disclosures section) all information disclosed to the PSE and the SEC.

Further, ICTSI requires all dealings of all Directors, Key Officers and controlling stockholders in the Company's shares to be disclosed to the PSE and the SEC within three (3) trading days from the date of transaction. The transactions include any acquisition, disposal or change in shareholdings.

Annual and Quarterly Reports

ICTSI's Annual and Quarterly Consolidated Reports, cash flow statements, and special audit revisions are made available through the Company's website within ninety (90) days from the end of the fiscal year, while interim reports are published within forty-five (45) days from the end of the reporting period.

Table 9 2021 Annual Reports and Quarterly Consolidated Reports

REPORT	DISCLOSED AND PUBLISHED DATES	DAYS FROM THE END OF REPORTING PERIOD
2020 Annual Report and Audited FS	March 4 , 2021	63
1Q 2021 (For quarter period ended Mar 31, 2021)	May 6 , 2021	36
2Q 2021 (For quarter period ended June 30, 2021)	August 5 , 2021	36
3Q 2021 (For quarter period ended Sept 30, 2021)	November 4, 2021	35
2021 Annual Report and Audited FS	March 3 , 2022	62

Dealings in Company Shares

Directors, Officers, and controlling stockholders are required to report their dealings in Company shares within three (3) business days from the date of the ICTSI share-related transactions. ICTSI discloses to the PSE and SEC the ownership (direct and indirect) and any acquisition or disposal of ICTSI securities by ICTSI Directors, Officers and controlling stockholders pursuant to the PSE Revised Disclosures and the Securities Regulations Code. ICTSI Directors and Key Officers are likewise prohibited from buying or selling ICTSI securities during the period within which material non-public information is known or obtained and up to two (2) full trading days after the price sensitive information is disclosed. The Company also discloses purchases of its shares from the market within the same day or before the start of the next trading day.

Conflict of Interest

ICTSI has implemented a Conflict of Interest Policy to guide all ICTSI Group personnel to conduct business in a manner where undue personal or financial interests do not influence their business judgment and decision making. The Policy defines a Conflict of Interest situation and requires all personnel to read, understand, and comply with the Policy. The Policy details how to disclose a Conflict of Interest and how to appropriately address such situations.

ICTSI Group personnel are also required to fill out a Conflict of Interest Disclosure Form and an Undertaking prior to their assumption of their roles.

Corporate Disclosures provide transparency to actual, potential, or perceived Conflict of Interest risks to the ICTSI Group. ICTSI discloses all relevant and material information on individual board members and key executives to evaluate their experience and qualifications, and assesses any potential conflicts of interest that might affect their judgment (i.e. academic qualifications, share ownership in the Company, membership in other boards, other executive positions, professional experiences, expertise and relevant trainings attended).

Violations and breaches of this Policy shall not be tolerated and may lead to disciplinary and other actions up to, and including, termination of employment.

The ICTSI Global Corporate Human Resources is responsible for ensuring Conflict of Interest Disclosure Forms and Undertakings are completed by new hires prior to the start of their employment. Employees are likewise required to disclose any potential Conflict of Interest that may arise during his/her employment with the Company.

Section 8.2, Manual on Corporate Governance:

Disclosure and Transparency

"All material information, i.e. anything that could potentially affect share price, and which could adversely affects its viability or the interest of its stockholders and other stakeholders should be publicly and timely disclosed in the manner provided by law. Such information would include earnings results, acquisition or disposal of major asset, board changes, related party transactions, shareholdings of directors and changes to ownership. Other information that should be disclosed includes remuneration of all directors and senior management as provided in applicable disclosure rules, corporate strategy, and off-balance sheet transactions. All disclosed information should be released via the approved stock exchange procedure for company announcements or through the annual report and other structured or unstructured reports provided by law"

Policies for Board and Executive Remuneration

The Board and Executive Remuneration Policy aims to ensure that ICTSI can attract, retain, incentivize and motivate key executives across the globe by providing clear and guiding principles that will safeguard fair, competitive and transparent pay for the markets in which ICTSI operates. To achieve its business objectives, ICTSI offers competitive base pay, broad use of equity with a competitive vesting schedule, innovative cash incentive plans and executive benefit plans reviewed and approved by the Remuneration Committee.

The Remuneration Committee, supported by the Global Corporate Human Resources and independent external adviser as may be required, adopts an integrated and stakeholder-inclusive approach to rewards, remuneration and governance in the best interest of the Company, taking into account its Purpose and Values.

During the Regular Board Meeting held on December 21, 2021, the Board aligned the remuneration of Directors and Key Officers with the long-term interests of the Company. In determining the proper compensation, the Board ensured that (i) the level of remuneration is commensurate to the responsibilities of the role, (ii) no Director participated in the deliberation involving his own remuneration, and (iii) the remuneration pay-out schedules is sensitive to the overall risk profile of the Company. For those with control functions, their remuneration was based principally on the achievement of their objectives and independent of any business line they oversee.

Related Party Transactions

Under the Rules on Material Related Party Transactions for Publicly Listed Companies (PLCs) as embodied in Memorandum Circular No. 10-2019 of the Philippine Securities and Exchange Commission (SEC), Related Party Transactions (RPTs) amounting to ten percent (10%) or higher of a company's total assets are considered as MRPT and must be reported to the SEC through an Advisement Report within three (3) calendar days after the execution date of the transaction.

All RPTs entered into by the Company are done on a "fair and at arm's length" basis and to the best interest of the Company and its stockholders. The RPTs do not meet the threshold for Material Related Party Transaction (MRPT).

For the year 2021, the Company did not enter into any MRPT. Hence, no MRPT was reviewed and approved by the Related Party Transaction Committee.

The Company requires all the members of the Board of Directors to disclose any interest in RPTs or any other conflict if interests. Section 2.7. of the CG Manual provides that a director's office is one of trust and confidence and one of its duties responsibilities is to conduct fair business transactions with ICTSI and ensure that personal interest does not bias Board decisions or does not conflict with ICTSI's interest.

Disposal and Acquisition of Assets

All material information, i.e. anything that could potentially affect share price, and which could adversely affect its viability or the interest of its stockholders and other stakeholders are publicly and timely disclosed in the manner provided by law. Such information would include earnings results, acquisition or disposal of major asset, board changes, related party transactions, shareholdings of directors and changes to ownership. Other information that should be disclosed includes remuneration of all Directors and Key Officers as provided in applicable disclosure rules, corporate strategy, and off-balance sheet transactions.

All disclosed pieces of information are released via the approved stock exchange procedure for company announcements or through the annual report and other structured or unstructured reports provided by law.

In case of acquisition or disposal of assets, the Board of Directors appoints an independent party to evaluate the fairness of the transaction price may vary per transaction.

Disclosures on shareholder agreements, voting trust agreements, confidentiality agreements and such other agreements that may impact on the control, ownership, and strategic direction of the Company may be found in the Company's website (https://www.ictsi.com/investors/reports-and-presentations/disclosures).

Manual on Corporate Governance

ICTSI adopted a Manual on Corporate Governance ("Manual") to serve as the framework of rules, systems and processes that governs the performance of the Board of Directors and Management.

Following its adoption in 2013 and subsequent revision and submission to the Philippine government through the Securities and Exchange Commission (SEC) in 2017, the Manual outlines the duties and responsibilities of the Board in overseeing the interests of all stockholders. ICTSI continues to uphold such principles and policies and employs them as guidance towards efficient and right decision-making. The most recent updates and revisions on the Manual were made on May 16, 2017 and duly submitted to the Philippine Securities and Exchange Commission and the Philippine Stock Exchange.

The Manual serves as a guide for ICTSI, its Board of Directors, officers and employees to enhance ICTSI's value and optimize, over time, the returns to its stockholders by:

a. Sound, prudent, and effective management;
b. Implementing efficient and effective management information systems;
c. Effective risk management;
d. Preparing reliable financial and operational information;
e. Cost effective and profitable business operations; and
f. Compliance with laws, rules, regulations and contracts.

External Audit

The Audit Committee makes recommendations to the Board of Directors concerning the

The principal external auditors of ICTSI is the firm **Sycip Gorres Velayo & Co. (SGV)**. ICTSI has engaged ***Mr. Roel E. Lucas***, partner of SGV, for the audit of the ICTSI's books and accounts in 2021. Out of 2,139,444,312 represented shares recorded during the Annual Meeting, 2,125,135,818 shares were casted in favor of the reappointment of external auditors.

Table 10 **2021 Fees for External Auditors**

FEES	DESCRIPTION	AMOUNT*
Audit Fees	These include the audit of the ICTSI Group's annual financial statements.	**USD 1,469.3**
Audit-Related Fees	These include the review of interim financial statements and issuance of comfort letters for the capital market raising transactions of the Group.	**406.2**
Tax Fees	Tax fees paid to SGV & Co./Ernst & Young are for tax compliance, tax advisory services and transfer-pricing studies. Higher amount in 2019 was mainly due to increased number of engagements on tax advisory and on tax planning for the restructuring of the subsidiaries.	**238.9**
Other Fees	Other fees include due diligence services related to business development, sustainability reporting, studies and other various one-time engagements. Higher amount in 2019 was mainly due to the Group's initiatives to seek for new project opportunities	**87.7**

**In thousands*

The 2021 edition provides an even more comprehensive attestation of our long-term commitment to sustainability. In this report, ICTSI strengthens disclosures on ESG, in line with its responsibilities to identify, measure, and manage its impacts across areas of operations. Apart from a macro view of the Company's sustainability priorities, initiatives, and performance, this edition covers 30 currently operational ICTSI ports, out of our expanding roster of 34 terminals.

external auditors and pre-approves audit plans, scope and frequency before the conduct of the external audit. It also reviews the nature of the non-audit related services rendered by the external auditors and the appropriate fees paid for these services.

The Company has a policy of rotating the lead audit partner every five (5) years. Section 5.2.3 of the Company's CG Manual provides that the external auditor shall be rotated or the handling partner of the auditing firm handling the external audit shall be changed at least every five (5) years.

Economic, Environmental, Social and Governance (EESG) Issues

ICTSI is committed to a principled Corporate Stewardship of its people, customers, corporate resources, and the environment. ICTSI is also committed to substantive development partnerships, where both communities and sectors are empowered. The long-term and overarching vision remains fixed: ensuring that the broadening impact of genuine Good Global Citizenship is squarely apace with ICTSI's expanding corporate footprint.

Beginning with fiscal year 2017, ICTSI began documenting its sustainability journey with the launch of its Annual Sustainability Report. The initial report in 2017 focused on the flagship operations of Manila International Container Terminal and has broadened its scope in 2018 and 2019 covering the eight major terminals in the ICTSI Portfolio.

This commitment has been further deepened and cascaded to all its stakeholders through ICTSI's reshaped Purpose which moves the Company, particularly the leadership, as it reaches 33 years of operations and embark on the next goal for the years to come: the goal to make ports around the world a driver for positive and sustainable growth. Hence, in its fourth edition for 2020, the report presents the Company's full-speed-ahead commitment. ICTSI is building on lessons learned and gains made in 2019, casting a much wider net and covered 24 of the then 32 terminals in its global portfolio.

ICTSI continues to adopt the Global Reporting Initiative (GRI) Standards. Launched in 2017, it is one of four globally accepted frameworks allowed by the Philippine Securities and Exchange Commission (SEC) for sustainability reporting, particularly by companies listed in the Philippine Stock Exchange. This report has been prepared in accordance with GRI Standards: Core option. Indicating data on the GRI Topic-Specific Standards and Topic-Specific Disclosures.

Channels of Communication

ICTSI communicates to its stockholders through various methods for effective information dissemination and encourage engagement with the Company beyond the Annual Stockholders' Meeting. The Company implements various communication programs and optimizes media channels and platforms to achieve this purpose.

Company announcements

- Emails (such as Investor Relations email distribution list)
- Press and photo releases and/or media advisories
- Magazine publications
- Print and digital publications (such as Annual Reports, company newsletters, and websites)
- Quarterly Investors' Briefing
- Corporate disclosures with regulatory agencies

Meetings

- Face-to-face and virtual meetings with key investors and analysts
- Investment conferences (roadshow and the non-deal roadshows) arranged by banks / investment houses
- Site visits by stakeholders
- Meetings with the media (group of reporters in a beat or individually among journalists)

Website

- ICTSI's official website is www.ictsi.com. The Company website is utilized to provide information on ICTSI's corporate governance and all other important and relevant company matters, such as financial, operational and share information; downloadable annual reports, corporate documents and disclosures; notices, minutes and reference materials of the Company's major events; news and other reports. It also serves as a channel for stakeholders to voice their concerns and suggestions, or to submit complaints for possible violation of their rights and other grievances.

Further to the previous editions, we report the six major impact areas—Environment, Governance, Economy, Employees, Customers and Society. We likewise maintain the tracking of our Group's progress and contributions to the United Nations Sustainable Development Goals (UN SDGs).

We continue to review and realign our Sustainability Reporting Framework, taking into account emerging issues, interests of stakeholders, and our environmental, social, and governance materiality topics.

ICTSI Sustainability Milestones

1987

December
Incorporated by the Razon Group, the Soriano Group, and Sea Land Services Inc. to bid for the concession of the Manila International Container Terminal (MICT).

1988

May – June
Awarded the MICT 25+25-year concession, beating six other international consortia; took over operations and immediately rolled out projects for infrastructure upgrades and computerization, among others.

1992

March
Listed in the Makati and Manila Stock Exchanges (now the Philippine Stock Exchange), where it eventually became part of the bourse's composite index.

June
Joined the Philippine Business for Social Progress, marking the start of the Group's corporate citizenship program.

2009

May
Established the ICTSI Foundation Inc. as its corporate citizenship arm that plans, implements, manages and monitors the Group's CSR initiatives.

2010

January
ICTSI Foundation officially began operations, initially working in host communities of the MICT and other Philippine terminals, with CSR projects along three development areas: education, community welfare and sports.

2018

March
Launched the Group's maiden Sustainability Report covering 2017 with Economic, Social and Governance (ESG) material issues and disclosures, focused on MICT as its first and flagship terminal

2019

March
Expanded sustainability reporting coverage of 2018 to include seven other major ports, with material issues considered in all eight major port operations and preliminary ESG targets based on industry benchmarks

May
Celebrated the 10th anniversary of the ICTSI Foundation, impacting 300,000 lives thus far

2020

March
Measured ESG performance in 2019 against previously established benchmarks, attaining incremental changes and exhibiting reductions in several key areas of negative impacts; Commenced nationwide COVID-19 response

2021

March
Expanded sustainability reporting coverage in 2020 to 24 terminals in ICTSI's global portfolio

2022

March
Further expanded sustainability reporting coverage in 2021 to 30 terminals

Integrity in Management

ICTSI adheres to the principles of integrity, transparency and proper governance in the conduct of our Company affairs. In relation to this, the Company implements an efficient enterprise risk management framework and internal control system.

For 2018, the Board ratified and approved the actions of the Audit Committee and the Board Risk Oversight Committee regarding the adequacy of the Company's material controls and risk management system.

Internal Control

Management has established a sound internal control system within ICTSI through directed leadership, shared values and a culture that emphasizes accountability for control. This enables ICTSI to effectively and efficiently develop systems of internal control that adapt to changing business and operating environments, mitigate risks to acceptable levels, and support sound decision making and governance of the organization.

ICTSI's internal control is effected by the board of directors, senior management, and all levels of personnel to provide reasonable assurance on the achievement of objectives through:

- efficient and effective operations
- reliable, complete and timely operational, financial and management information
- compliance to applicable laws and government regulations
- adoption of the organization's policies and procedures

Management ensures that all business units have in place adequate and effective internal controls for the conduct of their business taking into account their size, risk profile and complexity of operations.

The Audit & Compliance Group helps to monitor ICTSI's internal control systems by providing timely feedback and appropriate recommendations for the improvement of risk management, internal controls and governance processes.

Head of Internal Audit
Effective October 1, 2020, ***Ms. Catherine R. Castro*** was appointed as Head of Internal Audit. Ms. Castro joined ICTSI's Audit and Compliance Group in September 2014. Prior to this, she worked with the Financial Assurance Services of SyCip Gorres Velayo & Co. (a member firm of Ernst & Young Global Limited) for more than 12 years. She has extensive experience in auditing variety of clients ranging from local companies to major publicly listed companies and multinational conglomerates, with exposure to various industries including media and entertainment, real estate, construction, manufacturing, business process outsourcing, pharmaceuticals, and nonprofit organizations.

Ms. Castro is a Certified Internal Auditor and a Certified Public Accountant. She graduated from Saint Louis University, Baguio City, in 2001 with a degree in Bachelor of Science in Accountancy (Cum Laude).

As of March 1, 2022, the Board of Directors and the Audit Committee have reviewed ICTSI's internal control, as Management have determined as necessary, to enable the preparation of the Company's consolidated financial statements free from material misstatement, whether due to fraud or error.

Sycip Gorres Velayo & Co., ICTSI's independent auditors, have audited the consolidated financial statements for 2021 in accordance with Philippine Standards on Auditing, and in their report to the stockholders, have expressed their opinion on the fairness of presentation upon completion of such audit.

IT Governance and Cyber Resilience

ICTSI recognizes that it operates in a world where Cyber Risks are considerable and present a clear and present danger in terms of both data security and system resilience to cyber-attack. As such, the Company, through the Office of the Vice President – Global Chief Information Officer, takes a leading approach to its information and cyber security on multiple levels.

Our People

In most organizations, the employees themselves present the highest cyber security risk not through malicious behavior but through targeted phishing and business email compromise attacks. Hence, ICTSI seeks to provide a cyber-safe environment through the following ways:

- Artificial Intelligence (AI) driven real-time end point protection on all company servers and end user computing devices;
- Multi-Factor Authentication required for all employees accessing ICTSI services;
- Quarterly cyber security awareness training mandated for all employees and with completion and success rate tracked;
- Internal phishing campaigns to assess awareness effectiveness; and
- Policies covering all aspects of information technology deployment and use within ICTSI including:
  - Security Awareness Training Policy
  - Workstation Policy
  - Mobile Device Security Policy
  - Acceptable Use Policy
  - Email Protection Policy
  - Password Policy
  - Access Control Policy

Furthermore, recognizing that exposure to an incident despite all measures of protection is likely, the Company has developed a global Incident Response Plan along with Business Continuity and Disaster Recovery Plans.

Our Processes

Financial governance has been further strengthened in 2019 with the deployment of a digital sourcing and procure-to-pay platform. Using SAP Ariba, the Company is able to trace all stages of sourcing, purchasing, goods receipt and payment and ensure that our processes are also an integral part of our resilience to business email compromise and spear-phishing attacks.

Our Information Technology Landscape

ICTSI has outsourced data center operations with stringent security services and service level agreements included, thereby, leveraging the scale of operations at a world class data center.

In addition, the Company has also taken best practice measures to manage the threat landscape including:

- Real-time vulnerability scanning across all networks and devices globally driving global, regional and local business unit vulnerability assessments and remediation support; and
- Global log collection across all devices feeding an outsourced 24/7 Security Operations Center and Security Incident and Event Management service, which real-time monitoring provides instant and early threat detection and response.

As a port operator, ICTSI is often identified as a provider of "National Critical Infrastructure." In multiple cases, this has resulted in ICTSI being required to meet certain minimum standards. The Company has been able to meet or even exceed these requirements based on its own proactive and existing cyber security approach.

Enterprise Risk Management

ICTSI and its subsidiaries' geographically diverse operations expose the ICTSI Group to various business risks, particularly competition, commercial, economic, political and foreign exchange risks, which movements may materially impact the financial results of the Group. ICTSI established the Enterprise Risk Management (ERM) System to be readily responsive to the dynamic business environment in which we operate.

The ERM System helps identify and manage the ICTSI Group's key risks in support of ICTSI's Purpose to achieve its overall strategy and business objectives. Effective August 2018, ICTSI's ERM Methodology follows the Committee of Sponsoring Organizations of the Treadway Commission's 2017 ERM Framework: Enterprise Risk Management – Integrating with Strategy and Performance.

Chief Risk Officer

The Chief Risk Officer (CRO) is the ultimate champion of ERM in ICTSI and reports directly to the President. The CRO has the following responsibilities:

- Approves the ERM Policy and related guidance.
- Approves ERM priorities, tolerance, measures, strategies and action plans.
- Supervises the entire risk management function and spearheads the development, implementation, maintenance and continuous improvement of ERM processes and tools.
- Ascertains the sufficiency and effectiveness of the components of the risk infrastructure that are in place for managing risk, which includes policies, processes, people, management reports, methodologies, systems and data.
- Communicates the top risks and the status of implementation of risk management strategies and action plans to the Board Risk Oversight Committee.
- Collaborates with the President in updating and making recommendations to the BROC.
- Conducts targeted risk analysis outside routine risk management and reporting process as advised.
- Ensures that a sufficient resource of the organization is allocated in pursuing ERM initiatives, strategies and action plans.
- Reports to the BROC on a regular basis about ERM.

Effective October 1, 2020, ***Mr. Christian R. Gonzalez*** was appointed by the Board of Directors as CRO. Prior to his current role, he served as the Director General and Chief Executive Officer (CEO) of Madagascar International Container Terminal Services Ltd. (MICTSL), which operates the port in Toamasina, Madagascar, and thereafter, appointed as the Vice President and Head of Asia Pacific Region & Manila International Container Terminal. When he first joined the ICTSI Group in 1997, he worked in various Operations departments before he was appointed as the Assistant Manager for Special Projects of ICTSI Ltd. He was named Manila International Container Terminal (MICT) Operations Manager in 2003. In 2006, he was designated as the Chief Operating Officer and later CEO of MICTSL in 2009. In 2010, he was designated as a Director of Bloomberry Resorts and Hotels, Inc. and The Country Club. In 2012, he was appointed as the Head of ICTSI's Business Development for Asia region. He was also appointed as the President of ICTSI Foundation, Inc. on April 15, 2016. He is currently the Chairman, President and Director of various ICTSI Subsidiaries.

Mr. Gonzalez is a graduate of Instituto de Estudios Superiores de la Empresa (IESE) Business School, the graduate school of management of the University of Navarra, in Barcelona, Spain, where he received his Bilingual Masters in Business Administration. He received his Bachelor's Degree in Business Administration from Pepperdine University in California.

The ERM Process

ICTSI is performing the ERM Process by following these key steps:

- Establish risk management context, goals and objectives and risk oversight structure
- Assess business risks
- Develop risk treatment strategies
- Develop and implement risk management action plans
- Monitor and report on the ERM Process
- Continuously improve the ERM Process

Semi-annually, the corporate functions, business development/regional offices and business units performs risk assessment based on the Key Business Risks as identified in ICTSI's risk profile applicable to each of the respective business functions and areas.

The ERM system is quarterly reviewed by the ERM Committee and Board Risk Oversight Committee. The importance of managing key business risks has significantly increased considering the heightened volatility in both the Philippine and international financial markets.

Risks Relating to the ICTSI Group's Business

The ICTSI Group' geographically diverse operations expose it to various risks which may materially impact its financial results. The importance of managing these risks has significantly increased in light of the heightened volatility in both the Philippine and international financial markets. With a view to managing these risks, the ICTSI Group has incorporated a financial risk management function in its organization, particularly in the Treasury operations.

The ICTSI Group's business is highly dependent on regional and global economic trends.

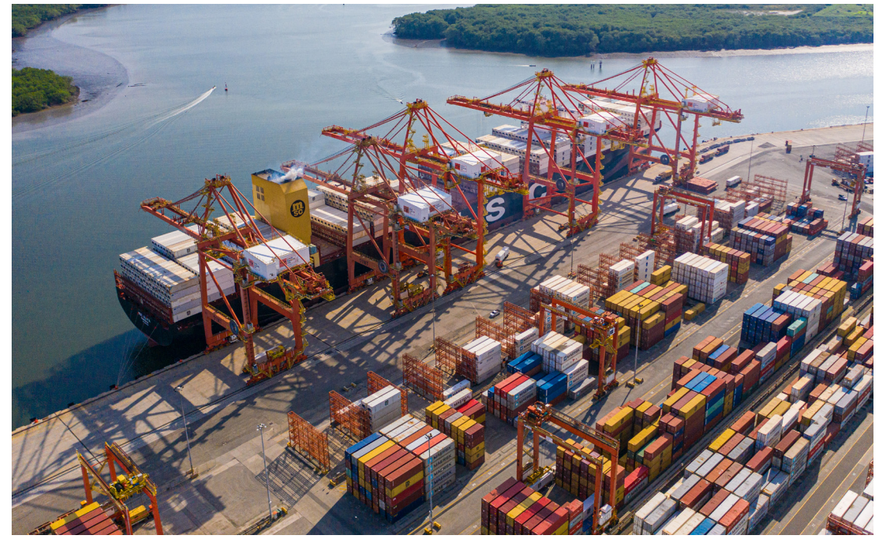
The volume of containers the Company handles, and the usage of other port-related services are influenced by the performance and growth of regional and international trading economies. The Company has a substantial port operations business within the Philippines as well as an international portfolio of ports and terminals. Its core business consists of the management, operation and development of container terminals and the provision of cargo handling and other port-related services. Such services are required by the Company's shipping line customers for the transportation of containerized goods by sea within the global and regional marketplace. As a result, there is a correlation between the condition of global and regional economies and the volume of container throughput the Company handles. Because the Company tends to operate small- to medium-sized end-destination terminals, the Company's results of operations are highly influenced by specific conditions in the local markets where it operates. Furthermore, the global markets have experienced, and may continue to experience, economic downturn and political instability in several areas of the world, which may result in increased fuel prices, lower trade volumes, interruptions of the continuity of operations, decreases in imports and exports or reduced trading partners, which may adversely affect the Group's business and results of operations.

The ICTSI Group operates in a number of emerging markets that have experienced economic and political instability.

