

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE AND SRC RULE 17(2)(b) THEREUNDER

1. For the quarterly period ended
Mar 31, 2022
2. SEC Identification Number
147212
3. BIR Tax Identification No.
323228
4. Exact name of issuer as specified in its charter
International Container Terminal Services, Inc.
5. Province, country or other jurisdiction of incorporation or organization
Philippines
6. Industry Classification Code(SEC Use Only)
7. Address of principal office
ICTSI Administration Building, MICT South Access Road, Manila
Postal Code
1012
8. Issuer's telephone number, including area code
(632) 8245-4101
9. Former name or former address, and former fiscal year, if changed since last report
Not applicable
10. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common Stock	2,039,880,199

11. Are any or all of registrant's securities listed on a Stock Exchange?

☒ Yes ☐ No

If yes, state the name of such stock exchange and the classes of securities listed therein:

Philippine Stock Exchange - Common Shares

12. Indicate by check mark whether the registrant:

(a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17 thereunder or Sections 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the

Corporation Code of the Philippines, during the preceding twelve (12) months (or for such shorter period that the registrant was required to file such reports)

☒ Yes ☐ No

(b) has been subject to such filing requirements for the past ninety (90) days

☒ Yes ☐ No

The Exchange does not warrant and holds no responsibility for the veracity of the facts and representations contained in all corporate disclosures, including financial reports. All data contained herein are prepared and submitted by the disclosing party to the Exchange, and are disseminated solely for purposes of information. Any questions on the data contained herein should be addressed directly to the Corporate Information Officer of the disclosing party.



International Container Terminal Services, Inc. ICT

PSE Disclosure Form 17-2 - Quarterly Report *References: SRC Rule 17 and Sections 17.2 and 17.8 of the Revised Disclosure Rules*

For the period ended	Mar 31, 2022
Currency (indicate units, if applicable)	US Dollar in Thousands

Balance Sheet

	Period Ended	Fiscal Year Ended (Audited)
	Mar 31, 2022	Dec 31, 2021
Current Assets	892,382	897,547
Total Assets	6,429,634	6,266,460
Current Liabilities	1,199,382	496,118
Total Liabilities	5,218,647	4,754,881
Retained Earnings/(Deficit)	240,287	346,227
Stockholders' Equity	1,210,987	1,511,579
Stockholders' Equity - Parent	1,040,454	1,321,688
Book Value per Share	0.59	0.74

Income Statement

	Current Year (3 Months)	Previous Year (3 Months)	Current Year-To-Date	Previous Year-To-Date
Gross Revenue	528,267	435,586	528,267	435,586
Gross Expense	253,618	229,656	253,618	229,656
Non-Operating Income	16,768	11,305	16,768	11,305
Non-Operating Expense	89,814	80,145	89,814	80,145
Income/(Loss) Before Tax	201,603	137,090	201,603	137,090
Income Tax Expense	46,760	34,782	46,760	34,782

Net Income/(Loss) After Tax	154,843	102,308	154,843	102,308
Net Income Attributable to Parent Equity Holder	142,275	90,070	142,275	90,070
Earnings/(Loss) Per Share (Basic)	0.06	0.04	0.06	0.04
Earnings/(Loss) Per Share (Diluted)	0.06	0.04	0.06	0.04

	Current Year (Trailing 12 months)	Previous Year (Trailing 12 months)
Earnings/(Loss) Per Share (Basic)	0.21	0.03
Earnings/(Loss) Per Share (Diluted)	0.21	0.03

Other Relevant Information
Please see the attached complete SEC 17Q Q1 2022 and Unaudited Interim Condensed Consolidated Financial Statements.

Filed on behalf by:

Name	Arthur Tabuena
Designation	Treasury Director and Head of Investor Relations

COVER SHEET

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SEC Registration Number

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S	E	R	V	I	C	E	S	,		I	N	C	.		A	N	D		S	U	B	S	I	D	I	A	R	I	E	S		

(Company's Full Name)

I	C	T	S	I		A	D	M	I	N	I	S	T	R	A	T	I	O	N		B	U	I	L	D	I	N	G	,		M	A	
N	I	L	A			I	N	T	E	R	N	A	T	I	O	N	A	L		C	O	N	T	A	I	N	E	R		T	E	R	M
I	N	A	L	,		S	O	U	T	H		A	C	C	E	S	S		R	O	A	D	,		M	A	N	I	L	A			

(Business Address: No. Street City/Town/Province)

Sandy A. Alipio

(Contact Person)

8247-8225

(Company Telephone Number)

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Month Day
(Fiscal Year)

S	E	C	17	Q
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(Form Type)

0	4	Every 3rd Thursday
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Month Day
(Annual Meeting)

N/A

(Secondary License Type, If Applicable)

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Dept. Requiring this Doc.

N/A

Amended Articles Number/Section

1,360 as at March 31, 2022

Total No. of Stockholders

US\$401.0M

Domestic

US\$1,993.6M

Foreign

Total Amount of Borrowings

To be accomplished by SEC Personnel concerned

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File Number

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SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE
SECURITIES REGULATION CODE AND SRC RULE 17(2)(b) THEREUNDER

1. For the quarterly period ended **March 31, 2022**
2. Commission identification number: **147212**
3. BIR Tax Identification No. **000-323-228**
1. Exact name of issuer as specified in its charter:
INTERNATIONAL CONTAINER TERMINAL SERVICES, INC.
5. Province, Country or other jurisdiction of incorporation or organization: **Philippines**
6. Industry Classification Code: _____ (SEC Use Only)
7. Address of issuer's principal office: **ICTSI Administration Building, Manila International
Container Terminal, South Access Road, Manila** Postal Code: **1012**
8. Registrant's telephone number, including area code: **(632) 8245-4101**
9. Former name, former address, and former fiscal year: **Not applicable**
10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA.

Title of Each Class	Number of shares outstanding as at March 31, 2022
Common	2,039,880,199 Shares

11. Are any or all of the Securities listed on a Stock Exchange?
Yes ☒ No ☐

If yes, state the name of such Stock Exchange and the class/es of securities listed therein:

Philippine Stock Exchange

Common shares

12. Indicate by check mark whether the issuer:

a) has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Sections 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of The Corporation Code of the Philippines during the preceding 12 months (or for such shorter period that the registrant was required to file such reports).

Yes ☒ No ☐

(b) has been subject to such filing for the past 90 days. Yes ☒ No ☐

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PART 1 – FINANCIAL INFORMATION

Item 1. Financial Statements

The audited consolidated balance sheet as at December 31, 2021, and the unaudited interim condensed consolidated financial statements as at March 31, 2022 and for the three months ended March 31, 2021 and 2022 and the related notes to unaudited interim condensed consolidated financial statements of International Container Terminal Services, Inc. and Subsidiaries (collectively referred to as “the Group”) are filed as part of this Form 17-Q on pages 2 to 39.

Operating segments are also reported in the notes to unaudited interim condensed consolidated financial statements.

There are no other material events subsequent to the end of this interim period that have not been reflected in the unaudited interim condensed consolidated financial statements filed as part of this report.

International Container Terminal Services, Inc. and Subsidiaries

Unaudited Interim Condensed Consolidated Financial Statements

As at March 31, 2022

(with Comparative Figures as at December 31, 2021)

and for the Three Months Ended March 31, 2021 and 2022

INTERNATIONAL