The ICTSI Group operates mainly in emerging markets, many of which have experienced political and economic instability in the past and may be continuing up to the present. Many of the countries where the ICTSI Group operates or may operate in the future continue to face significant budget deficits, limited foreign currency reserves, volatile exchange rates, and highly regulated and less sophisticated banking sectors. Furthermore, many of ICTSI's subsidiaries, including the Philippines, have experienced frequent changes in governments, political scandals, terrorist attacks and civil strife. There is no assurance that the future political environment in these countries will become stable or that current or future governments will be able to adopt economic policies that will sustain economic growth.

The ICTSI Group is dependent on concessions and other key contracts to conduct its business.

The conduct of the ICTSI Group's business is restricted within the terms of the concession and other key contracts that put a limit to its operational and strategic options. ICTSI and subsidiaries usually only obtain the right, subject to certain conditions, to operate, manage and develop terminals for a set period of time. These contracts contain provisions that allow the relevant port authority to suspend, cancel or terminate the contract on specified grounds,



including noncompliance with the terms of the contract and, in certain instances, the occurrence of a "change in control" of ICTSI without the consent of the relevant port authority or if the relevant port authority determines that the public interest may be better served by the cancellation of the contract in accordance with its regulations. Hence, there can be no assurance that further challenges in the ICTSI Group's operations will not be raised or that its concessions will not be terminated for public policy reason. Also, these concessions and key contracts may limit the ability of the ICTSI Group to raise tariffs that it charges to customers.

The ICTSI Group is limited in its ability to raise the tariffs billable to customers in most terminals.

The aforementioned contracts and agreements may prescribe maximum tariffs that the ICTSI Group can charge or bill shipping lines and customers and either prohibit any changes in those tariffs without prior approval of the relevant port authority or subject the tariffs to an automatic adjustment mechanism. At certain terminals, tariff increases have recently been implemented in phases causing timing differences when the Company petitioned for an increase and the actual increase in tariff. In countries in which tariffs are not prescribed, such as Poland, Brazil, Australia and DR Congo, the ICTSI Group is still limited in its ability to raise tariffs by market norms, competition and/or local demand.

The ICTSI Group faces competition at its domestic and international terminals on factors such as location, facilities, supporting infrastructure, service and price.

Competition is heightened at domestic and international terminals on factors such as location, facilities, supporting infrastructure, service and price. The ICTSI Group's competitors may offer lower tariffs than what its own terminal offers in a certain location; or have greater financial resources with which to develop the ports that they operate to provide better access and improved facilities, structure and services. One of the strategies that the ICTSI Group employs is to acquire terminals in emerging markets, then improve operations and grow volume organically. If trading volume increase, competitors may begin to target these same markets. Increased competition from existing and future competitors may result in a reduction in the ICTSI Group's market share in locations where it operates, a decrease in volume of containers it handles, or increased price competition which could result in possible declines in the ICTSI Group's cash flows, operating margins and profitability.

The ICTSI Group's failure to effectively manage its existing container terminal operations and growth as a result of rapid expansion and development may adversely impact the ICTSI Group's business.

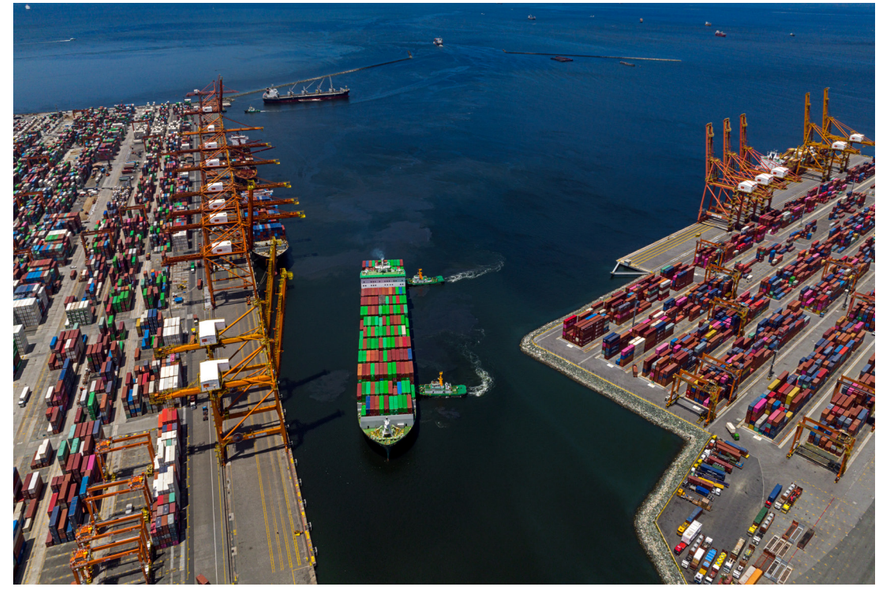
The ICTSI Group is rapidly expanding its container terminal operations, particularly those located overseas. This rapid expansion into new markets diminishes the ICTSI Group's management resources to effectively govern its existing container terminal operations and more ambitious growth. It has presented and will continue to present significant challenges for the ICTSI Group's management, operational and administrative systems and its ability to maintain effective systems of internal controls. The ICTSI Group may not successfully integrate new acquisitions to meets its efficiency and performance standards, nor keep existing facilities up to those same standards. The ICTSI Group needs to constantly develop and adjust management and administrative responsibilities to match market conditions and its growth and expansion strategies. The ICTSI Group's continued development into a global terminal operator requires it to identify new qualified personnel with widespread knowledge of its industry and the countries in which it operates. Failure to identify suitable personnel for these management and administrative positions may adversely affect the ICTSI Group's ability to manage its growth and continue to pursue its growth strategy and eventually impact its business, results of operations and financial condition.

The ICTSI Group's results of operations and financial condition may be adversely affected by exchange rate fluctuations.

Because of the geographic diversity of the ICTSI Group's business, it receives revenue and incurs expenses in a variety of currencies. Its revenues are primarily in U.S. dollars, Philippine pesos, Brazilian real, Mexican Pesos and Euros, while its expenses are generally in local currencies. The ICTSI Group attempts to operationally hedge its foreign exchange exposure by matching its revenues and expenses whenever possible and, from to time, engages in hedging activities to mitigate residual foreign exchange cash flow exposures. ICTSI is subject to translation risks whereby changes in exchange rates impact its reported revenues in U.S. dollar terms. Because ICTSI reports its financial statements in U.S. dollars, increases in the value of the U.S. dollar against the currencies in which it receives revenues in its international operations, such as Philippine pesos, Brazilian real, Mexican Pesos and Euros, could restrict its revenue growth in U.S. dollar terms and vice versa. Continued fluctuations in the value of the U.S. dollar against its other subsidiaries' functional currencies could cause ICTSI's revenues to decrease in U.S. dollar terms and distort comparisons of its results of operations and financial condition across periods.

The ICTSI Group's business has high dependence upon key personnel with special skills that are not readily available in the market.

In order for the ICTSI Group to maintain its operating and performance standards, it highly leverages on the continued service of key personnel. The ICTSI Group has a relatively small management team which makes it more dependent on senior personnel than some of its larger competitors. With the rapid growth of the container terminal industry, competition for skilled senior employees becomes intense and there are limited numbers of qualified candidates. The ICTSI Group's business and results of operations may be adversely affected if any of the existing key personnel leaves their position and the ICTSI Group fails to find a similarly competent replacement.



The ICTSI Group is subject to the risk of system failures and/or cyber-attacks.

The ICTSI Group's business is highly reliant on complex information technology and automated systems to handle its terminal operations for high productivity and efficient handling of containers. Any systems failure and/or cyber-attacks may result in delayed or hindered terminal operations. These events may adversely affect the achievement of the ICTSI Group's planned business growth and results of operations.

The Group's facilities could be exposed to unforeseen catastrophic events over which it has little or no control.

The ICTSI Group's facilities could be exposed to effects of natural disasters and other potentially catastrophic events, such as major accidents, acts of God, terrorist attacks, armed conflicts and hostilities. To cite, the Philippines is vulnerable to typhoons, earthquakes and other major natural disasters, which could suspend MICT's operations temporarily or damage or destroy key equipment. Since operations at MICT have historically provided the majority of the ICTSI Group's revenues from port operations, occurrence of a catastrophic event affecting the Philippines could have a material adverse effect on the ICTSI Group's business, results of operations and financial condition. In addition, the COVID-19 pandemic in 2020 has caused toll on health, economic and social condition globally.

The ICTSI Group is subject to regulations that govern operational, environmental and safety standards.

Lastly, the ICTSI Group's terminal services are conducted under licenses, concessions, permits or certificates granted by applicable regulatory body in the countries in which it operates. Various environmental and safety standards may also be enforced by each jurisdiction in which the ICTSI Group operates. Failure to comply with relevant laws and regulations may result in financial penalties or administrative or legal proceedings against the ICTSI Group, including revocation or suspension of the Group's concessions or licenses, which may adversely impact results of operations and financial condition.

Synergistic Relationship with Stockholders

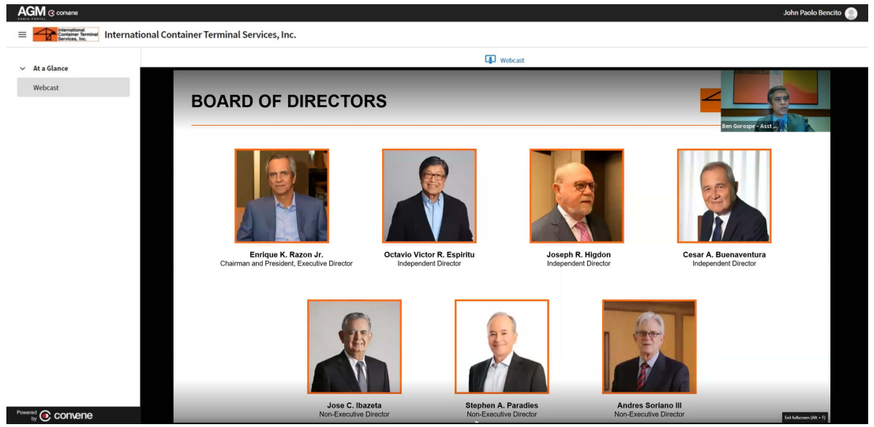
ICTSI treats all stockholders fairly and equitably, and recognize, protect and facilitate the exercise of their rights. Stockholders are accorded their rights as provided under the Corporation Code of the Philippines (the Revised Corporation Code, moving forward) and ICTSI's By-Laws, as well as other applicable laws, rules and regulations.

- Stockholders have a right to information in accordance with law. They also have the right to receive dividends, subject to Board approval.
- ICTSI shows that it is without prejudice or bias, as the minority stockholders have the same right of information as other stockholders. All stockholders may propose the holding of a meeting and propose items in the agenda of the meeting, provided the items are for legitimate business purposes.
- Appraisal rights may be exercised under any the following circumstances: (i) in case any amendment to the Articles of Incorporation has the effect of changing or restricting the rights of any stockholders or class of shares, or of authorizing preferences in any respect superior to those of outstanding shares of any class, or of extending or shortening the term of corporate existence; (ii) in case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets as provided in the Corporation Code; and (iii) in case of merger or consolidation.
- Lastly, every stockholder may nominate the Directors to be elected in a regular or special meeting of stockholders. The nomination should be submitted in writing to the Corporate Secretary at ICTSI's principal office not earlier than forty days nor later than twenty days prior to the date of the regular or special meetings of stockholders for the election of Directors.

Voting Mechanism

ICTSI has an effective stockholder voting mechanism which is included in the Company's By-Laws, Manual on Corporate Governance and SEC Form 20-IS. The Company's Voting Procedure is defined in Item 19 of its submitted SEC Form 20-IS.

During the 2021 Virtual Annual Shareholders' Meeting, ICTSI used the services of Azeus Systems Limited, which provides virtual meetings to various companies worldwide. Azeus ensured that the electronic voting in absentia was done in a secure manner.



In ICTSI's Annual Stockholders' Virtual Meeting requirements and procedure for participation by remote communication and voting in absentia, ICTSI's stockholders were informed that they can register to participate and vote during the 2021 Virtual Annual Stockholders' Meeting.

Only Stockholders of record are entitled to notice and to vote at the Annual Stockholders' Meeting. The common stock and preferred B stock will vote on matters scheduled to be taken up at the Annual Meeting with each share being entitled to cast one (1) vote.

The Company, through the Board of Directors, may appoint the Stock Transfer Services, Inc. (STSI) to serve as inspectors of election on the annual stockholders' meeting. STSI validates the votes during the Proxy Validation Date. Validation of proxies is done by the Corporate Secretary and persons designated by the Corporate Secretary who shall be under his supervision and control, in accordance with the procedure and guidelines set out in the ICTSI's By-Laws and Rule 20(11)(b) of the Amended Implementing Rules and Regulations of the Securities Regulation Code.

Minority Stockholders

The minority stockholders have the same right of information as other stockholders. They may propose the holding of a meeting in accordance with the By-Laws, and propose items in the agenda of the meeting, provided the items are for legitimate business purposes, in accordance with law.

Dividend Policy

Dividends may be declared only out of the unrestricted retained earnings of the Company. A board resolution is required for a declaration of dividends. In addition, approval of stockholders representing at least two-thirds of the outstanding capital stock is required for the payment of stock dividends. Dividends are payable to all common stockholders on the basis of outstanding shares held by them, each share being entitled to the same unit of dividend as any other share. Dividends are payable to stockholders whose names are recorded in the stock and transfer book as of the record date fixed by the Board of Directors. Preferred A stockholders are entitled to dividends at rates to be fixed by the Board. On the other hand, Preferred B shareholders shall earn no dividends.

Stockholders' Meeting

To ensure the safety and welfare of the Company's stockholders and other stakeholders and as a precaution against the COVID-19 risk, ICTSI's Board of Directors has approved on February 16, 2021, in accordance with SEC rules, the holding of the 2021 ICTSI Annual Stockholders' Virtual Meeting (https://www.ictsi.com/2021asm).

The 2021 Annual Stockholders' Meeting (ASM) was held virtually last April 15, 2021.

Table 11 Declaration of Cash Dividends

	2019	2020	2021	
Date of Board approval	April 11, 2019	March 20, 2020	March 15, 2021	August 6, 2021
Cash dividends (regular) per share	US$0.056 (₱2.92)	US$0.065 (₱3.31)	US$0.069 (₱3.38)	US$0.020 (₱1.01)
Cash dividends (special) per share	US$0.040 (₱2.08)	-	-	US$0.032 (₱1.62)
Record date	April 29, 2019	April 3, 2020	March 30, 2021	August 20, 2021
Payment date	May 7, 2019	April 16, 2020	April 12, 2021	September 1, 2021

Table 12 Voting Results For The 2021 Annual Stockholders Meeting

APPROVAL OF THE MINUTES OF THE PREVIOUS ANNUAL MEETING OF STOCKHOLDERS HELD ON JUNE 18, 2020

Votes	Number of Votes Cast
Approving	2,139,444,273
Dissenting	-
Abstaining	-

APPROVAL OF THE 2020 AUDITED FINANCIAL STATEMENTS

Votes	Number of Votes Cast
Approving	2,138,668,353
Dissenting	-
Abstaining	775,920

APPROVAL/RATIFICATION OF ACTS, CONTRACTS, INVESTMENTS AND RESOLUTIONS OF THE BOARD OF DIRECTORS AND MANAGEMENT SINCE THE 2020 ANNUAL STOCKHOLDERS' MEETING

Votes	Number of Votes Cast
Approving	2,138,549,453
Dissenting	-
Abstaining	894,820

APPOINTMENT OF EXTERNAL AUDITORS

Votes	Number of Votes Cast
Approving	2,125,135,818
Dissenting	11,986,657
Abstaining	2,321,798

ELECTION OF DIRECTORS

Director	In favor	Against	Abstain
Enrique K. Razon Jr.	2,023,901,263	39,114,827	78,336,384
Cesar A. Buenaventura	2,026,651,569	39,381,417	73,093,253
Carlos C. Ejericto	2,135,933,161	3,124,238	68,840
Joseph R. Higdon	1,892,051,860	13,091,407	233,982,972
Jose C. Ibazeta	1,797,019,450	39,114,827	302,991,962
Stephen A. Paradies	1,816,246,357	39,381,417	283,498,465
Andres Soriano III	1,817,971,964	39,114,827	282,039,448

The reference to the rationale for the agenda items can be found in the Notice of Annual Stockholders' Meeting, included in the submitted Information Statement or SEC Form 20-IS. This was submitted to the Philippine Stock Exchange (PSE) on February 16, 2021, 58 days before the meeting to encourage active stockholder participation.

The Information Statement was filed through PSE Edge, uploaded in the company's website at www.ictsi.com and was made available through QR Code. The Information Statement, accompanied by a written notice informing the stockholders of the date, time, venue and agenda for the stockholders' meeting, was mailed to Stockholders entitled to notice and vote at the Annual Stockholders' Meeting by March 18, 2021.

At the ASM, where a quorum was certified by the Assistant Corporate Secretary, the stockholders passed and approved the following matters:

- Approval of the Minutes of the Annual Stockholders' Meeting held on June 18, 2020;
- Approval of the 2020 Audited Financial Statements;
- Approval/ratification of acts, contracts, investments and resolutions of the Board of Directors and Management since the 2020 ASM, which are summarized in Item 15 of the Information Statement (SEC Form 20-IS) furnished by ICTSI to its stockholders and available at the Company website;
- Election of Directors; and
- Appointment of Sycip Gorres Velayo & Co. (SGV) as ICTSI's external auditors.

SEC Memorandum Circular No. 15-2017 on Integrated Annual Corporate Governance Report (i-ACGR) requires that the minutes of the annual stockholders meeting shall be published in the Company website within five (5) business days. Hence, the Minutes of the Stockholders' Meeting held on April 15, 2021 was made available in the Company website on April 21, 2021.

The Board required the attendance of the relevant officers as well as representatives of the Company's external auditors, SGV, to answer questions which the shareholders may have during the ASM. Among other officers, those present were Mr. Christian R. Gonzalez, Chief Risk Officer; Mr. Raphael D. Consing, Jr., Compliance Officer; Ms. Catherine R. Castro, Head of Internal Audit; and Mr. Arthur R. Tabuena, Investor Relations Officer.

For the Board to encourage active shareholder participation, the SEC Code of Corporate Governance for Publicly Listed Companies requires that the result of the votes taken during the most recent annual or special Shareholders' Meeting be made publicly available the next working day. In addition, the Minutes of the Annual and Special Shareholders' Meeting should be available on the company website within five (5) business days from the end of the meeting. the minutes of the annual stockholders meeting shall be published in the Company Website within five (5) business days.

For the 2021 ASM, the voting results were disclosed to the SEC and the PSE, and made available as well under the Disclosures tab of the Investors section of the Company Website, immediately right after the meeting was concluded on April 15, 2021. On the other hand, the Minutes of the Annual Stockholders' Meeting was made available also under the Disclosures tab on April 21, 2021.

Alternative Dispute Mechanism For Stockholders

ICTSI ensures that any dispute between the Company and our stockholders as well as with third parties, including the regulatory authorities, shall be resolved in accordance with Republic Act No. 9285, otherwise known as "Alternative Dispute Resolution Act of 2004", with the approval or consent of such other parties in compliance with law.

Investor Relations Office

ICTSI's award-winning Investor Relations Department has the responsibility of integrating finance, communication, marketing and securities law compliance, and aims to ensure constant engagement and build understanding and relationships of trust with media, financial analysts and stockholders, increase transparency and achieve an appropriate valuation of ICTSI's stock and liabilities in the capital market. It works to provide transparent, continuous, and targeted dialog with all stakeholders, and aims to build understanding and trust with the financial media, analysts, and stockholders.

ICTSI was hailed as One of the Best Investor Relations Companies in the Philippines in *Corporate Governance Asia's* Asian Excellence Awards consistently for the period of 2013–2021; recognized by Alpha Southeast Asia Awards 2021 with the Most Consistent Dividend Policy, Best Strategic Corporate Social Responsibility and second best in having the Best Senior Management IR Support in Southeast Asia and Best Investor Relations Team by *The Asset* ESG Corporate Awards 2019-2021. ICTSI was also shortlisted by the *IR Magazine* for excellence in investor relations in the industrials sector. ICTSI was one of the Honored Companies and with the Best IR Professional in the *Institutional Investor* All Asia Executive Team Awards Recognition 2021.

Quarterly Investors' Briefing Conferences
ICTSI conducts quarterly analysts'/investors' briefing conference calls where Management presents and discusses the financial and operational performance of the Company. A Q&A segment commences immediately after the presentation where participants are given the opportunity to raise questions about ICTSI and its interim performance.

The conference meeting link is sent to all confirmed participants. A recording of the conference call is also available upon request.

Notice of analysts'/investors' briefings is made available at least five days before the conference. The Notice is uploaded in the Company's website, under the Disclosures tab of Investor Relations section, immediately after filing with the Philippine Stock Exchange and the Securities and Exchange Commission.

Earnings results and presentation materials for the briefing calls are also available at the Company's website, under Investors' Briefing tab of the Investor Relations section. All materials – notices, earnings results, and presentation materials – are also distributed to all investors and analysts through e-mail from the Investor Relations Department. Schedule of the briefing calls for the past years can be viewed under the Investor Relations section of the Company's website.

Investor Relations Officer
ICTSI's Investor Relations Officer is ***Mr. Arthur R. Tabuena***, the Director for Treasury and Investor Relations. Formerly, he was the Manager for Corporate & Project Finance of ING Barings. Mr. Tabuena holds an MBA from the Claremont Graduate University – Peter F. Drucker and Masatoshi Ito Graduate School of Management, and a Bachelor's Degree in Industrial Management Engineering, Minor in Mechanical Engineering from the De La Salle University.

The Investor Relations Officer is always present during the stockholders' meeting. He is responsible for the necessary disclosures to the PSE and SEC.

As a testament to his credible and effective performance, Mr. Tabuena was again recognized as one of the *Best Investor Relations Professionals in the Philippines* by *Corporate Governance Asia* during the 11th Asian Excellence Recognition Awards 2021, *Best Senior Management IR Support* in Alpha Southeast Asia Awards 2021, and *Best Investor Relations Team* by *The Asset* **ESG Corporate Awards for 2019-2021**. Mr. Tabuena was also honored as one of the Best IR Professionals in the Institutional Investor All Asia Executive Team Awards Recognition 2021.

Anti-Takeover Measures

ICTSI avoids anti-takeover measures or similar devices that may entrench ineffective management or the existing controlling stockholder group.

To ensure good governance of ICTSI, the Board establishes ICTSI's Purpose, strategic objectives, policies and procedures that guide and direct the business and corporate activities of ICTSI, the means to attain the same, and the mechanism for monitoring management's performance.

Public Float

The Philippine Securities and Exchange Commission through its Memorandum Circular No. 13-2017 requires that a publicly listed company maintain a public float of 20% and recommends through its Memorandum Circular 13-2017 a 30% benchmark. On the other hand, the Philippine Stock Exchange through its Memorandum Circular No. CN - No. 2020-0076 requires a 20% public ownership.

ICTSI has more than the prescribed or recommended public float to increase liquidity in the market. As of December 31, 2021, the public ownership level of the Company is at 51.43% based only on common shares. The public ownership level of the Company is at 38.28% if both common and Preferred B voting shares are considered.

Duties to Stakeholders

ICTSI believes in giving high value to the relationships it has with its various stakeholders. As a facilitator of global containerized trade, the Company serves several groups such as, among many other, the primary port users (commercial clients such as the shipping lines and landside/hinterland logistics players); public sector partners, especially port authorities; employees and industry organizations; providers of capital; suppliers; and the various communities that serve as port hosts. This is fostering respect for rights as established by law, by contractual relations and through voluntary commitments.

Rights of Stakeholders

Part of the duties and responsibilities of the Board of Directors is bridging a relevant interaction with the Company's stakeholders. As mandated by the Manual on Corporate Governance, the Board must take a lead on the following:

- Identification of the Company's stakeholders in the community in which the Company operates or is directly affected by the operations;
- Formulation of a clear policy of accurate, timely and effective communication with these stakeholders;
- Maintenance of a meaningful corporate social responsibility program; and
- Adoption of a policy on the disclosure of non-financial information, with emphasis on the management of economic, environmental, social and governance (EESG) issues of the Company's business, which underpin sustainability.

The Company's capacity to effectively serve the interests of these stakeholders rests on the capacity to accurately and continually glean insights into their goals, needs and concerns. Continuing engagement takes many forms – and, for ICTSI, has long been an ongoing commitment.

Capping off its marketing and commercial engagement for the year on a high note, ICTSI, together with Yantai International Container Terminals (YICT), continued its participation in the annual China International Import Expo – the world's largest national-level import trade conference.

Table 13 Stakeholders Engagement Map

	APPROACHES	KEY TOPICS & CONCERNS RAISED
PUBLIC SECTOR	▪ Website ▪ Direct communication ▪ Annual audited financial statements ▪ Annual corporate governance report ▪ Annual sustainability report ▪ Annual, quarterly, and monthly reports ▪ Disclosures and other required reports	▪ Concession matters ▪ Regulatory and reportorial requirements
PORT USERS	▪ Website ▪ Client online dashboard ▪ ICTSI mobile app ▪ 24/7 web-based communication systems ▪ Quarterly customer satisfaction survey ▪ Customer care local hotline ▪ Weekly client visits and virtual tours (priority customers and other stakeholders) ▪ Monthly association meetings ▪ Quarterly trainings and seminars ▪ Annual customer appreciation/thanksgiving events	▪ Customer satisfaction ▪ System issues ▪ Billing issues ▪ Operational issues ▪ Health and safety protocols related to COVID-19 pandemic ▪ Digitization of port processes
EMPLOYEES	▪ Direct meetings ▪ Website ▪ Ad hoc correspondence ▪ Quarterly *Ugnayan sa Pantalan* ▪ Annual employee relations activities ▪ CBA (every five years) ▪ Volunteering activities in coordination with ICTSI Foundation ▪ Other employment engagement activities	▪ Performance management ▪ Employee welfare ▪ Labor-management relations ▪ Health and safety protocols related to COVID-19 pandemic
SHAREHOLDERS	▪ Website ▪ Quarterly Investors' Briefing ▪ Investor (Equity) Conferences ▪ Annual Shareholders Meeting ▪ Annual Audited Financial statements ▪ Annual Corporate Governance Report ▪ Interim Quarterly Unaudited Financial Statements	▪ Quarterly and year-to-date consolidated financial and operational performance of existing portfolio ▪ Performance of existing/organic terminals ▪ Status of new projects ▪ Prospects and projects in the pipeline
CREDITORS	▪ Website ▪ Investor (Debt) Conferences ▪ Direct communication/Regular discussions with credit risk officers of relationship banks ▪ Annual Shareholders' Meeting ▪ Annual Audited Financial Statements ▪ Annual Corporate Governance Report ▪ Interim Quarterly Unaudited Financial Statements	▪ Liquidity management ▪ Quarterly and year-to-date consolidated financial and operational performance of existing portfolio ▪ Performance of existing/organic terminals ▪ Status of new projects ▪ Prospects and projects in the pipeline
SUPPLIERS	▪ Website ▪ Direct communication ▪ New supplier accreditation and annual supplier reassessment	▪ Supplier performance ▪ Contract requirements ▪ Health and safety protocols related to COVID-19 pandemic ▪ Company direction/priorities ▪ Supplier-related memos ▪ Proper use of supplier systems
COMMUNITIES AND PEOPLE GROUPS	▪ Monthly newsletter ▪ Quarterly consultation with concerned government agencies, communities, and partners ▪ Annual ICTSI Foundation Accomplishment Report ▪ Forum with partners ▪ Direct communication with the communities ▪ Participation in events ▪ Leadership trainings ▪ Government-coordinated projects ▪ Volunteerism through local community projects ▪ Assessment after every project ▪ Annual scoping in all communities ▪ Monthly meeting with EcoPatrols ▪ Quarterly meeting with different clusters ▪ Ad hoc discussion with stakeholders	▪ Health ▪ Education ▪ Shelter ▪ Livelihood/Job creation ▪ Community development ▪ Volunteering activities ▪ Environmental management
TRADE UNIONS AND INDUSTRY ASSOCIATIONS	▪ Direct communication ▪ Ad-hoc get-togethers ▪ Monthly Labor-Management Council meeting ▪ Quarterly *Ugnayan sa Pantalan*	▪ Employee welfare ▪ New policies or programs about to be implemented ▪ Individual concerns

Whistleblowing Policy for Stakeholders

Pursuant to its policy to conduct its business with the highest ethical standards of honesty and integrity and to maintain its reputation in whichever country it operates, every stakeholder of ICTSI is committed to ensure compliance with all applicable laws, rules and regulations and established company policies. Through the Policy on Fraud Reporting, Handling of Disclosures and Complaints on Violations of Code of Business Conduct, every stakeholder is mandated to immediately report any concern and/or known or suspected violations and/or complaints on

a. Violation of ICTSI Code of Business Conduct
b. Violation of ICTSI Anti-Bribery Compliance Policy and Procedure
c. Violation of the Policy on Conflict of Interest
d. Violation of company's Code of Discipline and other company issued employee related rules and regulations
e. Fraudulent reporting of accounting/ auditing practices
f. Unauthorized use of company funds
g. Health and Safety risks
h. Any illegal or unethical act
i. Any other cases involving violation of other company policies.

The policy establishes a formal mechanism for stakeholders to raise serious concerns or malpractice involving ICTSI. It also serves as an opportunity to disclose potential and possible violations which have come to their knowledge which may adversely affect or may constitute risk against ICTSI. The policy likewise provides full assurance that the informant's identity shall be treated with utmost confidentiality and that he/she shall be protected from any reprisal, retaliation and other forms of harassment.

Alternative Dispute Resolution for Stakeholders

In accordance with its policy on alternative dispute resolutions, ICTSI ensures that any dispute between the Company and its stakeholders shall be resolved in accordance with Republic Act No. 9285, otherwise known as "Alternative Dispute Resolution Act of 2004", so that conflicts and differences with key stakeholders are settled in a fair and expeditious manner.

Intellectual Property

ICTSI complies with all laws, regulations and contract exacting adherence to intellectual property rights. The Company has not violated any intellectual property law as demonstrated by the fact that it has not pending cases against it for any violation of intellectual property laws.

Customer's Welfare

As the business continues to grow, ICTSI aims to develop more products and solutions for its valued customers. Through its Commercial arm, 24/7 customer care service is provided by the Customer Experience Team, while the Philippine Commercial Team, continues to engage its customers through weekly client calls, regular conferences, and industry association meetings.

With the launch of the Cavite Gateway Terminal, the success of the Laguna Gateway Inland Container Terminal, and the acquisition of North Port (domestic terminal), solid efforts have been deployed to promote the Intermodal and Inter-Terminal solutions to our import and export customers. These solutions offer to provide a more streamlined and a more efficient way of moving goods to their end destination, whether this be in Luzon, Visayas, or Mindanao.

Online platforms, such as the Transparency Tools in the Company website and mobile app, the ACTS Online Payment System, and the Terminal Appointment Booking System, are continually made available and enhanced. This is to further promote visibility and provide access to the port and terminal services 24 hours a day and without customers having to leave their offices. For the onsite services, the renovation of the Unionbank – ICTSI Branch is ongoing, and this is envisioned to improve the quality and efficiency of payment transactions at the port once completed. Additional modes of payment are also presently being explored for our customers who still prefer paying onsite.

A loyalty program for Beneficial Cargo Owners (BCOs), forwarders, and truckers is being designed to incentivize customers with significant volume, market share, and number of terminal transactions. This loyalty program will later be translated into an online application platform to make the rewards easier to achieve and distribute.

Suppliers and Contractors

In the selection of suppliers, ICTSI, specifically in its flagship operations in the Manila International Container Terminal (MICT), ensures that suppliers are selected based on their ability to meet contract requirements including quality system and any specific quality assurance requirements. The procedure in supplier accreditation for the MICT is strictly observed through the following:

1. Submission of the required accreditation documents;
2. Pre-visit activities which include:
   a. Checking the correctness and completeness of the required documents;
   b. Interviewing other customers referred by the supplier; and
   c. Reviewing financial statements submitted by the supplier , when applicable;
3. Conduct of plant visit if applicable;
4. Preparation of final report; and
5. Issuance of certificate of accreditation and updating of directory.

In April 2018, ICTSI has implemented the use of its e-Sourcing System – Ariba Sourcing – as a medium to send requests for quotations and for suppliers to submit their quotations accordingly. This means that suppliers shall send quotes through this system instead of via e-mail, fax, hard copy, phone call, etc. Ariba Sourcing provides a more systematic process of submitting quotations for a single requirement and promotes transparency and fairness amongst vendors.

In September 2019, ICTSI also upgraded its previous e-Procurement system, Ariba On-Premise, to an improved and more digitized one, Ariba Network (AN). This system aims to realize three main objectives of Procurement in this implementation:

- Improved Partnership – Ariba Network enables both ICTSI and suppliers to form assured relationship while executing transactions electronically. With the use of the collaboration function of AN, buyers and suppliers can continuously perform their tasks, but with minimized manual interactions and processes.
- Compliance – Ariba Network's standards comply with ICTSI's policies and global best practices of different industries. All transactions are logged in the system.
- Efficiency – Ariba Network provides the venue to connect related procure-to-pay processes and notifies all related parties of essential activities per transaction electronically.

Overall, Ariba Network enhances supplier, buyers and user experience by bringing in a digital transformation to the supply chain process.

Creditors' Rights

ICTSI manages its liquidity profile to be able to finance its working capital and capital expenditure requirements, including the timely servicing of debt, payment to regulators and suppliers, and other corporate payables.

As part of liquidity risk management, ICTSI maintains strict control of its cash and ensures that excess cash held by ICTSI subsidiaries are up streamed timely to ICTSI, the Parent Company. In line with this objective, ICTSI subsidiaries are allowed to maintain cash at a maximum equivalent to its working capital requirement. ICTSI monitors its receivables and payables to ensure positive position and optimize cash conversion cycle. In addition, it regularly updates and evaluates its projected versus actual cash flow information and continually assesses the conditions in the financial market to pursue fund raising initiatives when needed.

To further mitigate liquidity risk, ICTSI ensures that it has sufficient credit lines from a broad list of local and foreign banks and it has diverse funding sources such as the capital market and loan market. The loan agreements are in a form recommended by the Asia Pacific Loan Market Association. The issued bonds are Reg S offering and listed with the Singapore Exchange Securities Trading Limited (SGX-ST). The bonds' terms and conditions, covenants, undertakings, representations and warranties and events of default that safeguards the position of creditor are embodies in the offering circulars that are disclosed to SGX-ST. In compliance with the disclosure of annual and quarterly financial reports, ICTSI discloses information on compliance with loan and bond covenants.

Employee Participation

Employee involvement and participation in a company leads to good outcomes for the organization. ICTSI values its employees and is committed to providing them with tools to accomplish what they set out for themselves. Empowering our employees means that they no longer act as mere implements of production but actual stakeholders of the business. Employee participation provides our employees with the opportunity to contribute to the improvement of present processes, development of talent and the advancement of employees' health, safety and welfare. It adds dynamism to the employer-employee relationship by giving workers not only a voice in decision-making on matters that affect their interest and welfare but also an opportunity to contribute creative and innovative ideas to achieve enhanced product or service quality and productivity.

Active Participation

Employee Volunteerism activity became evident during the pandemic where a number of employees offered their services, ignoring the risks of leaving the safety of their homes, to become marshalls, registration assistants, etc. at the Solaire ICTSI Foundation Inc. Vaccination Center (SIVC) when ICTSI rolled out the COVID-19 vaccination program in June 2021.

ICTSI believes that a harmonious employee relationship promotes a positive environment at work and helps the employees to achieve their goals and targets at a much faster rate. Employees are more focused, can concentrate better in their assignments and hence the output increases. The Management and the employees are not engaged in constant conflict, are eager to help each other to build industrial peace.

Communication plays a crucial role at workplace. In industrial relations, the Company ensures and maintains channels of communication are provided to employees to enhance open communication between them and the management. Employees are given the right or freedom of association, self-organization and collective bargaining. The right of employees to self-organization is given much reverence and importance. The Management does not interfere with the legal activities of the union and respects its employees' right to associate freely and form organizations of their own choosing. ICTSI fully respects this right wherein employees are given the avenue to express their desires on items affecting their terms and conditions of employment. Moreover, good faith is observed from the time of negotiation up to the implementation and carrying out of the agreed provisions.

Labor Management/Workplace Cooperation mechanism is also established in the workplace. Through this mechanism, harmonious relationship between the Management and the union is maintained which results to industrial peace, quality and productivity in the workplace. In turn, the union recognizes certain management prerogatives and rights. On the other hand, the Management recognizes the indispensable role of the union in crafting certain policies as well as in implementing them. Problems affecting workers are jointly solved through the different committees and task forces created under the Workplace Cooperation mechanism.

Creating a safe work environment by preventing injuries, illnesses and loss of lives in the workplace remains one of the most important goals across ICTSI terminals worldwide. One way to achieve this goal is by implementing an effective incident investigation process that uses a proven, well-structured root cause analysis method that is specifically tailored for the industry. To achieve this, Health, Safety and Environment (HSE) heads and representatives across the ICTSI Group recently underwent a Professional Event Investigation (PEI) virtual training from July 21 to 29 and from September 11 to 17, 2021.

The Grievance Machinery mechanism under the Collective Bargaining Agreement is likewise religiously observed. Any difference of opinion, controversy or dispute between the company and the union, or between the company and any employee or worker covered by the CBA, arising from the interpretation and/or implementation of any provisions of the CBA and enforcement of company personnel policies are resolved under the procedure set forth under the agreed grievance machinery mechanism.

Rewards Policy

Monthly Incentive programs are established for core Operations employees to support drive for efficient and highly productive terminal operations. This is to incentivize ranks including supervisors and superintendents and improve job performance to meet the target for the year: 25 crane productivity, 48 berth productivity and 60 minutes of truck dwell time. Subject for computation, table for payout per position per target and other criteria.

Individual Operator Incentive is to incentivize operators on their contribution to meet the identified individual equipment productivity target based on the average performance every quarter. This incentive is subject to computation per level, table for payout per day and other criteria.

Checker Incentive is to incentivize checkers and other identified positions on their contribution to meet the identified individual equipment productivity target based on the average performance every quarter. It is subject to computation per working day and other criteria.

GPW Incentive is to incentivize GPWs on their contribution to meet the target: Monthly Average Hours from Gang On board to First Move (GOBFM) & Last Move to Signing of Lashing Certificate (LMSLC) is less than or equal to one hour. It is also subject to computation per working days and other criteria.

Other annual incentive program recognizes employees who kept themselves healthy and fit, and thus, did not avail of any sick leaves, leaves without pay and should be no IR and Safety violation. These are the ranks including supervisors to Department managers who can be awarded as Iron Man of the year.

There is an annual incentive program for the management team based on their contribution to the org-wide growth and performance. For now, ESOP is only given to the management committee members of the company.

These incentive programs reward deserving employees for their contribution to the growth and performance of the company.

Health and Safety

The well-being and health of all its stakeholders is ICTSI's number one priority. The ICTSI Group continues to deploy and execute various Health and Safety (H&S) policies and programs as part of its commitment to consistently provide a safe and healthy working environment for its employees, contractors and other port users and to promote a positive safety culture in its business operations.

As a demonstration of this commitment, the ICTSI Group through its various ports and terminals has established programs to address key H&S risks and achieve its overall objective of zero harm to people. The programs are designed to reinforce the following:

Health & Safety Leadership & Accountability

Leadership and Accountability drives the ICTSI Group's overall health & safety management strategy. Management is responsible to ensure that the well-being and safety of all its stakeholders is the leading priority and that terminals plan, execute, verify and validate the effectiveness of controls aimed at eliminating or minimizing risks associated with its operational activities.

Management roles are now being clarified towards developing a culture that promotes injury prevention and health education by influencing employee behavior. Trainings and workshops are conducted to help line managers and supervisors develop / enhance a consistent, positive and visible leadership approach towards health and safety. Line managers are encouraged to lead regular walk-about inspections around the terminal, observe employee and contractor personnel perform work activities and appropriately engage or coach them to help them carry out their tasks in a safer and more efficient manner.

Health & Wellness Programs

In 2021, ICTSI partnered with Moderna to bring the vaccination program to all personnel. Employees and dependents were given the opportunity to get the mRNA vaccine to further strengthen the fight against the pandemic. Regular Covid-19 testings were also done and health protocols are regularly updated to help ensure the safety of all employees. Our Medical Clinic promoted tele-medicine and phone consultations to respond to employee concerns 24/7. The management also thought of helping the employees boost their immune system by providing free Vitamin C supplements daily. With strict implementation of health protocols we were able to keep the COVID-19 cases down to a minimum.

Concurrently, a Health and Wellness section was established by ICTSI. This section deals with the holistic well-being of all employees. Different health programs were rolled out to address the top conditions that plagues every employee. The Hypertension and Diabetes program focused on each individual suffering from these conditions. Daily monitoring, consultations and free maintenance medicines are provided to participants to help improve their blood pressure and blood sugar levels. They are also given tips on how to improve their lifestyles, eating habits and physical activities. The Arthritis program focuses mainly on individuals that suffer from different types of musculoskeletal pains. Aside from giving free pain medications, the program also teaches proper ergonomics, diet restrictions and alternative treatments. The free Eye check-up and Eyeglasses program addressed the visual problems of employees suffering from refractory conditions. Eye experts was invited to do tests and prescribe appropriate corrective lenses to all participants. This will help them in their daily work and will also lead to a safer working environment. Since the start of the coronavirus disease 2019 (COVID-19) pandemic, many people's lives have been and continue to be affected by this respiratory virus. It has altered daily routines, has led to financial fear, and forced social isolation. A mental health program was started to help those who are in need of psychiatric support. Partnership with Mind Nation had helped alleviate the mental stress brought about by the different stressors in life.

To address this concern, ICTSI has partnered with MindNation since June 2020 to provide a broad overview of mental health and promote mental wellbeing in the workplace. The program included:

- psychological sessions
- 24/7 social conversations with mental health certified staffers
- webinar talks
- closed Facebook group of ICTSI x MindNation with regular posted blogs & infographics
- get fit program – yoga, Zumba, aerobics, etc.
- pro-active tools as needed, ie., Mental Health Awareness Month in May,Self-Care among others

Risk Management

Management of risk is a continual process and is a foundation of ICTSI's Health & Safety Management System. Constant efforts are being done to identify hazards and assess the risk associated with the Group's business activities. Line managers are expected to carry out risk assessments and take appropriate actions to manage the risk and prevent or reduce the impact of potential incidents. A key aspect of the risk management process is to mitigate the risk using the "hierarchy of controls". Hence, where reasonably practicable, Management requires that all risks are controlled at source by an engineered solution and other more effective but pragmatic controls rather than relying on Personal Protective Equipment (PPE).

Workforce Engagement

ICTSI believes that commitment to health and safety is not something that can be just switched on and off. Employees are expected to be committed to health and safety both on and off the job, as well as proud and passionate in sharing it with colleagues, family, and friends. Health & Safety training sessions, accident prevention seminars and other H&S promotional activities (newsletters, safety videos, H&S committee meetings, toolbox meetings, etc.) are regularly carried out not only for ICTSI employees and contractors but for all port users to promote H&S awareness and help instill in them safe working behaviors.

Traffic Safety Management

Most of the hazards in the terminals occur when mobile equipment / vehicles interact with each other or mobile equipment / vehicles with pedestrians. To mitigate the risks associated with these hazards, terminals carry out regular risk assessments to cover all aspects of its operations. The risk assessments consider the location of the gates, vehicle and pedestrian traffic routes, storage areas, handling areas, cranes, and gantries to help ensure that there is an effective and safe flow of traffic around the terminal.

Site rules for pedestrians and drivers, which include among others the use of Personal Protective Equipment (PPE), use of flashing beacons, speed limits, seatbelt use, using the correct route and crossings, no entry, parking, etc. are documented and are shared to all port users during H&S Inductions. Access to

operational areas is strictly controlled and only authorized personnel are allowed on site.

Signage and markings are also in place and areas for queuing, loading and unloading, operating twist locks, and securing of loads are properly designated. All drivers of road going vehicles (e.g. 3rd party trucks) undergo H&S inductions to be familiarized with the terminal and traffic lay-out.

Contractor Safety Management
Contractors provide valuable services for ICTSI and their services are either engaged on a regular basis or on an infrequent basis. Oftentimes, work carried out by contracted personnel is non-routine and involves varying degrees of risk. Regardless of the contract, the Group is committed to ensuring that contractors have equal priority as employees in respect of health and safety and perform their tasks safely. Hence, procurement protocols and processes are regularly reviewed and enhanced as necessary to ensure that contractors' capabilities and competencies are assessed, contractor's performance are regularly monitored and local legal requirements and ICTSI H&S standards are fully complied with.

Incident Reporting & Root Cause Investigation
To help prevent recurrence and improve performance, all health and safety related incidents including near misses and hazards, are openly reported, investigated, analyzed and documented. Line management is responsible in ensuring that incident investigations are carried out to identify root and system causes and its corresponding corrective actions and preventive measures are implemented to reduce future injuries and incidents. For major incidents such as those resulting to fatalities multiple serious injuries, a comprehensive investigation is being performed by a cross-functional team with action plans formally reviewed by Senior Leadership.

Key information gathered from incident investigations are carefully analyzed to identify and monitor trends and develop both global and terminal-specific Health & Safety Improvement Action Plans. Key learning points from investigations (especially for major incidents) are shared across ICTSI ports and terminals so that the concerned personnel can take appropriate action as necessary to help prevent a similar occurrence in their site.

Emergency Management
Each terminal has developed site-specific emergency response plans, which contains among others, the structure and membership of the emergency response teams, the necessary tools and equipment, the appropriate training and drills for all personnel and the specific procedures / guidelines (based on a risk assessment) to carry out a response to any type of possible incident and protect employees, contractors, visitors and the public.

Management Review & Continual Improvement
Because the company recognizes that there are many opportunities to improve, Management has established key performance indicators (e.g. H&S Training Hours, Number of Near-misses and Hazard Alerts, Health Surveillance, Lost Time Injury Frequency Rate, Total Recordable Injury Rate, Lost Time Injury Severity Rate) and has set goals (e.g. zero fatalities, LTIFR % reduction, etc.) as a demonstration of its commitment to prevent injury and ill-health, comply with applicable legal requirements and to continually raise the health and safety standards across all of its terminal operations. Global and terminal-specific indicators are measured, analyzed and progress is regularly monitored and reviewed by Terminal Management and Senior Leaders.

Implementation of Good Practices
As part of its continual improvement efforts, the Group is fostering collaboration amongst ports and terminals whereby sharing of good practices is highly encouraged. The implementation of these various good practices into its operations aims to eliminate serious injuries and fatalities and reduce risk to its employees, visitors, contractors and others who may be affected by its business activities.

Moreover, several of its ports and terminals have also secured and maintained external certification on international H&S management system standards to help ensure they engage in a continuous cycle of evaluation, correction and improvement of operations and processes.

Training and Development

ICTSI has formalized its training arm through the MICT Academy. The working Framework of MICT Academy is to develop successful MICT employees which is characterized by the following:

1. Technical competence
2. Knowledgeable on Terminal Fundamentals and Management
3. Leadership capabilities
4. Safety champion
5. Customer service mindset

Due to the pandemic and health protocols, most planned training programs related to leadership and behavioral trainings were postponed. Small group sessions or online learning engagement sessions continued to be the key platforms for 2021. Focus for technical upskilling was also done to ensure that our employees who continue to work despite the lockdown will be capable to do so safely. Highlights of trainings conducted in 2021:

- New Operators Training & Refresher Courses for Port Equipment – these are trainings for new operators for the following port equipment: Prime Movers, Quay Crane, RTG, Forklift, Reach Stacker (RS) and Side Lifter (SL). This is a combination of classroom discussion and practical hands-on training. To sustain their abilities to safely operate a particular port equipment, refresher courses were also conducted to existing operators such as Service Driver Refresher Course, RS/SL & QC Over-height Frame, RTG Stacked Profiling, PMO Jabber, Operator's Safety Refresher Training for those who are involved in an accident and Operator's Skills Building and Coaching. The refresher courses for operators aim to accelerate knowledge and skills to keep abreast with the latest trends and practices especially when familiarizing themselves with the new equipment along with its safety features and operability.

- New Employee Orientation for Onboarding of Employees – designed to orient new employees before they are deployed. The Human Resources Department in collaboration with Health Safety and Environment, Operations and Information Technology Systems and Service (ITSS) provide lectures on Employee Discipline, Safety Orientation, ITSS-Computer Awareness Program and Operations for Non-operations. This is to give better understanding of the company's processes and standard operating procedures.

- Manual Handling Training for GPW – to ensure GPW safety and to correct bad habits related to manual handling, this program was set up for our GPWs who are most exposed to possible safety-related incidents. Stage 2 of this program was launched in 2021 to give hands-on refresher to GPW activities with emphasis in Ergonomics and best practices. A simulated set-up was created to facilitate the lashing and unlashing procedures.
- CABO (GPW Leadman) and Vessel Officer Training – this training includes standard hand signals, proper use of portable radio and other communication tools, reading the vessel stowage plan, sequencing, and duties and responsibilities during discharging operations.

- Safety-Related Training Programs – includes Evacuation and Fire Drills that aimed to provide knowledge on what to do during emergency situations. Briefing and debriefing sessions among employees were provided led by HSE team in collaboration with National Disaster and Risk Reduction Management Office-Manila.

- Administrative Due Process seminars – these are for supervisory and up positions, to update and guide them on the internal process related to this and in general, their roles as leaders in shaping the behavior of their team members.

- Systems Training for Berth Planners and NAVIS users – this is an online training and digital operational services for ports. NCOS online is designed from the ground up to integrate smoothly with existing port systems and services such as berth planning systems, Portable Pilotage Units (PPU), and real- time data feeds. The system is entirely modular and scalable to provide

Table 14 OHS-related Terminal Certification

1	MICT	ISO 45001: 2018 Occupational Health and Safety Management Systems
2	MTS	ISO 45001: 2018 Occupational Health and Safety Management Systems
3	PICT	ISO 45001:2018 Occupational Health and Safety Management Systems
4	SCIPSI	ISO 45001: 2018 Occupational Health and Safety Management Systems
5	YICT	ISO 45001:2018 Occupational Health and Safety Management Systems
6	BGT	ISO 45001:2018 Occupational Health and Safety Management Systems
7	CGSA	ISO 45001:2018 Occupational Health and Safety Management Systems
8	OPC	ISO 45001:2018 Occupational Health and Safety Management Systems
9	BCT	ISO 22000: 2018 Food Safety Management System

fit-for-purpose to optimize water side activities across the navigational planning, design, and operational spheres.

- Systems Training – This is an online learning that covers various modules consisting of the following: 1) NAVIS, 2) Vessel Planning, 3) Yard Planning, 4) Expert Decking, 5) AutoStow, 6) PrimeRoute, and 7) Dispatcher. The course aims to equip the participants with necessary knowledge, skills, and critical thinking abilities in relation to effective planning mechanisms involved in container terminal activities.

- Udemy Training – MICT Academy provides online learning platform to address the need for behavioral and other specialized programs for Information Technology and Safety. This is a self-paced learning approach, which is a timely and relevant solution due to restrictions of face-to-face training brought by the pandemic.

- Strengths Assessment & Coaching – initially conducted for managers and heads of departments of Ops, HR, Engineering, and Commercial teams. Will be continued to 2022 to cover all managers and departments in MICT.

Despite the disruption of the pandemic, training programs were still deployed to the different levels of employees within the company.

MICT Academy will continue to focus on training programs specifically for ICTSI terminals to support the company's growth and expansion.

Anti-Corruption Policy

Pursuant to the Code of Business Conduct, ICTSI continues to strengthen its Anti-Bribery Compliance Policy and Procedure. The Policy provides guidance to all ICTSI employees, suppliers, and third parties acting on its behalf and sets out procedures specifically targeted at addressing corruption risks.

Table 15 **2021 Training Programs**

Behavioral trainings which are initiated by the company as part of organization development	Udemy Training : Feedback is Fuel , Self-Advocacy , Promotion of WSH Culture , Communication Fundamentals , Conflict Management, and Teamwork
Company Orientation Programs	HR Orientation
	Port Tour Activities
	Integrated Management System (IMS) Awareness Training
	Health and Safety Orientation
	Employee Discipline
	ITSS-Computer Awareness Program
Technical training programs for skills enhancement	Equipment Operator Training for Prime Mover , RTG , QC , Forklift , Reach Stacker and Side Lifter
	Service Driver Refresher Course
	Over-height Frame Refresher Course for QC , Reach Stacker and Side Lifter
	Stacked Profiling for RTG
	PMO Jabber Orientation
	Operator's Safety Refresher Course
	CABO (GPW Leadman) and Vessel Officer Training
	GPW Manual Handling Stage 2
	Evacuation Drill
	Fire Drill for HSE
	Systems Training for Vessel , Yard and Berth Planners
	Operator's Skills Building and Coaching Using Simulator

ICTSI takes a zero-tolerance approach to bribery and corruption while conducting our businesses. Any act of bribery, corruption or unethical practices of any kind, whether taken directly or on its behalf, that would result in the violation of our policies and/or anti-bribery laws is not tolerated. ICTSI employees are prohibited from asking for, accepting or receiving bribes, or any other personal benefit that would induce the employee to breach his/her duty to act in good faith, to act impartially or in accordance with a position of trust. ICTSI also strictly implements its programs against tipping and other forms of extortion. A failure to comply with these laws and/or our policies will lead to severe consequences such as termination of employment for its employees and personnel, the termination of the business relation with a Third Party Representative and other civil and/or criminal penalties. Employees are constantly reminded on the importance of ICTSI's anti-bribery and anti-corruption obligations by reminding them that the policy sets out operating procedures specifically targeted at combating corruption risks to ensure that ICTSI operates in accordance with applicable regulations. Through this Policy, ICTSI can embed the culture of anti-corruption practices to its personnel, as evident in its intensified campaigns done during the New Employee Orientation Programs, and through refresher courses during employee engagement programs and fora.

ICTSI holds itself to the highest ethical standards and is committed to acting with integrity in business dealings and relationships, both locally and internationally. ICTSI complies with the relevant anti-corruption legislations in all the countries where it has a presence, such as the US Foreign Corrupt Practices Act and the UK Bribery Act.

To promote anti-corruption and transparency in dealings with suppliers, ICTSI implemented in April 2018 the use of an e-sourcing system as a medium to send requests for quotations and for suppliers to submit their quotations accordingly. This means that suppliers shall send quotes through this system instead of via e-mail, fax, hard copy, phone call, etc. This provides a more systematic process of submitting quotations for a single requirement and promotes transparency and fairness amongst vendors.

In 2021, the Global Corporate Legal Affairs continued the Terminal Legal Health Check. It is a training program which aims to keep stakeholders in the different local subsidiaries abreast on the salient provisions and updates on the ICTSI Code of Business Conduct including the Anti-Bribery Compliance and Procedure and Policy on Conflict of Interest, Data Privacy Act of 2012, Global Principles on Human Capital, and Administrative Due Process.

Participants from the different local subsidiaries attended Module 1 of the training which centered on ICTSI Code of Business Conduct and Anti Bribery Policy. A lecture, interaction with participants and open forum for questions were conducted during the training which focused on ICTSI's honest and ethical business practices including its anti-bribery obligations, prohibited acts and revisions/restrictions on giving of corporate gifts and hospitality and policy on conflict of interest. The lecturer emphasized the importance of ICTSI's anti-bribery and anti-corruption obligations by reminding the participants that the policy sets out procedures to combat corruption and to ensure that the Company operates in conformity with applicable rules and regulations.

Employee Whistleblowing Policy

ICTSI conducts its business with the highest ethical standards of honesty and integrity with the goal to maintain its reputation in whichever country it operates. Every stakeholder, most especially, employees of ICTSI are committed to ensure compliance with all applicable laws, rules and regulations and established company policies. The Policy on Fraud Reporting, Handling of Disclosures and Complaints on Violations of Code of Business Conduct and Discipline was established wherein employees of ICTSI are mandated to immediately report any concern and/or known or suspected violations of the code and other company policies. Employees have direct access to the company's Compliance Officer and/or Global Human Resource Department to report any violations.

The policy establishes a formal mechanism for officers, directors, employees to raise serious concerns or malpractice involving ICTSI. It also serves as an opportunity to disclose potential and possible violations which have come to their knowledge which may adversely affect or may constitute risk against ICTSI. The policy likewise provides for the procedure from lodging of complaints through appropriate reporting channels, gathering of evidence, conduct of investigation, submission of recommendation up to imposition of disciplinary action against erring individuals. It likewise provides full assurance that the informant's identity shall be treated with utmost confidentiality and that he/she shall be protected from any reprisal, retaliation and other forms of harassment.

Social Responsibility

For ICTSI, the long-standing adherence to corporate stewardship on one hand, and the equally long (if only more recently formalized) advocacy of development partnerships on the other hand, are two commitments anchored on the same principle: an eye towards long-term good, across borders and generations.

The matter of community impact has always been a vital concern for ICTSI, dating back to the Company's establishment and its bid for the then-newly privatized MICT.

Environmentally-Friendly Value Chain
The ICTSI Group sustains its commitment to conduct its business activities in a manner that reduces the environmental implications of its activities and protect the environment of sites and communities in which it operates.

The ICTSI Group continues to adopt best practices and relevant international standards like ISO 14001 and World Bank/IFC guidelines for ports, harbors and terminals and ensures that it complies fully with local environmental laws and regulations.

The following table shows the current ICTSI external certifications, a demonstration of the Company's efforts to carry out its operational activities in an environmentally responsible and sustainable manner:

With or without an external certification, each of the ICTSI Group's ports and terminals have progressed implementation of an Environmental Management System (EMS) to help ensure that a systematic and structured approach for dealing with the following environmental aspects of its operations are in place:

- CO^2 emissions (i.e. reduction)
- Energy use (i.e. optimal use)
- Hazardous materials
- Wastewater (i.e. reduction, proper storage, treatment and/or disposal)
- Hazardous waste management (e.g. proper handling, storage, disposal and treatment of used oil / grease, used lead acid batteries or ULAB, fluorescent lamps, waste electrical and electronic equipment or WEEE)
- Non-hazardous waste management (reduction, reusing and/or recycling of waste)

The ICTSI Group's global environmental program, driven by strong senior management support, mandates all terminals to measure key metrics such as fuel consumption, electricity consumption, waste and wastewater generation, and CO2 emissions. Based on measurements, annual targets are set for reduction of environmentally harmful factors.

Aside from the regular air and water surface quality monitoring programs, environmental-related campaigns and awareness sessions (on resource management, waste management, among others), coastal clean-up and tree-planting activities being conducted by ICTSI terminals, other innovative environmental initiatives were also carried out in 2021 to further lessen the carbon footprint of its terminal network around the world:

- Across its global operations, high-pressure sodium lamps are being replaced/upgraded to a more efficient and greener LED lighting. This endeavor led to a successful replacement of 3,356 High-Pressure Sodium (HPS) lamps with LED, saving up to 2,349 kilowatts (KW) of power. While challenging, the upgraded lighting enabled our terminals to reduce its energy consumption significantly while cutting maintenance costs.

- To further reduce its carbon footprint, Manila International Container Terminal (MICT), ICTSI's flagship terminal, under its Equipment Replacement Program has acquired another eight units of environmentally friendly hybrid RTGs to add to its 32 units deployed starting in 2018. With the hybrid RTGs being more fuel efficient, these are expected to further reduce terminal emissions and fuel consumption per move by up to 40 percent and 60 percent, respectively.

- Two of our terminals have also embarked on ground-breaking projects related to renewable energy that may pave the way for other terminals to pursue. CGSA has introduced the production of renewable energy (RE) through solar panels inside the terminal for specific needs. Using two series of 14 cells, the photovoltaic system converts sunlight into electricity and generates 5.32Kwpa in each series. Together with its inverter, the system has allowed savings of approximately 4800.14 kWh in almost three months and displacement of about 7.84 tons of CO2 . On the other hand, TSSA has obtained I-REC certification, one of three RE certificate tracking systems in the world, after it was verified and validated that the terminal's electricity consumption of around 14,409 MWh was already coming from RE sources such as wind, resulting to zero greenhouse emissions / zero Scope 2 emissions.

- Furthermore, TSSA has also began using a diesel oil catalyzer as part of its GHG emission reduction initiatives. The GreenPlus catalyzer used in diesel oil is manufactured by Horeb Energía Verde. According to Horeb, the method improves the combustion process' efficiency and reduces harmful emissions. Moreover, it provides cost savings opportunities associated with reduced diesel oil usage. TSSA reports a gain in energy efficiency of 12.9 percent and a reduction in greenhouse gas emissions of 7 percent, which outperforms the ONU standard's 7 percent gain in energy efficiency.

- As part of the group's commitment to further reduce terminal emissions, ICTSI terminals have also continued to venture into process and/or technology-based improvements such as gate automation and gate system upgrades to reduce queueing times. Machine learning and analytics are being utilized to improve and automate yard strategy to reduce truck dwell times (which is estimated to be around 20 minutes per truck visit). These improvement in operational efficiencies have contributed significantly to reducing indirect emissions from ICTSI's day-to-day operations.

- Aside from the energy consumption and carbon emission reduction projects, ICTSI terminals have carried out other worthwhile environmental related initiatives in 2021. With its innovative Automatic Container Carriers (ACC) wash bay, Victoria International Container Terminal Ltd. (VICT) has won another environmental award. The ACC wash bay is a purpose-built facility for washing the terminal's automatic container carriers and other portable port equipment without damaging the surrounding environment. Along with preventing chemical overspray,

Table 16 ICTSI External Certifications

Port/Terminal	Certifications
Manila International Container Terminal **Manila, Philippines**	**ISO 14001:2015** Environmental Management Systems
Makassar Container Terminal **South Sulawesi, Indonesia**	**ISO 14001:2015** Environmental Management Systems
Pakistan International Container Terminal **Karachi, Pakistan**	**ISO 14001:2015** Environmental Management Systems
Makar Wharf **General Santos, Philippines**	**ISO 14001:2015** Environmental Management Systems
Yantai International Container Terminals **Shandong, China**	**ISO 14001:2015** Environmental Management Systems
Baltic Container Terminal **Gdynia, Poland**	**ISO 14001:2015** Environmental Management Systems **ISO 50001:2011** Energy Management Systems
Basra Gateway Terminal **Umm Qasr, Iraq**	**ISO 14001:2015** Environmental Management Systems
Madagascar International Container Terminal **Toamasina, Madagascar**	**ISO 14001:2015** Environmental Management Systems
Contecon Guayaquil SA **Guayas, Ecuador**	**ISO 14001:2015** Environmental Management Systems **ISO 14064-3:2006** Emissions Inventory & Neutrality Verification Statement
Contecon Manzanillo SA **Colima, Mexico**	**ISO 14001:2015** Environmental Management Systems
Operadora Portuaria Centroamericana SA **Cortes, Honduras**	**ISO 14001:2015** Environmental Management Systems
ICTSI Rio Brasil 1 **Rio De Janeiro, Brazil**	**ISO 14001:2015** Environmental Management Systems
Tecon Suape SA **Pernambuco, Brazil**	**ISO 14001:2015** Environmental Management Systems

all water used in the wash bay is treated at the on-site treatment facility and recycled for use in the next wash. This enables VICT to conserve water and trade waste costs for contaminated water.

- In Croatia, AGCT conducted a unique coastal cleanup drive. Instead of the usual beach cleanup, key personnel from AGCT collaborated with a local club, Diving Club Rijeka, to clean the ocean floor. Volunteer divers from AGCT and the diving club spent several hours collecting garbage and other waste products from the seabed of the beach beside the terminal, while the rest of the volunteers gathered up trash and other waste materials off the beach for appropriate disposal. The activity marked AGCT's 5th year in organizing annual beach clean-up events to encourage healthy and responsible human behavior toward the environment.

- In the Philippines, the ICTSI Foundation further reinforced the group's commitment to help protect the environment by partnering with the Finnish non-governmental organization (NGO) RiverRecycle to pioneer a financially sustainable river waste collection system for the Pasig River in Manila. The ICTSI Foundation is donating USD1 million to RiverRecycle for the project's implementation, which complements ongoing efforts to revitalize one of the country's major waterways.

On top of these initiatives, a number of projects are currently in place or being put in place across the ICTSI Group to improve productivity and consequently reduce port emissions. These include among others, gate automation and gate system upgrades to reduce queueing times and utilization of machine learning and analytics to improve and automate yard strategy to reduce truck dwell times (estimated to be around 20 minutes per truck visit). Taken collectively with other process flow improvements, these are expected to have an even greater material impact on indirect emissions from ICTSI port operations.

Nurturing the Community

Establishing and maintaining good working relationships with the community is a basic tenet of the operation of ICTSI wherever it operates. In the Manila International Container Terminal (MICT) and in other ICTSI local and foreign subsidiaries, either through the ICTSI Foundation, the Sustainability and Development Unit, or designated Community Relations Officers, ICTSI seeks to contribute in the over-all effort of addressing community concerns within its area of operation. It has always worked closely with barangay leaders and other government entities, as well as with non-government-organizations (NGOs), to converge ideas and efforts in the identification, planning and execution of projects for the marginalized sector. These projects include scholarship programs, volunteerism programs, livelihood and technological education assistance, medical missions, outreach activities, support to sports programs, Christmas-related activities, construction of classrooms, donations, disaster and environment related awareness programs, relief operations and various school-based assistance, among others.

Over a year into the pandemic, the Razon Group (ICTSI, Bloomberry/Solaire, Prime Infra, foundations) continues to play a leading role in the Philippines' pandemic efforts, assisting those bearing the deeper brunt of the crisis' economic and social impacts, while striving to attain more sustainable and equitable future outcomes.

Collective response to the crisis continue to focus on safeguarding the lives and the livelihood of stakeholders -- employees, clients, partners, local government units, host societies, service providers and the Philippines at large. Less than a day since the first batch of Moderna vaccines arrived in the Philippines, the Razon Group kicked off its vaccination program for all employees and their dependents and for the broader business sector including frontliners who deliver essential work.

Even as cases continue to decline, ICTSI routinely tests employees while upholding strict health and safety protocols in all properties.

Mr. Razon led the private sector along with the Philippine government and American drug manufacturer Moderna for the largest combined national government, local government, and private sector vaccination procurement of 20 million doses of COVID-19 vaccines – 13 million doses for the Philippine government and 7 million doses for the privates sectors (includind SMSEs). The agreement, signed last March 2021 and with the first batch arrival in June, should contribute to the gradual reopening of the Philippine economy and a significant recovery across all business sectors.

ICTSI was also part of a private sector initiative which brought in the Philippines' first 3 million doses of the Oxford-AstraZeneca COVID-19 vaccines, sponsoring 300,000 doses–half of which was donated to the national government and the other half to various LGUs.

Supporting the country's efforts to ramp up its vaccination targets, ICTSI, Bloomberry and Prime Infra constructed and opened last 12 August opened the Solaire – ICTSI Foundation, Inc. Vaccination Center (SIVC) at the Nayong Pilipino Foundation in Parañaque City, the country's first mega vaccination site to serve residents from Metro Manila and nearby provinces. The site, located along New Seaside Drive, currently hosts eight ambulatory vaccination centers and 30 drive-through booths that have the capacity to inoculate at least 15,000 persons a day. The facility has been turned over to the Paranaque local government.

ICTSI and Bloomberry also retrofitted portions of Solaire into vaccination areas. Opened in June and with the capacity to administer 6,000 shots a day, these are used by employees, dependents and the private sector Moderna buying group.

During the height of the pandemic in April last year, ICTSI, Bloomberry and Prime Infra began retrofitting existing structures in Metro Manila into quarantine and isolation facilities for COVID-19 patients, starting with the Ninoy Aquino Stadium, the Rizal Memorial Sports Complex and a part of the Philippine General Hospital (PGH). The Group likewise completed the 600-bed Solaire-Pagcor Mega Quarantine Facility in September 2020, the biggest quarantine facility in the capital city.

Aside from isolation facilities, the Group helped retrofit three event halls namely Enderun in Taguig, Palacio De Manila in Manila, and the Mall of Asia Arena in Pasay into testing facilities.

Taking heed of Mr Razon's initiatives and directives, the Group also continue to actively aid their respective communities, whether based on social responsibility thrusts or via pandemic-related assistance.

Over at the Manila flagship, the SDU has given emphasis to the Parola Area, implementing several programs and services in the areas of health, education, livelihood, shelter and environment:

Pandemic response. ICTSI-MICT donated a total of 2,200 packs of rice grains to Barangay 20 and Barangay 275 in Parola, Manila. Each pack weighs 5 kilos and will be distributed by both barangay councils. This assistance was extended to 1,700 families from Barangay 20 and 500 families from Barangay 275; these families were identified by their respective barangay councils based on the variances of relief and assistance coming from the LGU.

Health

On the area of health and nutrition, a total of 1,071 individuals were able to access and avail health-related programs and services. In 2021, health and nutrition programs, projects, and activities include: Sexual and Reproductive Health, Operation Tuli, Community Nutrition, and Supplemental Feeding.

Education

A total of 11,797 students and teachers benefitted from the educational assistance and donations of equipment to produce learning materials as support to the hybrid learning scheme. 30 learners from Puso sa Puso Edukasyon Inc., on Alternative Learning System and 20 student beneficiaries from Educational Research and Development Assistance (ERDA) Foundation received financial assistance to ensure that they can attend their classes and practical training.

Livelihood

There are 245 individuals who were provided with skills training and knowledge enhancement on on Enterprise Development; to ensure that they can carry out what they have learned, livelihood starter kits were provided directly to them.

Community Education

A total of 583 individuals from the communities' tricycle operators and drivers' association benefited in the conduct of road safety programs focused on valued education and road-readiness. Technical assistance was extended to members of the Task Force Parola for the orderly utilization of South Access Road (SAR) by and between stakeholders.

Competencies Enhancement and Skills Development Support

158 partners and professionals from partner non-government and government organizations attended a variety of competencies enhancement and skills development training from ICTSI. The trainings and seminar-workshops provided were intended to enhance professional competencies and develop new leadership and management skills of program implementers, community partners, and program supervisors who are directly involved in program development, implementation, monitoring, and evaluation.

THE ICTSI FOUNDATION AT A GLANCE

2021 Projects and Initiatives

COVID-19 PREVENTION INITIATIVES

VACCINATION

20,000,000 Doses (facilitation of Moderna Vaccines purchase)

12 Supported government units

600,000 Vaccine doses administered

2 Mass vaccination centers established (NPF and SIVC)

SOCIAL ASSISTANCE

3,082 abused and neglected children cared for by Child Protection Network and Voice of the Free

SPORTS

5 Ladies Amateur Golf Players

HEALTH / COVID 19 PREVENTION

15 health centers in District 2 and 4, Gat Andres Bonifacio Memorial Medical Center

3 Bauan Rural Health Unit, Davao and Calamba Quarantine Facilities

ENVIRONMENT

PASIG RIVER-MANILA BAY PLASTIC WASTE TO FUEL PROJECT

80,000 residents of Brgy. 20 and 275, Parola, Manila

VICTORIA-ANEPA'AN MOUNTAIN RANGE (GREEN HEART OF PALAWAN) WILDLIFE CONSERVATION PROJECT

165,000 hectares covered by the project

1,000 kilometers patrolled by Wildlife Wardens

17 observed species of wildlife

10 illegal activities spotted (kaingin, encroachment, illegal logging)

ENVIRONMENTAL WEBINARS

823 Sangguniang Kabataan and Manila Youth Organization representatives

21 MMDA Community Organizers

7 Public schools

PORTABLE BALLAST WATER MANAGEMENT SYSTEM PROJECT

3 identified potentially invasive species (mollusks and flatworms)

PAROLA SOLID WASTE MANAGEMENT PROJECT

80,000 residents of Brgy. 20 and 275, Parola, Manila

YOUTH DEVELOPMENT

TEACHER TRAINING ON MENTAL HEALTH

2,000 public school teachers

FACILITIES IMPROVEMENT

645,000 public school students and teachers

TEACHING EQUIPMENT

30 visually impaired trainors

CLASSROOM RENOVATION

180 pre-school students

BRIGADA ESKWELA

13 public schools

SCHOLARSHIPS AND EDUC ASSISTANCE

171 Academic Scholars

230 Education Assistance Beneficiaries

240 ALS Beneficiaries

270 TechVoc Scholars (Don Bosco)

COMMUNITY ASSISTANCE

DISASTER RISK REDUCTION ASSISTANCE /RESPONSE

6,700 residents of Brgy. San Roque, Bauan, Batangas

500 fire victims (families) in Parola

1,000 displaced families due to Taal Volcano eruption

ASSISTANCE TO MDSW

286,466 Manila residents

BUHAY SA GULAY PROJECT ASSISTANCE

200 families in nearby barangays of Tondo, Manila

TYPHOON ODETTE OUTREACH AND RELIEF ASSISTANCE

15,000 individuals in Southern Leyte

30,000 families in 6 Provinces

OUTREACH ACTIVITIES

286,466 mentally challenged, CICL, persons deprived of liberty and elderly

ICTSI Foundation
Throughout 2021, the ICTSI Foundation, the Group's social responsibility arm continued its support to medical frontliners as well as to sectors badly hit by government restrictions to contain the spread of Covid-19. Similarly, the Foundation rolled out its regular programs in the areas of youth development, education, health, social assistance, sports, environment protection and community welfare.

Education. The year 2021 marks the second year wherein many Filipino learners and teachers alike continue to cope with the demands of hybrid learning, a combination of modular and virtual modes to deliver to students. The Foundation was able to support its host communities by donating computers, printers, supplies of bond paper and ink to 43 public schools in the Philippines, benefiting almost 45,000 students.

The Foundation likewise continued its support for its 170 academic scholars and the 230 student-dependents of janitors, security guards, meal servers and EcoPatrols at MICT. In addition to this, the Foundation also helped 270 technical vocational students at Don Bosco Youth Center in Tondo, Manila, at the brink of dropping out from the rolls as their sponsors, due to the pandemic, were unable to continue financial support. Sponsoring the remaining tuition fee balance of said students, the Foundation was able to help these students from discontinuing their studies and the said technical-vocational school from temporarily closing down its operations.

To give attention to mental health issues, the Foundation held a series of webinars for around 2,000 teachers and social workers stationed in Manila, Bauan, Batangas, Calamba City, Olongapo City, General Santos City, Davao City and Tagoloan, Misamis Oriental. The objective was to help these frontliners cope with life changes brought about by the pandemic and thereby be capable to effectively pursue their mission to educate the youth and help the marginalized sector. As an offshoot of this webinar, the Foundation selected 75 volunteer-teachers who were given an intensive 3-day training on how to execute psychosocial first aid at the first signs of mental health issues for their students, fellow teachers, and even to parents and family members of their students.

The Foundation also reached out to differently-abled youth, by donating android devices to ATRIEV Computer Training Center for the Visually Impaired, the pioneer computer training center for the blind in the Philippines. These upgraded devices will help them to efficiently deliver their classes not only to the visually impaired but also to people with other disabilities who will benefit from using the available assistive technologies. This initiative benefited 30 visually-impaired trainors.

Social Assistance. To contribute to over-all efforts of addressing the rise in online child pornography and domestic child abuse cases during the pandemic, the Foundation renewed its support to two organizations working to protect and rehabilitate child-abuse-victims. These are the Child Protection Network Foundation and the Voice of the Free Foundation which jointly provided medical, legal, psychosocial, and social work services to a total of 3,082 children.

Health. The Foundation spearheaded the sourcing of a total of 20 million Moderna vaccines for the government and the private sector and collaborated on the construction of a mega vaccination center at the property of the Nayong Pilipino Foundation, to beef-up the government's vaccination sites. The Foundation also assisted health institutions by providing them with Personal Protective Equipment (PPEs), basic medical equipment such as pulse oximeter, and blood pressure apparatus and thermal scanners. Laptops and printers were also donated to help them accomplish the necessary administrative tasks at the hospital/health centers in handling Covid-19 and non-Covid-19 cases. A total of 15 health centers were provided with this assistance.

Environment Protection. The Foundation carried on with its programs towards environment conservation and preservation – a partnership with Katala Foundation, on its 2nd year, for the protection of endemic wildlife species and biodiversity at the Mt. Anepa'an Mountain Range in Palawan and a partnership with Diliman Science Foundation for the development of a ballast water treatment prototype for Manila Port. The Foundation also signed a partnership with RiverRecycle, a Finland-based group specializing in cleaning rivers of plastic wastes and converting these to reusable materials. The objective is to collect plastic wastes at the mouth Pasig River going through Manila Bay, and convert these plastics into bunker fuel through pyrolysis technology.

Community Welfare. The islands of Mindanao and Visayas were rampaged by Typhoon Odette, (international name: Rai) in the middle of December. Spearheading the Razon Group's efforts, the Foundation was able to reach out to more than 30,000 affected families in Siargao, Southern Leyte, Palawan, Cebu, Misamis Oriental, Bohol and Dinagat Island by end of December stretching to early part of 2022.

The Foundation also reached out to other disadvantaged sectors for its Christmas Outreach Program – 2,700 mentally-challenged individuals in National Center for Mental Health, 855 mentally challenged individuals at Elsie Gaches being run by the Department of Social Welfare and Development, 500 indigent families in Happy Land, Tondo, Manila, 311 kids afflicted with hydrocephalus, 120 juvenile delinquents at Manila Youth and Rehabilitation Center and 5,300 inmates at Manila City Jail. Five hundred families of persons deprived of liberty serving their sentences in jails in the cities of Manila, Pasay, Mandaluyong, Makati and San Juan also received Christmas packages sponsored by the Foundation and several ICTSI employees.

In Manila, the Foundation donated Php1M to temporarily re-purpose Don Bosco Youth Center's 8,000sqm-football field into 200 vegetable plots for distribution to Tondo families whose livelihood was affected by the pandemic. The selected families will be responsible for the cultivation of their assigned plots from planting, nurturing, harvesting, and selling of produce.

As part of our Community Assistance Program, we partnered with National Resilience Council, a multi-sectoral collaboration which includes the academe and the Department of Science and Technology, in crafting a science-based resilience program for the City of Manila.

Sports. The Foundation continued to support 5 amateur golfers under the ICTSI Amateur Golf Program by providing them with support for equipment, apparel, and cash assistance to cover their training and coaching fees.

Corporate Information

Corporate Offices

International Container Terminal Services, Inc.
ICTSI Administration Building
Manila International Container Terminal
MICT South Access Road, Port of Manila
Manila 1012 Philippines
+ 63 2 8245 4101
+ 63 2 8245 2245
info@ictsi.com
ictsi.com

For inquiries from institutional investors, fund managers and fund analysts:

Rafael D. Consing, Jr.
Senior Vice President and Chief Financial Officer
+ 63 2 8247 8221
+ 63 2 8247 8035
jconsing@ictsi.com

Arthur R. Tabuena
Treasury Director and Head of Investor Relations
+ 63 2 8245 2255
+ 63 2 8247 8008
+ 63 2 8247 8035
atabuena@ictsi.com

For general information and company literature:

Maricel L. Bataller
Treasury Manager
+ 63 2 8247 8215
+ 63 2 8247 8035
mlaud@ictsi.com

In case of complaints or concerns regarding the Code of Business Conduct, please contact:

The Compliance Officer
Thru: ICTSI Global Corporate Legal Affairs
+ 63 2 8247 8241
+ 63 2 8245 2245
legalgroup@ictsi.com

In case of any report or concern regarding the Conflict of Interest Policy, please contact:

Global Corporate Human Resources
+ 632 8247 8003
globalhradmin@ictsi.com

For any report or concern regarding the Related Party Transactions Policy, please contact:

Atty. Benjamin M. Gorospe III
+ 632 8247 8263
+ 632 8247 8035
bgorospe@ictsi.com

For any report or concern regarding the Data Privacy Policy, please contact:

ICTSI Data Protection Officer
+ 63917 PRIVACY
+ 632 8247 8027
info@ictsi.com

For stockholder assistance regarding account status, stock certificates, stockholder information changes, and dividend payments:

Ricardo D. Regala
Stock Transfer Services Inc.
Unit 34-D Rufino Pacific Tower
6784 Ayala Avenue,
Makati City, Philippines
+ 632 8403 2410
+ 632 8403 3433
+ 632 8403 2414
rdregala@stocktransfer.com.ph

Manila International Container Terminal

Human Resources Department
CFS 2 Building
Manila International Container Terminal
South Access Road
Manila 1012, Philippines
+ 632 8245 4101 loc. 2122/23
hrdteam@ictsi.com

Procurement Department
2/F ICTSI Administration Building
Manila International Container Terminal
South Access Road
Manila 1012, Philippines
+ 632 8247 2164
+ 632 8247 8073
businesscompliance@ictsi.com

Commercial and Risk Management
2/F ICTSI Administration Building
Manila International Container Terminal
South Access Road
Manila 1012, Philippines
+ 632 8245 4101 loc. 2492
mict_commercial@ictsi.com

Health Safety Security and Environment (HSSE)
Berth 5
Manila International Container Terminal
South Access Road
Manila 1012, Philippines
+ 632 8247 8075
+ 632 8245 4101 loc. 2173/77
hseteam@ictsi.com

ICTSI Foundation, Inc.

2/F ICTSI Administration Building
Manila International Container Terminal
South Access Road
Manila 1012, Philippines

ICTSI Foundation Multipurpose Hall
G/F ECJ Building
Real corner Arzobispo Streets,
Intramuros, Manila
+ 632 8714 9285
foundation@ictsi.com

Our complete Annual Reports can be viewed or downloaded at www.ictsi.com

A thorough discussion of the Company's sustainability and social responsibility efforts can be found at the 2021 ICTSI Group Sustainability Report and the ICTSI Foundation Accomplishment Report.

International Container Terminal Services, Inc.

Delivering a Resilient Future
ICTSI 2021 Corporate Governance Report

ICTSI Foundation, Inc.

Delivering a Resilient Future

ICTSI FOUNDATION 2021 ACCOMPLISHMENT REPORT

About our Theme

The global business sector has been blindsided by the COVID-19 pandemic in more ways than one, and ICTSI is no exception. While some social and professional aspects of the Company were initially affected, we were able to swiftly pivot and recover. We were able to steer through the rough waters with confidence borne out of our track record of resilience amid difficult times. We have remained faithful to our customers, steadfast with our employees, and reliable for the communities whose lives we touch. With COVID-19 not only being a public health crisis but an economic one, the need for sustainable progress and harmonious existence with nature has only been underscored. The challenge is in creating lasting value for our stakeholders and bringing positive change to the industry. Sustainability priorities have seemingly become even more difficult to pursue amid the demands of the "new normal" but we recognize that these are social investments with far-reaching and long-term returns not only to our business but to our planet. Thus, we rise to the task of delivering a resilient future for all.

Delivering a Resilient Future

ICTSI FOUNDATION 2021
ACCOMPLISHMENT REPORT

ICTSI
Foundation, Inc.

Contents

Delivering a Resilient Future

33 YEARS

34 TERMINALS

20 COUNTRIES

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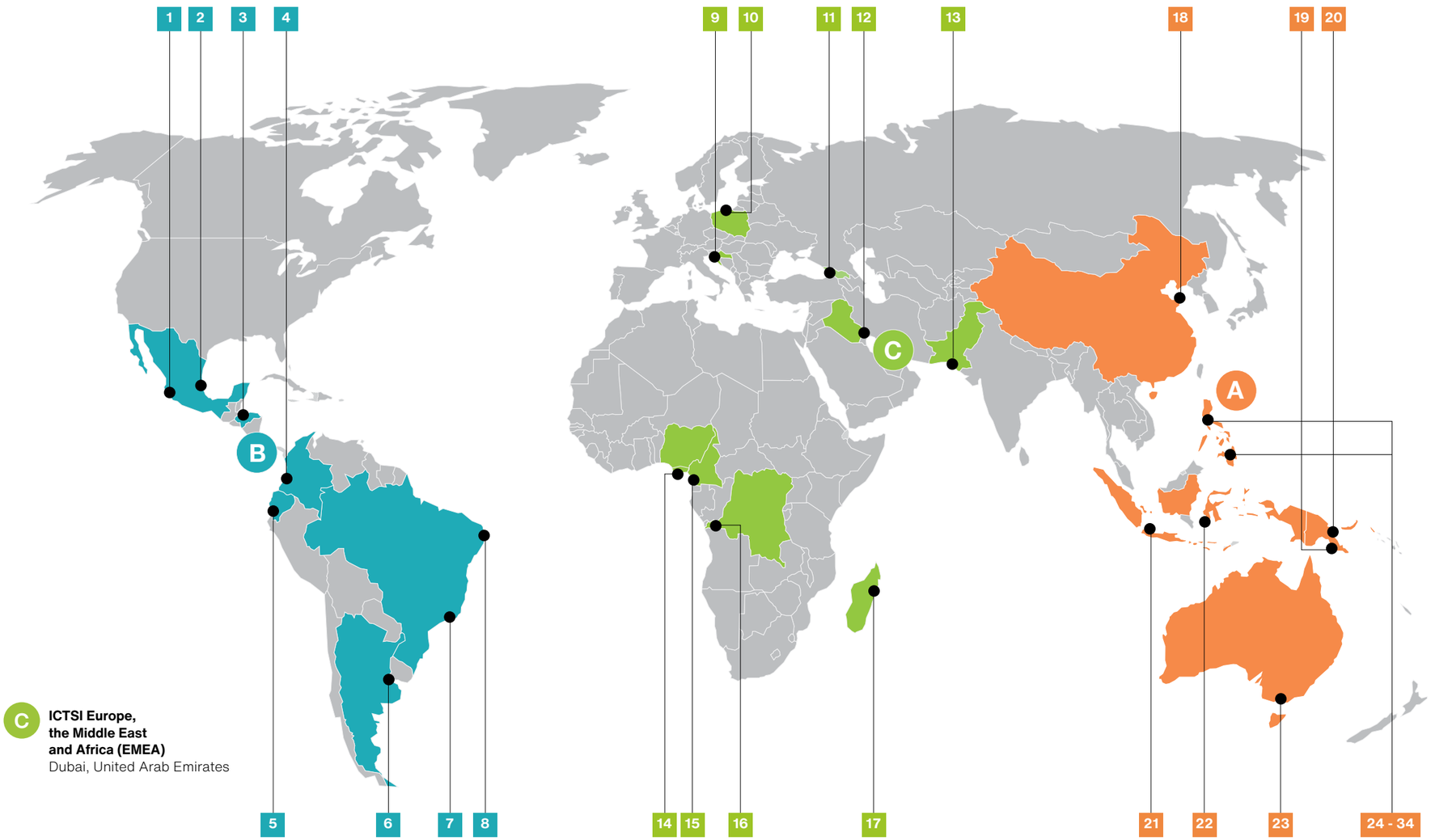


A **Corporate Offices**
Manila, Philippines

ICTSI Asia Pacific
Manila Philippines

B **ICTSI Americas**
Panama City, Panama

C **ICTSI Europe, the Middle East and Africa (EMEA)**
Dubai, United Arab Emirates

THE AMERICAS

1. **Contecon Manzanillo**
   Manzanillo, Mexico
2. **Tuxpan Maritime Terminal**
   Veracruz, Mexico
3. **Puerto Cortés**
   Cortés, Honduras
4. **Puerto Aguadulce**
   Buenaventura, Colombia
5. **Contecon Guayaquil**
   Guayaquil, Ecuador
6. **TecPlata**
   Buenos Aires, Ecuador
7. **ICTSI Rio Brasil 1**
   Rio de Janeiro, Brazil
8. **Tecon Suape**
   Pernambuco, Brazil

EUROPE, THE MIDDLE EAST & AFRICA

9. **Adriatic Gate Container Terminal**
   Rijeka, Croatia
10. **Baltic Container Terminal**
    Gydnia, Poland
11. **Batumi International Container Terminal**
    Adjara, Georgia
12. **Basra Gateway Terminal**
    Umm Qasr, Iraq
13. **Pakistan International Container Terminal**
    Karachi, Pakistan
14. **Onne Multipurpose Terminal**
    Port Harcourt, Nigeria
15. **Kribi Multipurpose Terminal**
    Kribi, Cameroon
16. **Matadi Gateway Terminal**
    Kongo Central, D.R. Congo
17. **Madagascar International Container Terminal**
    Toamasina, Madagascar

ASIA PACIFIC

18. **Yantai International Container Terminals**
    Shandong, China
19. **Motukea International Terminal**
    Port Moresby, Papua New Guinea
20. **South Pacific International Container Terminal**
    Lae, Papua New Guinea
21. **Tanjung Priok Berths 300-303**
    Jakarta, Indonesia
22. **Makassar Container Terminal**
    South Sulawesi, Indonesia
23. **Victoria International Container Terminal**
    Melbourne, Australia

Philippines

24. **Manila International Container Terminal**
25. **NorthPort**
26. **Manila Harbor Center**
27-28. **Subic Bay International Terminals (NCT 1 and 2)**
    Olongapo City
29. **Laguna Gateway Inland Container Terminal**
    Calamba City
30. **Cavite Gateway Terminal**
    Tanza, Cavite
31. **Bauan International Port**
    Bauan, Batangas
32. **Mindanao Container Terminal**
    Tagoloan, Misamis Oriental
33. **Sasa Wharf**
    Davao City
34. **Makar Wharf**
    General Santos City

Chairman's Message

In 2021, the ICTSI Foundation continued to be a strategic partner in the ICTSI Group's pandemic mitigation efforts and corporate citizenship programs. Despite the curbs and waysides brought about by the pandemic and effects of climate change, the Foundation moved forward in pursuing its mission and even expanded the scope of its advocacies. The Foundation's presence and role in the Company's environment, society and governance (ESG) initiatives and in pursuing operational goals continue to grow.

Recovering from the pandemic

In the Philippines, the Foundation was at the forefront of a massive private sector-led pandemic response, foremost being the sourcing of 20 million doses of mRNA vaccines from pharmaceutical Moderna. To ensure the efficient logistics and rollout of the vaccines, we built two facilities: a vaccination hub at the Nayong Pilipino Foundation property and a vaccination center in Solaire Resort and Casino both in Entertainment City, Paranaque City. As of the first quarter of 2022, the two sites administered almost 600,000 doses to residents of Metro Manila and nearby provinces. Meanwhile, as of yearend 2021, the ICTSI Group vaccinated over 90 percent of its workforce worldwide.

The Foundation also helped public health centers, especially those within ICTSI host communities, in capacitating their facilities to handle COVID cases including other illnesses. We also sponsored mobile clinics for far flung indigent communities.

Across the Razon Group, over PHP 1.5 billion in social investments were rolled out to help mitigate the pandemic.

Expanding environment advocacy

An advocacy we are expanding is environmental protection. We have seen how the disruption and abuse of our natural ecosystems resulted in calamities. In December, super typhoon Odette (international name Rai) wreaked havoc in central and southern Philippines impacting close to 1.8 million people or half a million families.

We strengthened our partnerships with Katala Foundation for the habitat conservation of the Palawan Porcupine, Philippine Pangolin and other endangered animals endemic to Palawan, the University of the Philippines-based Diliman Science Research Foundation for the development of a ballast water treatment device for seafaring vessels docking at the Port of Manila (to protect marine life in Manila Bay from invasive and harmful species from other ports), and Finland-based RiverRecycle Oy for the waste management of plastics in both the Pasig River and Manila Bay and its conversion to fuel through pyrolysis technology.


Photo courtesy of Katala Foundation, Inc.

Helping typhoon Odette survivors

Related to Odette, the Foundation once again led the Razon Group in the quick and collaborative response to the critical needs of survivors. The Group was able to bring in over PHP 60 million worth of relief goods and emergency supplies to over 30,000 families in the hardest hit communities of Surigao Del Norte, Southern Leyte, Palawan, Cebu, Bohol and Misamis Oriental.

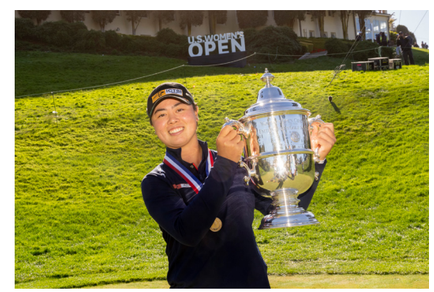
With the help of local government units, the Department of Social Welfare and Development, the military and police, and various public agencies, beneficiaries were immediately identified, especially survivors in remote areas. The Foundation worked closely with private sector partners and non-government organizations in the logistics of relief operations, from repacking and delivery to the distribution of goods.

Silver linings in youth advocacy

Youth development remains at the heart of the Foundation. We continued our support to the Department of Education's implementation of hybrid classes covering modular, online, and broadcast learning modes. We expanded our scholarship grants to include dependents of our security and auxiliary staff and solid waste management community volunteers (ecopatrols) in our port grounds in Manila.

We saved 270 vocational school students at the the Don Bosco Youth Center in Tondo, Manila from the brink of dropping out due to lack of benefactors. For the incoming school year, we are adopting as ICTSI scholars the entire 600-student population of the youth center.

As cases of online child pornography and domestic child abuse rose during the pandemic, the Foundation renewed its partnership with the Child Protection Network and Voice of the Free.



A feather in the cap in our sports program was when our sponsored athlete, Filipino-Japanese Yuka Saso, won the USGA Women's Open championship in June, a first for the Philippines. The Foundation supported Yuka in her junior and amateur years where she won several local and international championships including two gold medals in the 2018 Asian Games in Jakarta, Indonesia.

Renewed focus

For 2022 and onwards, the Foundation will take on the lead role within the ICTSI Group in responding to the United Nations' call for a strong country-by-country, sector-by-sector interrelated actions towards nature restoration to address natural and manmade woes, which are outcomes of decades-long misuse and abuse of our environment.

We will look and push for projects on the reduction of carbon footprint, protection of natural habitats of flora and fauna, environment-friendly technological innovations, revival of denuded forests, and circularity in resource utilization, along with our assistance projects to host communities and disadvantaged sectors. We shall endeavor to strengthen resilience and adaptation: tangibly on people, procedures and protocols, and intangibly through vibrant and dynamic collaborations with our partner communities, other foundations, and government agencies.

ICTSI has long been operating within the 3P framework of pursuing profitability objectives, alongside the welfare of people and the planet. We will continue to follow this framework as we do our share in achieving the UN's 17 Sustainability Development Goals.

Enrique K. Razon Jr.
Chairman

THE ICTSI FOUNDATION AT A GLANCE

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CSR Statement

Good Global Citizenship

Corporate social responsibility is at the core of ICTSI operations and corporate governance, encompassing relationships and commitments within the organization and beyond it.

We see CSR as having positive impact through Good Global Citizenship: nurturing harmonious relationships with shareholders and employees, customers and suppliers, host communities, government units and regulatory entities, and other stakeholders.

Within the organization, we uphold the diligent practice of Corporate Stewardship; working outward, we actively promote Development Partnerships.

Corporate Stewardship

We value Good Corporate Governance: principled and effective Corporate Stewardship of people, of corporate resources, and of the environment. We are committed to:

- Promoting a strong culture of excellence, integrity and professionalism among employees;
- Advancing our employees' quality of life; and,
- Protecting our people's health and occupational safety, while protecting the environment, especially in our port operations.

We welcome the continuing evolution of internationally accepted frameworks for setting, implementing and measuring compliance with corporate governance standards and systems.

These frameworks shape and inform our efforts towards:

- Ethical code of conduct in all aspects of the corporate organization;
- Compliance with all government legislation and industry standards; and,
- Accountability to and transparency towards all internal and external stakeholders.

Development Partnerships

We embrace the call for the corporate sector to become increasingly active and on-ground partners in development, be it in communities or sectors. We recognize the challenge of the times: the demand for more substantive and more empowering initiatives—Corporate Philanthropy premised, not on the charitable giving model, but on the active promotion of Development Partnerships.

Three distinctives thus mark our Corporate Philanthropy perspective:

- We choose to invest in the youth of today: a critical contribution holding next-generation implications.
- We choose to be context-based: empowering and equipping the youth within the context of their immediate environments, such as the communities they live in, how they learn, and how they play.
- Recognizing the growing impact of environmental issues on social development, we advocate environmental stewardship within the Company and in communities, even as we support disaster response efforts.

In support of government in its social development initiatives, and to contribute to the social development of host communities where ICTSI operates, we maximize multiple avenues for our Corporate Philanthropy commitment:

- Through the long-standing and continuing Group-wide community and sectoral development initiatives of the Head Office and the various local and international subsidiaries;
- Through the official Corporate Philanthropy arm of the ICTSI Group, the ICTSI Foundation, with its Sports Development, Education and Community Welfare program pillars; and,
- Through additional selected advocacies receiving our support.

ICTSI Foundation

The ICTSI Foundation was established in May 2009 to rationalize CSR initiatives across the ICTSI Group by identifying and espousing advocacies initially on Youth and Community and adopting these advocacies as development pillars. Environment advocacy was later spun off from Community, and later became its third pillar. ICTSI's aim is to have a sustained implementation of similarly-focused CSR initiatives within its Philippine and global operations.

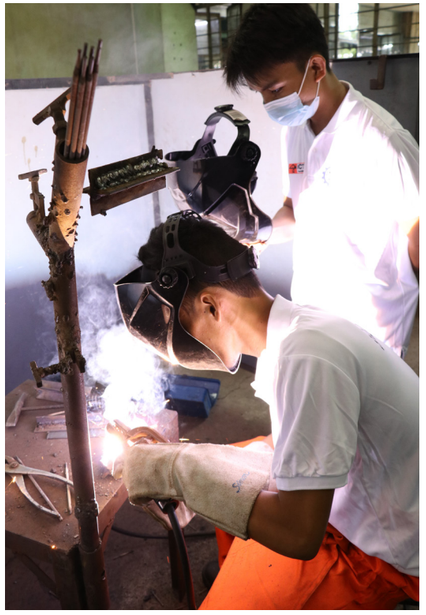
The Foundation monitors and reports all CSR programs and projects and ensures that ICTSI business units heed the call of the United Nations to contribute to the attainment of the 17 Sustainability Development Goals by 2030.

Vision

A society that supports and advances the growth potentials of the youth.

Mission

Provide support mechanisms and stimuli in youth development, environment protection and community assistance



Goals

- To provide assistance to the youth in the fields of education, health, sports and social assistance;
- To support partnerships and collaborations on environmental protection projects;
- To support welfare services to address needs of disadvantaged sectors in communities

The Foundation is prepared to take on any of these roles to help ensure the success of developments that are initiated or supported by the ICTSI Head Office, ICTSI subsidiaries, other organizations, or by communities or sectors:

- Proponent
- Partner
- Funding Institution
- Implementer
- Coordinator

Development Pillars

- **Youth Development**

The youth equates to the future and being at the core of the three pillars, the Foundation dedicates its programs and projects to seeing that rights and liberties of young persons are protected, minds are nurtured, and mindsets are transformed to maximize their growth potentials. Modes of assistance under this pillar cover education, sports and social assistance.

- **Environmental Protection**

Initiatives towards environmental protection take three tracks: (1) mitigating effects of human economic activities to the environment and its impacts to water, air and land pollution; (2) protecting wildlife against poaching and marine life against translocation of non-indigenous species; and (3) restoration of denuded forests.

ICTSI endeavors to use innovative technology, equipment, and practices that reduce carbon footprint. Meanwhile, the Foundation partners with environment organizations focused on nature restoration and the protection of wildlife.

While ICTSI advocates effective waste management in business operations, the Foundation advocates the same with its partners in public schools, local government units, and other organizations.

- **Community Assistance**

Host communities cradle ICTSI's port operations across the globe. Building a symbiotic relationship between our ports and immediate stakeholders has always been part of ICTSI's culture of doing business. Through Community Assistance, the Foundation contributes in uplifting communities through modes of support in health, livelihood, local leadership, and disaster preparedness and response, among others.

ICTSI Foundation

SPECIAL COMMUNITY ASSISTANCE PROJECT ON HEALTH: PANDEMIC MITIGATION

The Razon Group of Companies took an active role in pandemic mitigation in the Philippines. ICTSI and the ICTSI Foundation were at the forefront in rolling out private sector-led initiatives that helped the government with its pandemic recovery efforts. Two years through the pandemic, the Razon Group made social investments amounting to more than PHP 1.5 billion.

The ICTSI Foundation coordinated with the public and private sector the procurement of vaccines, while Bloomberry Resorts Corp. and Prime Infrastructure Holdings Inc. led the construction efforts of various quarantine, testing and vaccination facilities. Razon Group companies and foundations supported programs on hunger alleviation, welfare of health care workers, and capacitating health institutions in coping with surges, among others.

An initial order of three million doses of Oxford-AstraZeneca vaccines were facilitated, where ICTSI sponsored 300,000 doses, half of which were donated to the national government and half to local government units; followed by 20 million doses of Moderna vaccines, where 13 million doses were allotted to the public sector and seven million to the private sector.

To facilitate the logistics of the bulk orders, a temporary vaccination hub – a cold storage and vaccination facility – was installed at the Nayong Pilipino Foundation (NPF) property in Entertainment City, Paranaque City. Opened in August 2021, the PHP 250 million vaccination center has a capacity to administer 15,000 doses daily.

To facilitate the vaccination of employees and dependents of the private sector buyers of Moderna vaccines, ICTSI and Bloomberry Resort Corp. retrofitted portions of the Solaire Resort and Casino into vaccination areas. Opened in June, the Solaire facility can administer 6,000 shots a day. As of March 2022, both NPF and Solaire facilities administered close to 600,000 vaccine doses

To help mitigate the spread of Covid prior to the vaccine rollout, existing public infrastructure were retrofitted into quarantine and isolation facilities. These were the Ninoy Aquino Stadium, Rizal Memorial Sports Complex, and a part of the Philippine General Hospital. A 600-bed quarantine facility, the largest in Metro Manila, was also built in Entertainment City.

Aside from the isolation facilities, ICTSI helped in the set-up of testing facilities in Enderun in Taguig, Palacio de Manila in Manila, and the Mall of Asia Arena in Pasay. Another area of Solaire was converted into a testing facility.

The Foundation assisted health institutions designated as vaccination centers through provisions of personal protective equipment and basic medical equipment like pulse oximeters, blood pressure apparatus and thermal scanners. Laptops and printers were also donated to help frontline workers accomplish necessary administrative tasks at the hospital/health centers in handling Covid-19 and non-Covid-19 cases. A total of 15 health centers were provided with this assistance in Districts 2 and 4 and the Gat Andres Bonifacio Memorial Medical Center in Tondo, Manila.

The Bauan Rural Health Unit, a quarantine facility in Davao City and San Cristobal in Calamba City also received assistance in the form of medical supplies, personal protective equipment, hygiene and sanitation supplies. In Leyte, 10,000 pieces of washable face masks were distributed through a local group, Lakbay ng Buhay.

In partnership with the Bridges of Benevolent Initiative, the Foundation donated PHP 5 million to cover the operating costs of three “Healthy Pinas” mobile clinics catering to indigent patients. The mobile clinic offers laboratory tests like ECG, ultrasound, and x-ray.

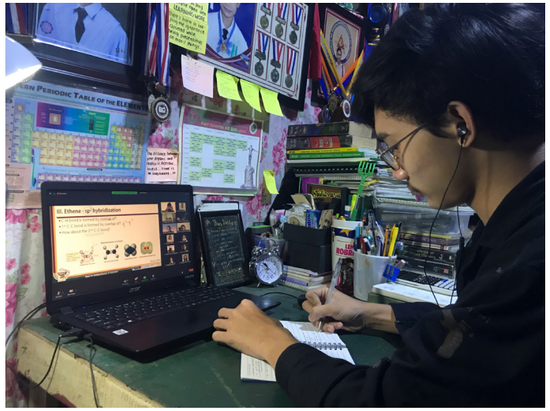
YOUTH DEVELOPMENT

EDUCATION

Support to Philippine Department of Education

Beneficiaries:
45,000 public school students

On its second year, the Department of Education (DepEd) continued its implementation of hybrid classes, a combination of online classes and home-based distribution of learning modules to students. The Foundation supported the DepEd through donations of broadcast equipment, computers, risograph machines, printers and reproduction supplies to 43 public schools in ICTSI’s host communities in the Philippines.



International, Local Scholarships and Educational Assistance

Beneficiaries:

- 1 International Scholar
- 170 Academic Scholars
- 230 student-dependents
- 270 Tech-Voc students
- 6 ALS instructors and 234 learners

The Foundation continued its support to a graduating international scholar, John Lennard Rivera, pursuing a degree on Civil Engineering at Northeastern University, Boston, Massachusetts and 170 academic scholars from ICTSI host-communities in the Philippines. John Lenard also had his internship at ICTSI's Global Engineering Group. Despite the challenges of remote learning, many scholars received citations for their excellent academic performance.

The education assistance program expanded to include 230 student-dependents of janitors, security guards, meal servers and solid waste management community volunteers at the Manila International Container Terminal.

The Foundation also bailed out 270 technical vocational students at Don Bosco Youth Center in Tondo, Manila, at the brink of dropping out as their sponsors discontinued financial support due to the pandemic. With the Foundation sponsoring the students' tuition fee balance, these students were able to continue with their studies and likewise the technical-vocational school was able to continue its operations.

Rivera, John Lenard
4th Year Civil Engineering
Northeastern University
Boston Massachusetts

Bauan Scholars

Abella, Jesreyl
1st Year BS Management Accounting Batangas State University (BSU)

Dalangin, MC Kier Ralph M.
1st Year BS Architecture
Batangas State University
Alangilan

Malaluan, Steven Kenn B.
1st Year BS Biology
Batangas State University
Pablo Borbon

Ramos, Leona S.
1st Year BS Education
Major in Mathics
Batangas State University

Reyes, Jewelle M.
2nd Year, Bachelor of Public Administration
Batangas State University

Acuña, Geoffre C.
Grade 9
Bauan Technical High School

Azucena, Mary Joy G.
Grade 9
Bauan Technical High School

Bengala, Jhon Kenneth M.
Grade 9
Bauan Technical High School

Carcabuso, Jayrus Aidrian
Grade 9
Bauan Technical High School

De Los Reyes, Miguel B.
Grade 9
Bauan Technical Integrated High School

Dipasupil, Jairus G.
Grade 9
Bauan Technical High School

Flojo, Mhonjoe
Grade 9
Bauan Technical Integrated High School

Ilao, Jeffrey M.
Grade 9
Bauan Technical Integrated
High School

Lavarejos, Kayelle Clyde
Grade 9
Bauan Technical Integrated
High School

Moron, Cyrus Gil O.
Grade 9
Bauan Technical
High School

Ramos, Krystal Mae R.
Grade 9
Bauan Technical
High School

Valdez, Andrea Mae B.
Grade 9
Bauan Technical Integrated
High School

Villamor, Jan Marjorie C.
Grade 9
Bauan Technical Integrated
High School

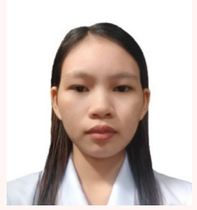
Soto, Cleyana Mari M.
Grade 9
Bauan Technical
High School

Davao Scholars

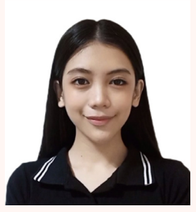
Abalo, Cared Hillary
4th Year BS Accountancy
University of
Mindanao

Dalangin, MC Kier Ralph M.
1st Year BS Information Tech.
University of Southeastern
Philippines

Banzali, Vience Jhon A.
1st Year BS Information Tech.
University of Southeastern
Philippines



Carin, Elma
1st year BS Public
Administration, University of
Southeastern Philippines



Concha, Bea Aubry
1st Year AB Political
Science
CMU

Intoy, Aladin Jr.
4th Year BA Communication
and Media Arts, University
of the Philippines

Tamparong, Roger James G.
1st Year BS Information
Technology
STI College

Villar, Reymar
1st year BSTM
UM

Antisoda, Angel Joy
Grade 9
F. Bangoy National
High School

Bialao, Liezl
Grade 9
F. Bangoy National
High School

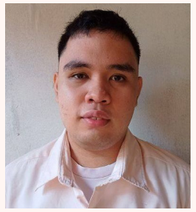
Borres, Mark Justine
Grade 9
F. Bangoy National
High School

Cantod, Kenneth John M.
Grade 9
F. Bangoy National
High School

Carungay, Marie Claire M.
Grade 9
F. Bangoy National
High School

Cayudong, Crisly Luv L.
Grade 9
F. Bangoy National
High School

Diongzon, Lovely A.
Grade 9
F. Bangoy National
High School



Duyag, John Mark G.
Grade 12
F. Bangoy National
High School

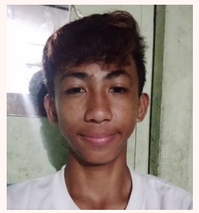
Lolo, Rhaff Lloyd
Grade 9
F. Bangoy National
High School

Magallanes, Crystal Kate L.
Grade 9
F. Bangoy National
High School

Nguho, Princess Kyle
Grade 9
F. Bangoy National
High School

Pardillo, Amieah Trish A.
Grade 9
F. Bangoy National
High School

Sarusad, Steve Nash
Grade 9
F. Bangoy National
High School



Sugarol, Edsel
Grade 9
F. Bangoy National
High School

Tadeo, Charlotte P.
Grade 9
F. Bangoy National
High School

Mangagta, Melody Maye
Grade 9
F. Bangoy National
High School

General Santos Scholars

Araquil, Tiffany
1st Year BSA Agronomy
Mindanao State
University

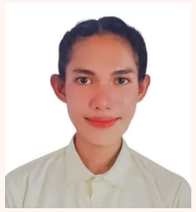
Monsales, Joycel
1st Year BS Education major
in English, General Santos
Foundation College Inc.

Paguital, Naima
1st Year BS Education major in
Mathematics, Ramon
Magsaysay Memorial Colleges

Patnubay, Cleofe Jane
4th Year Accountancy
Mindanao State
University

Santiago, Reysan P.
1st Year BS Criminology
General Santos Foundation
College Inc.

Sarit, Pedrito Jr. T.
1st Year BS Office
Administration, General Santos
Foundation College Inc.



Saldariega, Elmar Espinosa
Grade 9
Labangal National
High School

Alba, Jillan Marianell M.
Grade 9
Labangal National
High School

Alquizar, Vince Aica B.
Grade 9
Labangal National
High School

Barcelon, Janelle
Grade 9
Labangal National
High School

Beronia, Liezie Rose
Grade 9
Labangal National
High School

Buscato, Ann Lorraine
Grade 9
Labangal National
High School

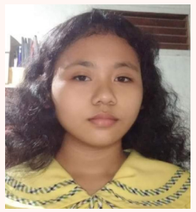
Catamco, Ashlee
Grade 8
Labangal National
High School

Dairo, Rheanne N.
Grade 9
Labangal National
High School

Entrada, Julia Amor
Grade 9
Labangal National
High School

Gofredo, Sitti
Grade 9
Labangal National
High School

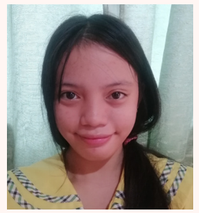
Megriño, Clarice Dionne C.
Grade 9
Labangal National
High School



Millares, Genesis D.
Grade 9
Labangal National
High School

Moneba, Jasmine
Grade 9
Labangal National
High School

Noor, Hidaya L.
Grade 9
Labangal National
High School



Rojo, Rhystie F.
Grade 9
Labangal National
High School

Manila Scholars

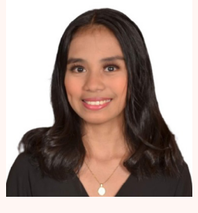
Santiago, Reysan P.
1st Year BS Physical
Therapy, Pamantasan
Lungsod ng Maynila

Balabagan, Norhana C.
1st Year BS Electrical
Engineering, Pamantasan
Lungsod ng Maynila

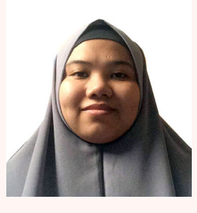
Caducio, Katherine
1st Year BS Electrical
Engineering, Technological
University of the Philippines

Casupas, Alvin
1st Year Bachelor of
Engineering Technology
Technological University of the Philil.

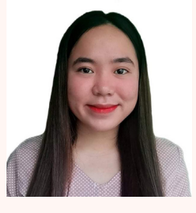
De Jesus, Julian Paul
1st Year BS BS Speech
Pathology, University of the
Philippines



Dela Cruz, Julia Mae P.
1st Year BS Business
Administration, Pamantasan
Lungsod ng Maynila



Esmael, Almera A.
1st Year BS Computer
Science, Pamantasan
Lungsod ng Maynila



Esmael, Asthna T.
1st Year BS Education Major in
Science, Eulogio Rodriguez
Institute of Science and Technology

Fabito, Andrei Charles D.
1st Year BS Tourism
Eulogio Rodriguez Institute of Science and Technology

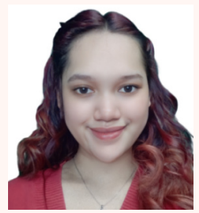
Gabriela, Khizyl Mae
1st Year BS Business Administration Major in Operations Management
Polytechnic University of the Philippines

Galero, Allyanna V.
1st Year BA Communication
Universidad de Manila

Garcia, Kristine Ann
1st Year BS Mechanical EngineeringPamantasan Lungsod ng Maynila

Gayondato, Arabella Grace C.
1st Year BS Psychology
Universidad de Manila

Gomez, Kenth E.
2nd Year BS Civil Engineering, Pamantasan Lungsod ng Maynila



Grengia, Domiline
1st Year BS Nursing
Pamantasan Lungsod ng Maynila

Hassan, Norly
1st Year BS Education Major in English, Pamantasan Lungsod ng Maynila

Jorge, Trisha Gayle P.
1st Year Bachelor of Engineering Technology Major in Computer Engineering Technology Universidad de Manila

Lingahan, Erica S.
1st Year BS Business Administration, Universidad de Manila

Lucero, Rosalinda
2nd Year BS Education major in Filipino, Pamantasan Lungsod ng Maynila

Manaog, Chrislyn
1st Year BS in Nursing
Universidad de Manila

Mangalus, Iris Zina
1st Year BS Accountancy
Pamantasan Lungsod ng Maynila

Mansano, Cristine Pearl
2nd Year BS Nursing
Pamantasan Lungsod ng Maynila

Miralles, Georgie Ann
2nd Year BS Education major in General Science
Universidad de Manila

Moreno, Jojet Jr. S.
1st Year BA Communication
Pamantasan Lungsod ng Maynila

Namang, Evangelaene
1st Year BS Education major in Social Studies
Pamantasan Lungsod ng Maynila

Pamatian, Angelie
1st Year BS Mathematics
Pamantasan Lungsod ng Maynila

Pebres_Jemelyn E.
1st Year BA Communication
Pamantasan Lungsod ng Maynila

Perucho, Jonalyn A.
1st YearBA Communication
Pamantasan Lungsod ng Maynila

Rabanzo, Khrisia Mae
1st Year BS Nursing
Pamantasan Lungsod ng Maynila

Sasao, Jamilah M.
1st Year BS Nursing
Universidad de Manila

Sumayan Jhoenel C.
3rd Year Bachelor of Engineering Technology Major in Computer Engineering Technological University of the Philippines

Taduran, Joana Tovi
1st Year BS Information Technology, Cavite State University

Valdez, Romer
1st Year BS Pharmaceutical Sciences, University of the Philippines

Villanueva, Maria Elizabeth
1st Year BS Education major in Social Studies, Pamantasan Lungsod ng Maynila

Yap, Allan Dale
1st Year BS Nursing
Pamantasan Lungsod ng Maynila

Ausa, Philip John
1st Year BS Psychology
Eulogio Rodriguez Institute of Science and Technology

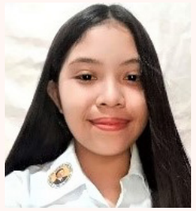
Elariog, Ma. Leonora Kate
1st Year BS Business Administration major in Financial Management
Pamantasan Lungsod ng Maynila

Gayondato, Railey
1st Year BS Computer Engineering, Pamantasan ng Lungsod ng Maynila

Barizo, Anjielyn
Grade 12
Arellano University

Berbosidad, Mary Blee
Grade 9
Abad Santos High School

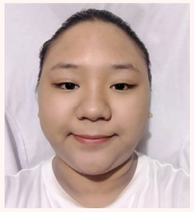
Carinoza, Erica Mae
Grade 9
Abad Santos
High School



Galla, Queenie
Grade 10
Abad Santos
High School

Calindatas, Princess Avigael
Grade 11
Abad Santos
High School

Jasco, Bianne Rose
Grade 9
Pres. Corazon C. Aquino
High School



Magana, Rose Mae
Grade 11
Jose Abad Santos
High School

Salafranca, Alexander Jay
Grade 10
Jose Abad Santos
High School

Cheung, Michael Edson
Grade 11
Abad Santos
High School

Tamayo, Casandra Jane
Grade 12
Tondo
High School

De Guzman, Armando
Grade 12
Jose Abad Senior
High School

Lagman, Justin David
Grade 12
St. Gabriel Academy

Lagman, William Tey
Grade 8
St. Joseph School

Misamis Oriental Scholars

Berganio, Marnique
1st Year BS Computer Engineering, University of Science andTechnology of Southern Phil.

Calang, Cinderela
1st Year BS Business Administration, Tagoloan Community College

Oberes, Joan
2nd Year BS Education major in Science, University of Science and Technology of Southern Phil.

Potane, Ammel
1st Year BS Criminology Tagoloan Community College

Reponte, Paul Roland L.
1st Year BS Mechanical Engineering, University of Science and Technology of Southern Phil.

Arevalo, Divine Claire T.
Grade 9
Tagoloan National
High School

Aasgali, Alexa Yuah Varzilee
Grade 9
Tagoloan National
High School

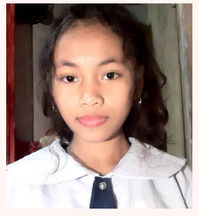
Badal, Alcherika
Grade 9
Tagoloan National
High School

Bajalla, Mary Love
Grade 9
Tagoloan National
High School

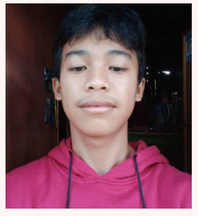
Bation, Kristy
Grade 9
Tagoloan National
High School

Caliso, Rich BJ
Grade 9
Tagoloan National
High School

Emano,John Kirby O.
Grade 9
Tagoloan National
High School



Lombrino,Cherry Ann M.
Grade 9
Tagoloan National
High School



Madridano, Rayver
Grade 9
Tagoloan National
High School

Nacasabog, Shaine
Grade 9
Tagoloan National
High School

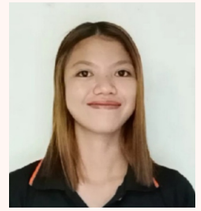
Oyan Cristine Mae T.
Grade 9
Tagoloan National
High School

Olongapo Scholars

Angelo, Steven A.
4th Year BS Environmental Science, Marcos Memorial State University

Diocares, Rochella Mae B.
1st YearBS Customs Administration, Gordon College

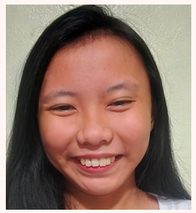
Lazarte, Aira Grace
4th Year BS Accountancy Bataan Peninsula State University



Movilla, Jenifer
4th Year BS Computer Engineering, President Ramon Magsaysay State University

Rivera, Marcriz Mirai
4th Year BS Accountancy Polytechnic University of the Philippines

Sacbatona, Maricha Jhen
1st Year BS Accountancy Gordon College



Segundo, Cassandra O.
1st Year BS Early Childhood Education, Gordon College

Tolentino, Angelica M.
1st Year BS Accountancy Gordon College

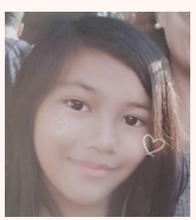
Alcala, John Paul G.
Grade 9
Olongapo City National High School

Alegre, Sarah Ella Rose F.
Grade 9
Olongapo City National High School

Guevarra, Venvenus
Grade 9
Olongapo City National High School

Hallare, Lorian E.
Grade 9
Olongapo City National High School

Jalandoni, Alvireth Mae L.
Grade 9
Olongapo City National High School



Nacionales, Hannah
Grade 9
Olongapo City National High School

Romero, Jason
Grade 8
Olongapo City National High School

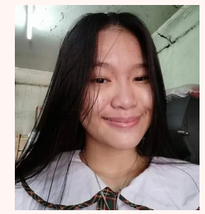
Sardañas, Aran Benz C.
Grade 9
Olongapo City National High School

Varde, Nerissa B.
Grade 9
Olongapo City National High School

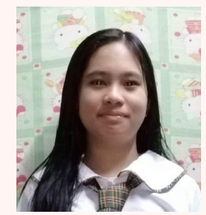
Azucena, Micaella
Grade 9
Olongapo City National High School

Badua, Simon
Grade 9
Olongapo City National High School

Ejanda, Jodel
Grade 9
Olongapo City National High School



Jamayao, Charisse
Grade 9
Olongapo City National High School



Solis, Reign Marielle
Grade 9
Olongapo City National High School

Victoria Timothy Khayle
Grade 9
Olongapo City National High School

Tagum Scholars

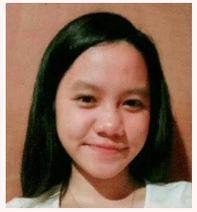
Arimao, Phoebe M.
1st Year BS Education major in English, English University of Mindanao

Lorenzana, Hope
1st Year BS Agriculture University of Southeastern Philippines

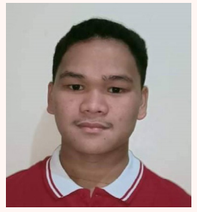
Panganiban, Beige Guy Rey L.
1st Year Technical Vocational Teaching Education major in Computer Systems Servicing University of Southeastern Philippines

Sabawan, Jonalyn P.
1st Year Secondary Education University of Southeastern Philippines

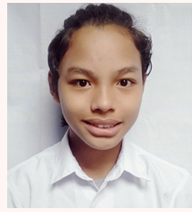
Seiton, Rex Leenard
1st Year BS Education major in Mathematics, University of Southeastern Philippines



Albastro, Meryll Faye
Grade 9
Jose Tuason Jr. Memorial National High School



Alvarez, Zosimo
Grade 9
Jose Tuason Jr. Memorial National High School



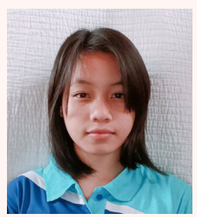
Andoyan, Jibb Ivan
Grade 9
Jose Tuason Jr. Memorial National High School

Bermida, Jandin Mae
Grade 9
Jose Tuason Jr. Memorial National High School

Bugahod, Jenny Vic
Grade 9
Jose Tuason Jr. Memorial National High School

Buladaco, Christel Joy
Grade 9
Jose Tuason Jr. Memorial National High School

Caba, JM
Grade 9
Jose Tuason Jr. Memorial National High School



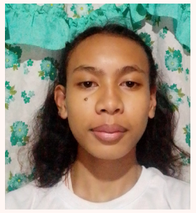
Camara, Nicole
Grade 9
Jose Tuason Jr. Memorial National High School

Flordeliza, Earl Princess
Grade 9
Jose Tuason Jr. Memorial National High School

Galo, Kyra Loren
Grade 9
Jose Tuason Jr. Memorial National High School

Libron, Jao
Grade 9
Jose Tuason Jr. Memorial National High School

Marilao, Ruffer Louie
Grade 9
Jose Tuason Jr. Memorial National High School



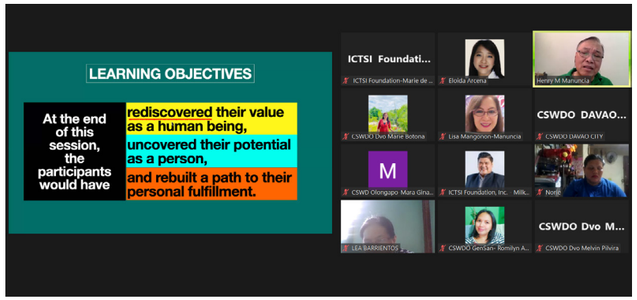
Masamayor, RJ
Grade 9
Jose Tuason Jr. Memorial National High School

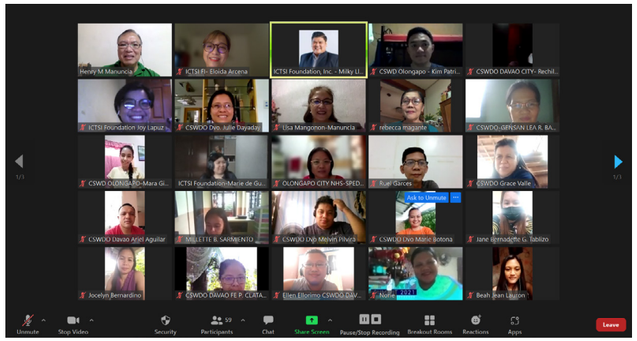
Otlang, Loremae
Grade 9
Jose Tuason Jr. Memorial National High School

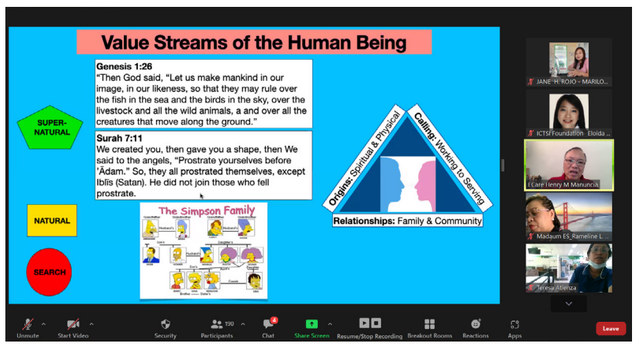
Saga, Arnelyn
Grade 9
Jose Tuason Jr. Memorial National High School

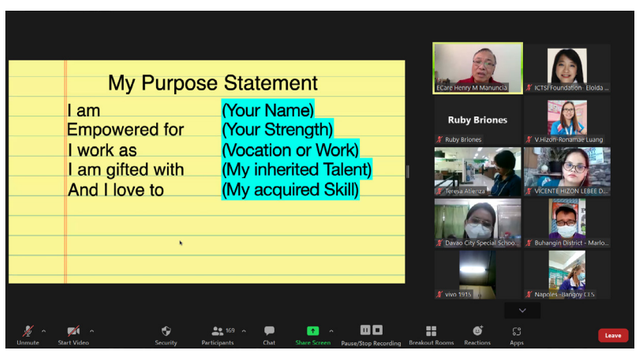
Albay Scholar

Costramos,Niño
4th Year BSEd English
Bicol University









Teacher Training / Mental Health Webinars for Teachers and Social Workers

Beneficiaries:
2,000 teachers and social workers

With the rise of mental health issues during the pandemic, the Foundation held a series of webinars for teachers and social workers in ICTSI's host communities in Manila, Bauan, Batangas, Calamba City, Olongapo City, General Santos City, Davao City and Tagoloan, Misamis Oriental to help them cope with life changes brought about by the pandemic. The webinars helped them pursue their missions for the youth and the marginalized sector.

The Foundation also selected 75 volunteer-teachers who were given an intensive 3-day training on how to execute psychosocial first aid at the first signs of mental health issues among students, fellow teachers, and even among parents and family members of their students.

Alternative Learning Systems

Beneficiaries:

- 6 ALS Instructors
- 250 ALS students

The Foundation continued its support to Francisco Bangoy Central Elementary School's ALS program in Sasa, Davao City by contributing to the daily allowance of six instructors. The ALS instructors provided expertise in teaching out-of-school returnees to attain academic equivalency and pursue higher education. Aside from bridging the gap of formal schooling, ALS provided livelihood and skills training. Over 250 students enlist in the program yearly.

FACILITIES IMPROVEMENT

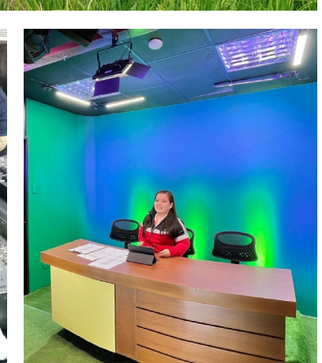
DepEd Broadcasting and Media Centers

Beneficiaries:

- 155,000 public school students and teachers in General Santos City
- 490,000 public school students and teachers Davao City

The Foundation provided broadcast equipment and renovated the media facilities of the Education and Media Center of the Department of Education to expand their reach to students in far-flung areas of General Santos and Davao. These facilities are now considered as pioneer educational media hubs in DepEd's Southern Division.

The improvements made in each center allow teachers and school heads to better prepare audio and video materials for their online lessons and in its broadcast in more than one platform. Division-level activities can also be streamed to reach a greater audience.



Yvette Amistad
Trainer/Moderator

Roden Zalameda
Trainer/Moderator

Josefina Olorocisimo
Former Board/Resource Person

Kenneth Christopher Tapia
Finance Officer

Teaching Equipment - Android Tablets

Beneficiaries:
30 Visually Impaired Trainors

The Foundation also reached out to differently-abled youth by donating Android devices to ATRIEV, the pioneer computer training center for the blind in the Philippines. The devices helped them to efficiently deliver classes not only to the visually impaired but also to people with other disabilities who will benefit with the use of these assistive technologies. This project assisted 30 visually-impaired trainers to differently-abled students attending their classes.

Classroom Renovation

The Foundation sponsored major repairs and renovation of six school classrooms in Catanduanes which were heavily damaged by Typhoon Rolly in 2020. Through the Aklat, Gabay, at Aruga tungo sa Pag-angat at Pag-asa (AGAPP) Foundation, the classrooms are now back to their functional and conducive learning state as prescribed by the DepEd's K-12 standards on literacy and early childhood care and development.

Called "Silid Pangarap" classrooms, these function as mini libraries, furnished and equipped with reading and learning materials for kindergarten students. The six reconstructed classrooms are located in the following areas:

- Juan M. Alberto Memorial Elementary School, Virac
- Virac Pilot Elementary School, Virac
- Virac Central Elementary School, Virac
- Cabcab Elementary School, San Andres
- Sto. Domingo Elementary School, Virac
- Codon Elementary School, San Andres

Brigada Eskwela

The Foundation donated hygiene and sanitation supplies and school materials to 13 schools and day care centers across ICTSI's areas of operations:

- San Antonio Elementary School, Paranaque
- Tugatog National High School, Malabon
- Nueve de Pebrero Elementary School, Mandaluyong City
- P. Guevara Elementary School, Binondo, Manila
- Manuel G. Araullo High School, Manila
- Manila High School, Manila
- Pasay City South High School, Pasay
- Baseco Elementary School, Mariveles, Bataan
- Mabayuan Elementary School, Olongapo
- Bayanan National High School, Bauan, Batangas
- As-Is Integrated School, Bauan, Batangas
- Vicente N. Chaves Memorial Central School, Villanueva, Misamis Oriental
- Day Care Centers under the Municipal Social Welfare and Development Office, Tagoloan, Misamis Oriental

SOCIAL ASSISTANCE

Support to Child Protection Organizations

Beneficiaries:
3,082 children

To help address the rise of online child pornography and domestic child abuse cases during the pandemic, the Foundation renewed its support to organizations working to protect and rehabilitate child-abuse-victims. These are the Child Protection Network Foundation and the Voice of the Free Foundation which jointly provided medical, legal, psychosocial, and social work services.


Maria Rafaela Singson

SPORTS

Amateur Golf Program

Beneficiaries: 5 Ladies Amateur Golf Players

Despite setbacks in representing the Philippines in international golf tournaments, the Foundation continued its support to five amateur golfers under the ICTSI Ladies Amateur Golf Program by providing equipment, uniforms, and cash assistance to cover their training and coaching fees. The young golfers are:

- Maria Rafaela Singson
- Samantha Marie Albert Dizon
- Eagle Ace Superal
- Arnie Pauline Taguines
- Rianne Mikhaela Malixi


Rianne Mikhaela Malixi


Samantha Marie Albert Dizon


Arnie Pauline Taguines


Eagle Ace Superal

ENVIRONMENTAL PROTECTION

ICTSI Foundation continues to expand its environmental protection pillar with the aim of contributing to the UN Sustainability Development Goals on Climate Action, Responsible Consumption and Production, Life Below Water, and Life on Land. The Foundation collaborates with established organizations in developing and implementing new technologies and promoting strategies to implement waste management, rehabilitate waterways, and conduct species conservation while emphasizing humanity's responsibility as earth stewards.

The pandemic posted challenges in mobility, coordination, and on-site activities for these environmental projects. Despite these challenges, the Foundation and its partners pushed onward to continue commitments and reach program targets for 2021.

Pasig River-Manila Bay Plastic Waste to Fuel Project

Beneficiaries:
80,000 residents in barangays 20 and 275 of Manila

The Foundation inked a multi-year project with RiverRecycle Oy to implement a plastic waste-retrieval technology developed in Helsinki, Finland. The project's goal is to contribute largely on the collection of plastic and floating wastes at the mouth of Pasig River and segregate particular materials for conversion to as bunker fuel though pyrolysis technology.

The project hopes to replicate ongoing operations in India and Thailand where 70 to 200 tons of plastic waste are projected to be collected daily. This initiative will complement other existing initiatives of the government and private sector in rehabilitating the Pasig River and its tributaries within Metro Manila.

Partnerships were established with the Coast Guard, DENR-Pasig River Conservation Management Office, City of Manila and Metro Manila Development Authority.

Photos courtesy of RiverRecycyle project at Mithi River, India

Victoria-Anepa'an Mountain Range (Green Heart of Palawan) Wildlife Conservation Project

Beneficiaries:

- Endemic Wildlife
- Upland barangays
- Tagbanua Indigenous communities
- Iwahig Prison and Penal Farm community

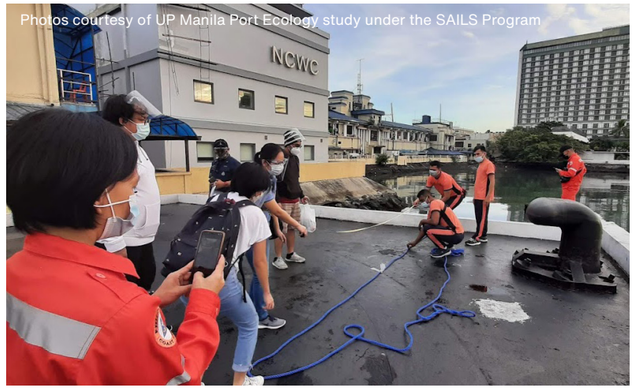
On its second year, the Foundation continued partnership with Katala Foundation in implementing wildlife research and conservation at the foothills of Victoria-Anepa'an Mountain Range. Located in Puerto Princesa, the area encompasses an estimated 165,000 hectares - covering lowland and forest areas in barangays within the municipalities of Narra and Aborlan including Tagbanua indigenous communities and the Iwahig Prison and Penal Farm.

In line with project objectives, Katala continued with its remote observations using camera-traps installed in strategic areas of wildlife activity. More than 17 species were observed using camera traps installed in barangays. Photos and video surveillance retrieved from the sites revealed mating rituals of Peacock Pheasants and Palawan Porcupines.

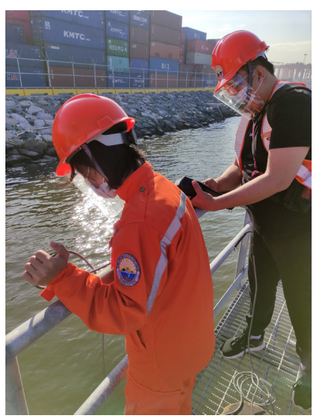
Awareness campaigns took form via online fora and meetings such as the International Conference and Biosphere Sustainability organized by the Palawan Council for Sustainable Development where observations on camera-trapping activities were presented. Wildlife wardens patrolled more than 1,000 kilometers within the Iwahig Prison and Penal Farm and around 10 illegal activities like illegal logging, encroachment and slash and burn *(kaingin)* farming were recorded during these patrols. However, actual arrests for illegal activities have yet to take place.

The project also took part in the stakeholders' workshop of the Montible Integrated Watershed Management Plan as part of establishing critical habitats. In relation to policy development for threatened wildlife, coordination and recommendations are constantly made to the Palawan Council for Sustainable Development and a visit to the Palawan Wildlife Rescue and Conservation Center affirmed that minimum biosecurity measures were not yet placed.

Photos courtesy of Katala Foundation, Inc.



Photos courtesy of UP Manila Port Ecology study under the SAILS Program



Portable Ballast Water Management System Project

Beneficiaries:
Philippine Maritime and Shipping Industry

To ensure compliance to International Maritime Organization's directive in establishing ballast water management systems among ports and sea-faring vessels, the Foundation partnered with the Diliman Science Research Foundation to jumpstart the creation of a Portable Ballast Water Treatment working prototype. Despite delays caused by the pandemic, the project continues as schedules were adjusted and new partnerships were formed.

Originally planned with the Mariners Polytechnic Colleges in Camarines Sur, the design for the portable ballast water system was drafted in partnership with the University of Cebu's Department of Naval Architecture and Marine Engineering. It uses ultraviolet light as part of its water treatment function. In terms of prototype fabrication, procurement of materials and equipment are on-going. Testing will initially be done in Cebu and will later be transported to Manila to check its applicability and functionality at Manila International Container Terminal.

As part of verifying invasive species within Philippine waters, a parallel project managed by the University of the Philippines, Manila produced an initial survey of marine organisms within Manila Bay. This survey identified potentially invasive species originating from the Indo-Pacific region and the Indian Ocean like tube worms *(Hydroides elegans)* and mollusks *(Brachidontes pharoanis and Mytella sp.)*. The survey also revealed above normal concentration of coliform within the mouth of Pasig River.

In further developing the technology, partnerships with DOST, DENR, Coast Guard, and Philippine Ports Authority are established. It is expected that countries who have agreed to the IMO Ballast Water Convention should comply with the agreement to have a ballast water treatment system by 2028.

Parola Solid Waste Management Project

Beneficiaries:

- **78 Community Volunteers**
- **70,000 residents in barangays 20 and 275 of Manila**

Established in 2013, the Foundation's pilot project in waste collection and segregation continued its commitment to keep the port-area communities of Parola and Isla Puting Bato cleaner and safer. 78 EcoPatrols – solid waste management community volunteers – conduct daily monitoring of garbage collection and maintaining cleanliness in their assigned areas within their respective neighborhoods.

Partnerships with Barangay Councils of Barangay 20 and 275, Department of Natural Resources, Department of Social Welfare and Development, and the Philippine Business for Social Progress continued.

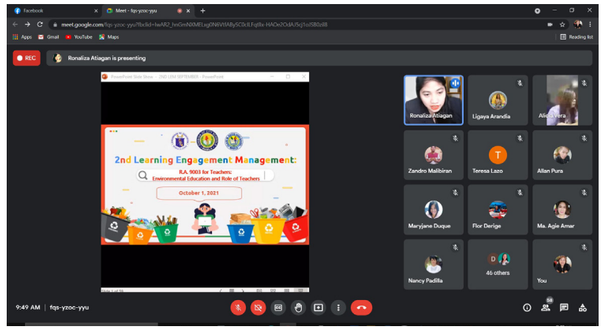
Now on its eighth year, the project is ripe to expand as new technologies are now being developed to enhance waste collection not only on land but along the Pasig River and Manila Bay as well.

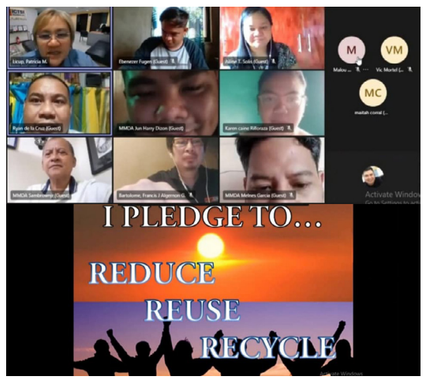
Environmental Training Activities

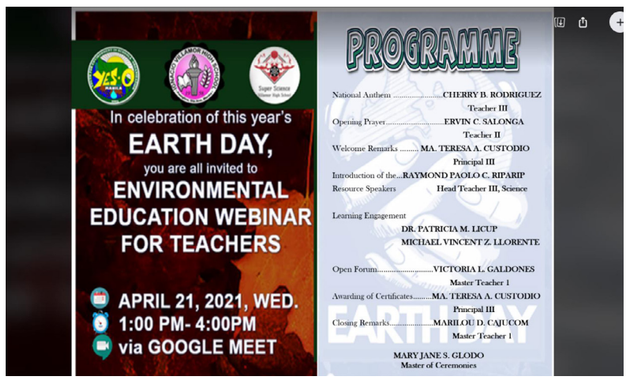
Beneficiaries:

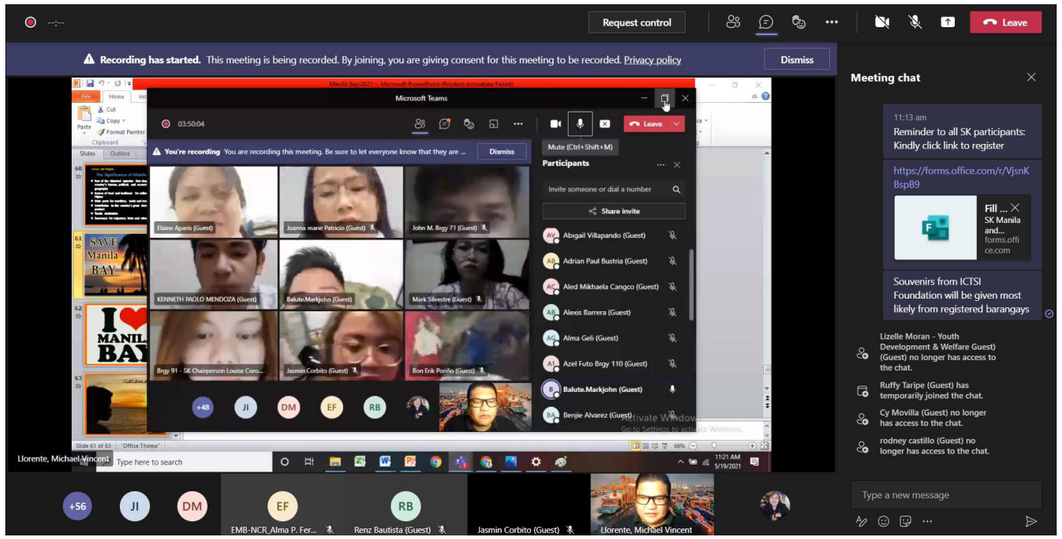
- Manila Youth Development Bureau - 823 Sangguniang Kabataan representatives
- Manila Public High Schools – Faculty and staff of 7 public schools
- MMDA Environmental Trainers Training – 21 Community Development Officers

Under the Foundation's training and capability building component, partner stakeholders took part in environmental management seminars focusing on Solid Waste Management, Environmental Leadership, and Environmental Education. Seminars were conducted via online platforms like MS Teams and Zoom.









COMMUNITY ASSISTANCE

Aside from the pandemic, 2021 was also marked with strong natural disasters – Taal Volcano eruption, Parola and Delpan community fires in Tondo, Manila and super typhoon Odette. Under its Community Assistance Program, the Foundation extended different forms of assistance to the affected families in several regions of the country.

Local organizations like the Manila Department of Social Welfare and Don Bosco Parish, who were burdened with diminishing supplies and patrons due to the pandemic, were assisted in enable them to continue supporting the marginalized sector.

Typhoon Odette Outreach and Relief Operations

Beneficiaries:

- 15,000 survivors in Southern Leyte
- 30,000 families in 5 provinces

In December, super typhoon Odette (international name Rai) rampaged several provinces in Visayas and Mindanao including municipalities in Southern Leyte. The Foundation coordinated with the Provincial Department of Social Welfare to identify hardest hit areas. Ready to eat meals were immediately distributed to 15,000 residents in the Municipalities of Maasin, Sogod and Padre Burgos.

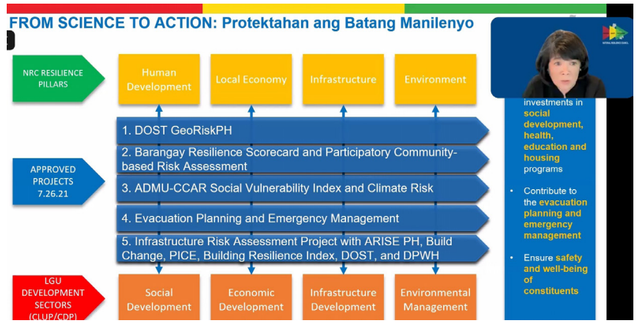
Spearheading the Razon Group of companies, the Foundation distributed almost 30,000 relief packs to affected families in Siargao, Southern Leyte, Palawan, Cebu, Misamis Oriental, Bohol and Dinagat Island by the end of December.

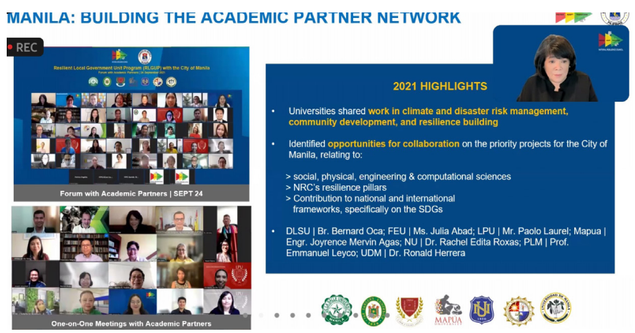
Adopt-A-City Program Partnership

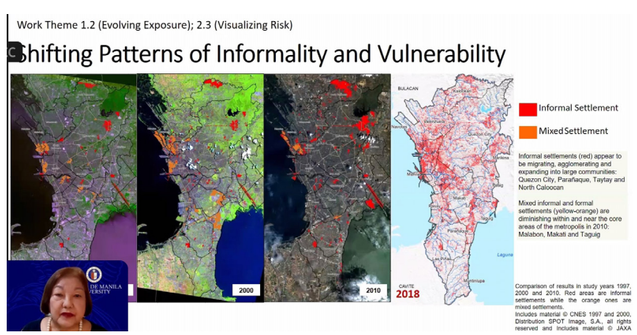
Beneficiary:
City of Manila

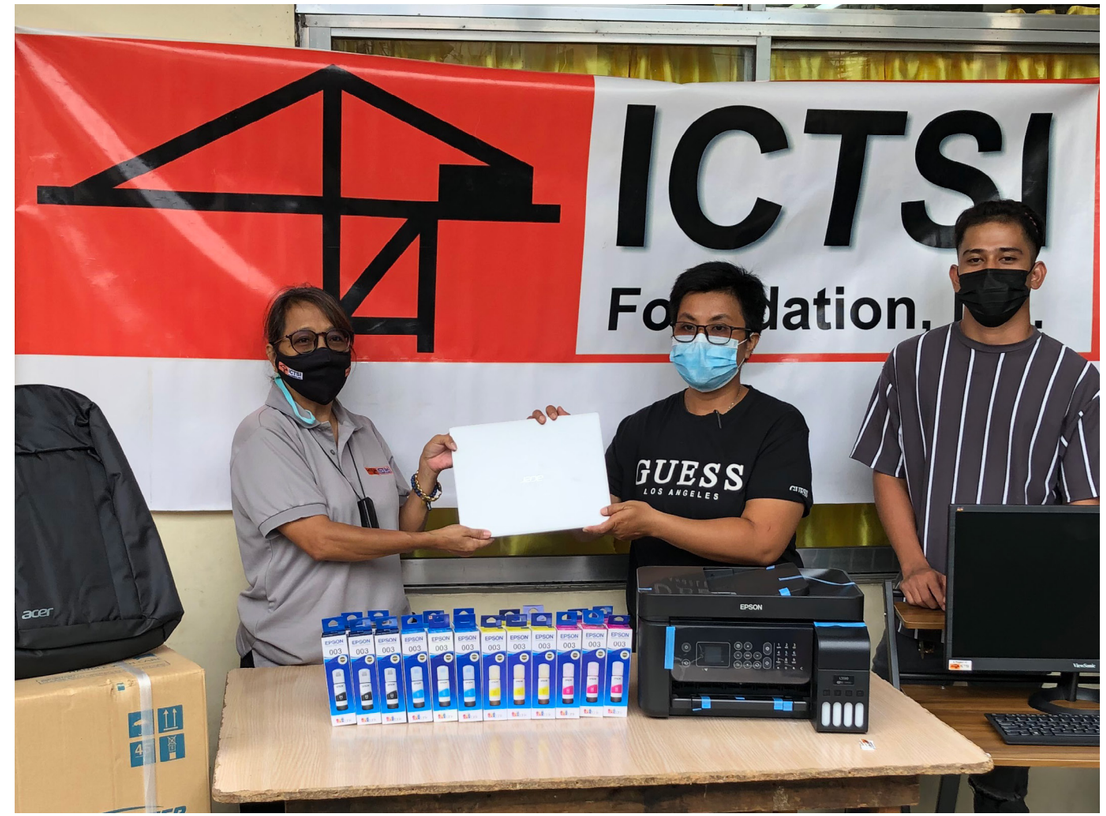
The Foundation continues with its partnership agreement with the National Resilience Council in implementing the Adopt-A-City Program in Manila. Together with members of the academe, other corporate foundations and the Department of Science and Technology, online mapping systems were presented and are continuously being developed. Sample mapping systems and reports include HazardHunterPH, GeoMapperPH.and the Social Vulnerability Index.

This Public-Private Partnership approach aims to strengthen and capacitate the City of Manila in adopting a resilience framework based on and in consideration of social, economic and environmental factors. With ICTSI in the middle of two most vulnerable communities in Parola, the collaboration provides a springboard to develop future plans in disaster risk mitigation.









Assistance to the Manila Department of Social Welfare

Beneficiaries:
286,466 residents in 192 barangays

In response to Manila Department of Social Welfare's request in upgrading their equipment to aid their staff in delivering efficient services, the Foundation provided new laptops, printers and audio equipment to District Offices 1 and 2, the Reception and Action Center and the Plans and Programs Development unit. These sub-units cater to stranded individuals, street families and children in need of special protection.

Outreach Activities

Beneficiaries:
11,134 mentally challenged patients, children in conflict with the law, persons deprived of liberty, senior citizens

The Foundation's annual gift-giving project "Handog Salu-Salo" provides opportunity for employees to be part of outreach activities and share the holiday spirit. ICTSI subsidiaries are tapped to aid host-communities by identifying government, private and church-based institutions who are coping with the Pandemic. These institutions support sick, abandoned and neglected children, mentally challenged individuals, indigents, persons deprived of liberty and senior citizens.

In Metro Manila, seven institutions were provided with food, supplies and care packages:

- National Center for Mental Health - 2,700 mentally-challenged individuals
- Elsie Gaches (Department of Social Welfare and Development) – 855 mentally challenged.
- Happy Land, Tondo, Manila – 500 indigent families ,
- Hydrocephalus patients - 311 children
- Manila Youth and Rehabilitation Center -120 children in conflict with the law
- Manila City Jail – 5,300 persons deprived of liberty.
- City Jails of Pasay, Mandaluyong, Makati, and San Juan – 500 Families of persons deprived of liberty

Outreach activities were also conducted outside Manila in host communities of ICTSI subsidiaries where grocery packs and clothing were distributed:

- San Andres Uno, Bauan, Batangas – 160 Families
- San Roque, Calamba, Laguna – 300 Senior Citizens
- San Cristobal, Misamis Oriental – 240 Senior Citizens
- Philippine Island Kids International Foundation – 67 children
- Kasanag Daughters Foundation, General Santos – 14 children
- Life Homes Mindanao, Davao City – 22 children
- House of Hope – 45 children







DISASTER RESPONSE

Assistance to Bauan Disaster Risk Reduction Management (DRRM) Program

Beneficiaries:
6,700 residents

To strengthen Barangay San Roque's disaster response preparedness, the Foundation provided emergency response equipment and materials like fire extinguishers, oxygen tanks, climbing ropes, spine boards and PPEs.



Parola and Delpan Relief Operations

Beneficiaries:
500 families

In two separate incidences of fire outbreaks in Parola and Delpan, Tondo, Manila. 500 families were provided with meals, food packs and sleeping mats and blankets as an immediate aid.

Taal Relief Operations

Beneficiaries:
1,000 families

Early 2021, Taal volcano erupted and forced residents in adjacent municipalities to evacuate their homes. The Foundation provided relief packs and meals to evacuation centers temporarily housing 1,000 affected families from Balete, Agoncillo and Laurel, Batangas. Two batches of relief packs were distributed in coordination with the Provincial Government of Batangas thru its Social Welfare and Development Office.

Buhay sa Gulay Project

Beneficiaries:
200 families

The Foundation donated seed money to Saint John Bosco Parish in Tondo, Manila to boost their urban gardening project to augment daily needs of nearby residents. The parish temporarily subdivided its 8,000 square meter football field into vegetable plots and expanded it to accommodate selected families from 15 barangays. Each family was provided a parcel of land to cultivate vegetables. Upon harvest, families are given the opportunity to sell their produce for additional income.

ICTSI GROUP CSR

ASIA PACIFIC

YOUTH DEVELOPMENT

PHILIPPINES

MICT's Supplemental Feeding Program for Isla Puting Bato

The Sustainability and Development Unit (SDU) of the Manila International Container Terminal (MICT) continued Operation Timbang, a targeted supplemental feeding program in Isla Puting Bato, one of the terminal's host communities in Tondo, Manila. Launched in March, a total of 47 malnourished children aged three to five years old benefitted from the program. Each module spanned for six months which included parenting and nutrition seminars for parents and primary care givers of the enrolled beneficiaries.

Starting June, the children were fed one nutritious meal per day with vitamins supplementation, close monitoring, and regular health consultations. The program ended in December with 27 children achieving normal health status while 13 others significantly improved.

PHILIPPINES

ERDA Foundation Partnership

Sustaining education amid the pandemic was a major challenge for indigent students and their families. While both national and local governments have programs and services to accommodate these students and families, existing public initiatives are not enough as there are still students left behind. In June, Educational Research and Development Assistance (ERDA) Foundation reached out to ICTSI to seek assistance for their students having difficulties transitioning to home-based schooling.

MICT SDU provided financial assistance for 20 students in completing school year 2021-2022. Support was provided to help students attend their online classes, including the logistics of learning modules on time.

PHILIPPINES

Parola ALS Student Assistance

To help students under the Alternative Learning System (ALS) in Parola, an MICT host community in Tondo, Manila, the MICT SDU partnered with Puso sa Puso Edukasyon Inc. (PSPEI) in the implementation of an ALS program at the height of quarantine restrictions in Metro Manila. MICT SDU provided daily mobile internet subsidies for students attending online classes. PSPEI teachers were also supported by augmenting a year's worth of postpaid internet service to ensure connectivity during online classes. A total of 30 learners benefitted from this support.

Also, a virtual career orientation was organized for those who completed the ALS program. Learners were oriented on the various academic tracks in senior high school, including formal tertiary degree options covering colleges and scholarships, and mapping out life goals based on interests. A total of 60 ALS learners completed the career orientation. A career assessment was also facilitated to provide help learners in choosing which track, course and profession they are more likely to excel.

The ALS is a parallel learning system in the Philippines that provide a practical option to the existing formal education. ALS is available as a substitute or an alternate for children, teens, adolescents, young-adults, and adults who do not have or cannot access formal education in schools. ALS offer both non-formal and informal sources of knowledge and skills are assessed at the end of each school year.

PHILIPPINES

MICT Supports Manila High Schools

On its second year, the MICT SDU through its Parola Inter-Agency Network donated heavy duty photocopying machines including ink and paper supplies to augment the capacity of Jose Abad Santos High School and Rajah Soliman Science and Technology High School in reproducing their teacher-developed distance learning materials and modules. While the Manila Division of City Schools have provided modular learning materials, teachers are given the opportunity to develop and implement their additional needs-based learning materials. Almost 8,000 junior and senior high school students benefitted from the support provided by ICTSI.

PHILIPPINES

Professional Golf Program

Aside from a sports program for amateur golfers under the ICTSI Foundation, ICTSI has an equivalent program for professional golf. In 2021, ICTSI sponsored bubble events, a men's tournament and eight ladies' tournaments organized by Pilipinas Golf Tournaments Inc. A total of 81 golfers, 57 men and 24 ladies, played in the golf circuits.

The professional program also produced the Philippines' first major championship when ICTSI stalwart Yuka Saso, whom ICTSI has been sponsoring since her junior golf years, clinched the US Women's Open in June; and the country qualifying in the women's golf event of the Tokyo Olympics with Saso and fellow ICTSI golfer and LPGA campaigner Bianca Pagdanganan representing the Philippines in the Summer Games.

Aside from Saso and Pagdanganan, ICTSI supported professional golfers Miguel Tabuena, Dottie Ardina, Princess Superal, Pauline Del Rosario and Abby Arevalo.

PAPUA NEW GUINEA

ICTSI South Pacific Supports Unicef's Back-to-School Program

ICTSI South Pacific supported the back-to-school program of United Nations Children's Fund (UNICEF) Papua New Guinea, facilitating the quick release of four containers filled with school kits. The kits, which included backpacks, books, stationeries, pens, and solar radios, were distributed to 20,000 primary, elementary, and secondary students from select schools in Western Province, Sandaun, Morobe, and Madang in preparation for the resumption of classes in July. UNICEF's back-to-school program is also supported by the Australian Government and the Global Partnership for Education under PNG's education emergency response and recovery plan.

PAPUA NEW GUINEA

MIT Assistance for Baruni School

Motukea International Terminal (MIT) in Port Moresby, Papua New Guinea turned over 670 school bags filled with stationery and other school supplies to Baruni Primary School as part of MIT's continuing educational assistance to communities in Baruni and Tatana. MIT has been supporting the school for the last two years having made several donations including school furniture and fresh water supply.

ICTSI South Pacific distributed over 2,500 school bags complete with school supplies to the whole Tatana and Baruni areas. Another 8,500 were donated to 16 other schools in the National Capital District and Morobe.

PAKISTAN

PICT School Bag Donation

Pakistan International Container Terminal (PICT) donated school bags to students at a government school near the port as part of the company's commitment to providing quality education for the youth. PICT continues to work hand-in-hand with the community in supporting students through initiatives that make learning easier and more meaningful.

PAKISTAN

PICT-Bahria University Partnership

PICT partnered with Bahria University for a comprehensive internship program to help groom maritime degree graduates for the professional world. The program was specifically designed to nurture business acumen and strengthen the personal competencies of the graduates. Under the program, interns are assigned mentors who assign job-based tasks to help them understand professional life and its challenges.

COMMUNITY ASSISTANCE

PHILIPPINES

Training on Humanitarian Charter and Response

In November, the MICT SDU organized a training on humanitarian charter and minimum standards in humanitarian response attended by PIAM members and other stakeholders of the Parola communities. A total of 35 participants from 10 PIAN member organizations attended the two-day training, including local police and barangay council members.

As of October 2021, an estimated 87,000 residents consider Parola their home: around 70,000 individuals in Barangay 20, and 17,000 in Barangay 275. Considered as one of the highly dense pockets of poverty in Manila, Parola is one of Manila's indigent communities receiving a significant amount of support from various social welfare and civic organizations.

Located at the Port of Manila, Parola communities are at great risk due to its geographical location and living environment. Storm surges during typhoons are common occurrences, placing the safety of household at risk.

Residents in Isla Puting Bato are always evacuated during strong typhoons. Majority of the residents are informal settlers with abodes made of light materials.

In February, a massive fire hit a cluster of homes in Barangay 20 affecting an estimated 500 families.

Due to tight spaces and fragile houses coupled by a rising population, transmission of infectious diseases and illnesses have become common, including the challenge of managing the local transmission of the coronavirus.

The presence of the various organization in the community provided a safety net to the residents especially during disasters. However, with various organizations having the same initiatives, programs, projects, and services during disaster response, there is overlapping. Ensuring that the efforts are harmonized, MICT SDU took the lead in bringing the organizations together through PIAN.

PHILIPPINES

Rice Donation to Parola Communities

The MICT SDU donated 2,200 packs of rice grains to the terminal's host communities, Barangay 20 and Barangay 275, in Parola, Tondo, Manila in response to the Philippine government's redeclaration of enhanced community quarantine in the Greater Manila Area.

PHILIPPINES

Enterprise Development Training

In August, the MICT SDU organized enterprise development seminars for 95 beneficiaries from Barangay 20, Barangay 275, and PIAN member organizations ERDA Foundation, PSPEI, and Likhaan Center for Women's Health. Aside from providing livelihood opportunities in the form of assistance or grants to increase income, the seminars helped beneficiaries attain self-reliance through proper and intensive training. Seminars were on financial literacy, developing an enterprising attitude, basic business recording, costing and pricing, developing feasibility studies, writing business proposals, social media marketing, and business continuity planning.

PHILIPPINES

Livelihood Welfare Initiative in Manila

The MICT SDU donated livelihood starter kits for 50 pilot households in Manila under the Pantawid Pamilyang Pilipino Program (4Ps), a social welfare program by the Philippine government providing conditional cash grants to indigent families to improve health, nutrition, and education of children. It is patterned after the conditional cash transfer schemes in Latin American and African countries, which lifted millions of people around the world from poverty.

Beneficiary families' living conditions significantly improved and successfully reached the goals of the program. Of the 50 families, two are from MICT's host communities in Parola, Tondo.

PHILIPPINES

Support to Tricycle Operators and Drivers in Parola

To further improve transport and commuter safety along the MICT South Access Road, the MICT SDU held road safety training and a series of values education seminars for tricycle operators and drivers. The MICT South Access Road, the main thoroughfare leading to the terminal, is not only used by container trucks but by commuters from neighboring communities in Tondo, Manila, and the tricycle is the most accessible mode of mass public transport in the area.

Members of the the Parola Tricycle Operators and Drivers Association (Parola TODA) and Asuncion-Succor-Parola-Tondo Tricycle Operators and Drivers Association (ASPT TODA) participated in the training facilitated by the Manila Traffic and Parking Bureau and the Manila Police District Police Station 12.

In November, the MICT SDU also organized a seminar-workshop that would help tricycle operators and drivers establish a transport cooperative. Some 36 participants from the Parola TODA and ASPT TODA attended the training.

Since 2019, the MICT SDU has been coordinating multi-stakeholder consultations among users of the MICT South Access Road for its fair use among truckers and tricycle operators and drivers among others.

AUSTRALIA

Container Donations for Bush Fire Survivors

Victoria International Container Terminal (VICT), in cooperation with the Victorian Transport Association (VTA), completed the turnover 42 shipping container donations for bush fire survivors in 2020. In February, delivery of the last batch of containers began with a fleet of trucks that included semi-trailers, side loaders, and tilt tray trucks transporting 21 containers to Corryong in North East Victoria. The containers are part of the joint commitment of VICT and VTA back in July 2020 before the pandemic forced lockdowns all over the state.

Truck drivers managed to complete their deliveries despite the challenging terrains in some of the destination sites. All the truck drivers who took part in initiative offered their services for free.

THE AMERICAS

YOUTH DEVELOPMENT

ARGENTINA

School Supplies Donation in Berisso

TecPlata donated an assortment of school supplies to the townhall of Berisso which took care of distributing these to different schools.

ARGENTINA

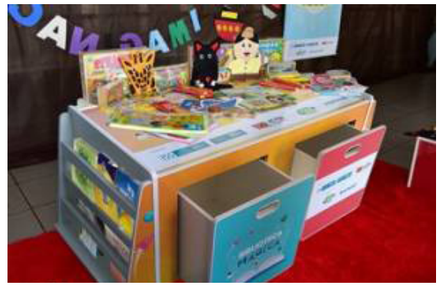
Job Training Program

A total of 17 young people enrolled at the free Waiters and Waitresses Job Training Program sponsored by TecPlata in partnership with the townhall of Berisso, the local community and the Union of Tourism, Hotel and Gastronomic Workers of the Argentine Republic. This is TecPlata's contribution to promote labor inclusion and provide employable skills to the qualified residents in their host community.

BRAZIL

Magic Library Launch in Rio

ICTSI Rio Brasil partnered with the City of Rio de Janeiro and the Municipal Department of Culture in the launching of the Magic Libraries Project, which aims to encourage reading among the youth. The project distributed 10 mobile libraries to hospitals and public schools across Rio de Janeiro. Each magic library contains 60 books for children, 20 hand puppets and other materials like crayons, clay and puzzles. Around 2,000 children benefitted from the project.



BRAZIL

School Bags Donation in Ipojuca

In coordination with the Ipojuca Department of Education, Tecon Suape donated 260 school bags to students of the Elisa Emilia School in Sao Miguel – one of the socially vulnerable areas in the Ipojuca municipality. The donation benefitted early childhood education students, aged 4 to 10 years, who have already begun their face-to-face classes.

MEXICO

Sports Facilities Rehab

CMSA started working with the City Council and the Municipal Sports Institute to rehabilitate sports spaces. They adopted a basketball court and provided resources and materials for its improvement such as the installation of special court to improve the safety of those who play. They also joined the Manzanillo Canoeing Club, a donation campaign for the benefit of the Mexican Association for Aid to Children with Cancer.

BRAZIL

Children's Day in Rio

ICTSI Rio employees gathered a total of 350 toy donations which they distributed to the children in the community. The toy drive was part of the celebration of the feast day of Brazil's patron saint, Our Lady of Aparecida and Children's Day. In addition to the toys, ICTSI Rio also partnered with other port operating companies and held activities for children such as jumping jacks, reading and artistic makeup.

BRAZIL

Young Cancer Patients Support

Tecon Suape has extended assistance to the Support Center for Children with Cancer by participating in the McDia Feliz, a social event organized by McDonald's. Through this event, proceeds from the sale of Big Mac sandwiches were distributed among 60 institutions that help young cancer patients across Brazil. Tecon Suape chose a beneficiary in a non-government organization that helps young cancer patients and their families by providing food, accommodation and transportation assistance to treatment sites.

BRAZIL

Vulnerable Youth Support

Tecon Suape donated to Aria Social for the development of cultural workshops for children and young people in vulnerable situations through tax incentive laws. Aria Social offers free continuing education and professional training workshops in dance and music for children and young people between six and 25 years old. The project directly contributes to the cultural and artistic democratization of Pernambuco, serving beneficiaries with broad artistic training and professional development, in addition to impacting formal school success.

ENVIRONMENT PROTECTION

ARGENTINA

Oil Recycling Program

Tecplata turned over used vegetable to the Ecological House of La Plata in support of the project launched by Townhall of La Plata City. The project collects used vegetable oil that will be converted into biodiesel, a type of fuel that is considered less harmful to the environment.

COMMUNITY ASSISTANCE

MEXICO

Governments Vaccination Program

In coordination with the Secretariat of Health, the National Guard, and the Government of Mexico, CMSA was designated as a vaccination center. A total of 300 people from CMSA and employees from the nearby port terminals were vaccinated. Earlier, CMSA donated 150 KN95 masks, 30 liters of chlorine, and 100 liters of antibacterial gel to the Sanitary Jurisdiction No. 3 to help protect frontline personnel and staff who are part of the vaccination campaign, as well as those who are conducting PCR COVID testing.

MEXICO

Health Workers Support

CMSA hosted a dialogue with health workers to honor their effort and commitment to the community's fight against the pandemic.

Employees handed out tokens of gratitude and the company also donated medical supplies and COVID-19 protection items.

BRAZIL

Elderly and Child and Adolescent Rights Fund

The donation made to the Instituto de Medicina Integral Prof. Fernando Figueira will go to the expansion of the intensive care unit for the elderly patients and the neonatal intensive care unit by adding more beds and mechanical ventilation. An estimated 2000 elderly, children and adolescent patients are expected to benefit.

ARGENTINA

Clothing Donation

The program called "Hug a Heart, Donate Warm Clothes" collected warm clothes and shoes from the employees and other port stakeholders and gave these to the different soup kitchens in Berisso, Buenos Aires.

ARGENTINA

Room Donation in Halfway House

Tecplata sponsored a room in the Ludovica House which provides shelter for families and patients undergoing treatments at the Children's Hospital of La Plata. The terminal also contributes monthly to the feeding program in the city through the Caritas Felices soup kitchen.

ARGENTINA

Park Construction

As part of its commitment to promote the well-being of its host community, Tecplata constructed a recreation park that has a soccer field, games and rest areas with tables and benches.

EUROPE, MIDDLE EAST AND AFRICA

YOUTH DEVELOPMENT

IRAQ

School Renovation

During the school break, Basra Gateway Terminal, in cooperation with major shipping lines, completed the rehabilitation of the AMAR School by fixing its water supply system, installing new power outlets and doors, lighting and furniture and renovating the school yard. Students who are mostly underprivileged and orphaned children, can now experience a more conducive learning environment upon their return.

AMAR schools offer international standard education programs at a low cost. The schools aim to provide vulnerable children in Iraq and Lebanon with access to quality education. They are built by the AMAR Foundation, one of the leading charities in the Middle East founded by Baroness Nicholson of Winterbourne in 1991 to help rebuild lives in the region.

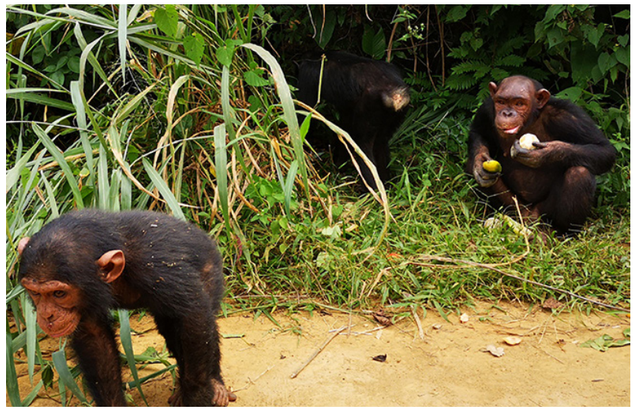
ENVIRONMENTAL PROTECTION

DR CONGO

Primate Conservation Efforts

Since 2018, Matadi Gateway Terminal (MGT) supports Partners for Wildlife and Apes Conservation (P-WAC) in their initiatives, which include environmental conservation of local communities and their youth. As part of its support, MGT organized a forum on behalf of P-WAC for the latter's presentation activities.

P-WAC is a nonprofit organization that works for the conservation of primates and their natural habitat, particularly the Mayumbe Forest located southwest of the Kongo Central province. It operates the only rehabilitation center in the region for primates, which are under threat from poaching and deforestation.



DR CONGO

Solid Waste Management Project

MGT is active in developing and implementing a rigorous process for proper sorting and management of both household and industrial waste, including traceability. The initiative aims to raise awareness among the young generation about the importance of protecting the environment while complying with the governments laws and regulations.

COMMUNITY ASSISTANCE

CROATIA

Medical Equipment Donation to KBC Rijeka

Adriatic Gateway Container Terminal donated a new electrocardiogram machine to the Clinical Hospital Center of Rijeka. The equipment will be used by the Radiotherapy and Oncology Clinic to monitor patients undergoing chemotherapy.

AGCT embraces the opportunity to support the local community in the fight against cancer and draw attention to the importance of timely diagnosis. The Company encourages regular medical checkups to help detect cancer in its early stages and increase the chance of survival.

IRAQ

Ramadan Celebration

During the holy month of Ramadan, BGT took the opportunity to recognize and give back to the unsung heroes who tirelessly keep the economy moving forward. BGT staff prepared simple Iftar meal packs distributed among cargo truck drivers at the Port of Umm Qasr as mosques were about to chant the call for prayer to announce the end of the day's fast. Meal packs consisted of drinks to help truck drivers hydrate as they work under the glaring May sun, and dates – a traditional must-have at every Iftar and a reminder of home. Meals were wrapped and distributed along with a heartening message of gratitude from the BGT staff for the drivers' dedication to their work.

IRAQ

Mask-Making Start Up

BCT works with a group of unemployed or widowed women in Umm Qasr by initiating a start-up cloth mask livelihood activity. With a shortage of masks in the market because of the pandemic, they decided to step up and create cloth masks to support their families. Cloth masks are currently distributed to BGT employees and local customers.

GEORGIA

Assistance for Homeless Elderly

Batumi International Container Terminal (BICT) provided basic items of food, medicines and hygiene supplies to 500 homeless elderly in partnership with CATHARSIS (The House of Charity) a Tbilisi based non-government organization catering to Georgia's senior citizens, and through GLOVO Service, an online food and goods delivery service.

Photos from CATHARSIS and GLOVO Service

Partnerships and Beneficiaries

International
Northeastern University, Boston, Massachusetts, USA
RiverRecyle Oy, Finland

City of Manila and Metro Manila
Atang Dela Rama Health Center, Tondo
ATRIEV Computer Training Center for the Visually Impaired
Aurora Health Center, Tondo
Barangay 128
Barangay 20
Barangay 275
Bo. Obrero Health Center, Tondo
Calabash Health Center, Sampaloc
Child Protection Network Foundation, Inc.
D. Belmonte Health Center, Sampaloc
D. Santiago Health Center, Sampaloc
Dapitan Health Center, Sampaloc
Department of Natural Resources – Environment Management Bureau NCR
Department of Public Services
Diliman Science Research Foundation, Inc.
Don Bosco Youth Center, Inc.
DSWD Sanctuary, Mandaluyong City
E-Care Compassion Ministries
Elsie Gaches Village, Muntinlupa City
F. Legarda Health Center, Sampaloc
Gat Andres Memorial Medical Center
Hydrocephalus Foundation of the Philippines
Jose Abad Santos High School
Jose Fabella Center, Mandaluyong City
Luzviminda Health Center, Sampaloc
M. Earnshaw Health Center, Sampaloc
Ma. Clara Health Center, Sampaloc
Makati City Jail
Mandaluyong City Jail
Manila Barangay Bureau
Manila City Jail
Manila Department of Social Welfare Office District 1
Manila Department of Social Welfare Office District 2
Manila Department of Social Welfare Plans and Programs Development Office
Manila Department of Social Welfare Reception and Action Center
Manila Health Department
Manila Health Department – District 2
Manila Health Department – District 4
Manila High School, Manila
Manila Youth and Reception Center
Manila Youth Development and Welfare Bureau
Manuel G. Araullo High School, Manila
National Center for Mental Health, Mandaluyong City
National Resilience Council
Nueve de Pebrero Elementary School, Mandaluyong City
P. Guevara Elementary School, Binondo
Palomar Health Center, Tondo
Paltoc Health Center, Sampaloc
Pamantasan ng Lunsod ng Maynila
Pasay City Jail
Pasay City South High School
Philippine Business for Social Progress
Philippine Disaster Resilience Foundation
Raja Soliman Science and Technology High School
Salesian Society of St. John Bosco Manila Province, Inc.
San Antonio Elementary School, Paranaque City
San Juan City Jail
Simpleng Ngiti sa Labi ng mga Munti
Tabayas Health Center, Tondo
Tugatog National High School, Malabon
Voice of the Free Foundation, Inc.

Olongapo City, Bataan, Zambales
Baseco Elementary School
Department of Education Schools Division of Olongapo City
Ilwas Elementary School
Iram Elementary School
Mabayuan Senior High School
Mangan Vaca Elementary School
Old Cabalan Integrated School
Olongapo City National High School

Bauan, Batangas
As-Is Integrated School
Batangas State University
Bauan Rural Health Unit 2
Bauan Technical High School
Bayanan National High School
Brgy. San Andres I
Brgy. San Roque
Bauan District Department of Education
Batangas Province
Municipality of Bauan
San Roque Elementary School

City of Calamba, Laguna
Brgy. San Cristobal
Paciano Elementary School
San Cristobal National High School
Sirang Lupa Elementary School

Tagoloan, Misamis Oriental
Casinglot Elementary School
Gracia Elementary School
Kasanag Daughters Foundation, Inc.
Maribojoc Integrated School
Mohon Elementary School
Municipal Social Welfare Development Office
Natumolan Elementary School
Philippine Island Kids International Foundation, Inc.
Rosario Elementary School
Rural Improvement Club- Children's Center
Sta. Ana High School
Tagoloan Central School
Tagoloan National High School
Vicente N. Chaves Memorial Central School

Davao City
Department of Education Division of Davao City
F. Bangoy Central Elementary School
F. Bangoy National High School
G. Astilla Sr. Cultural Minority High School
Jose Tuason Memorial National High School
Kidali Elementary School
Lower Tamugan National High School
Luyan Elementary School
Madaum Elementary School
Matina Aplaya Elementary School
Pangyan National High School
Vicente Hizon Elementary School

General Santos City
Balite Elementary School
Department of Education Division of General Santos City
Labangal National High School
New Society Central Elementary School
P. Kindat Elementary School
Romana Acharon Central Elementary School

Others
Catanduanes
AGAPP
Cabcab Central Elementary School
Codon Elementary School
Juan M. Alberto Memorial Elementary School, Virac
Pilot Elementary School
Sto. Domingo Elementary School
Virac Central Elementary School

Leyte
Lakbay ng Buhay

Puerto Princesa, Palawan
Katala Foundation, Inc.

Nationwide
Bridges of Benevolent Initiatives Foundation

Partnerships and Beneficiaries

International

City of Calamba, Laguna

Tagoloan, Misamis Oriental

Davao City

City of Manila and Metro Manila

General Santos City

Puerto Princesa, Palawan

Bauan, Batangas

Olongapo City, Bataan, Zambales

Catanduanes

Nationwide

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Corporate Information

Corporate Offices

International Container Terminal Services, Inc. (ICTSI)
ICTSI Administration Building
Manila International Container Terminal
MICT South Access Road, Port of Manila
Manila 1012 Philippines
+ 63 2 8245 4101
+ 63 2 8245 2245
info@ictsi.com
ictsi.com

For inquiries on the Company's social responsibility efforts:

Filipina C. Laurena
Executive Director, ICTSI Foundation
63 2 8245 4101 ext. 2511
+ 63 2 8247 8035
FLaurena@ictsi.com

Joy E. Lapuz
Manager, Program Operations
jlapuz@ictsi.com

Francis J Algernon G. Bartolome
Manager, Support Services
jbartolome@ictsi.com

ICTSI Foundation, Inc.
2F ICTSI Administration Building
Manila International Container Terminal
MICT South Access Road, Port of Manila
Manila 1012 Philippines
+ 63 2 8714 9285
foundation@ictsi.com

Our complete Annual Reports can be viewed or downloaded at www.ictsi.com

A thorough discussion of the Company's sustainability and social responsibility efforts can be found at the 2021 ICTSI Group Sustainability Report and the ICTSI Foundation Accomplishment Report.

ICTSI Foundation, Inc.

Delivering a Resilient Future
ICTSI Foundation 2021 Accomplishment Report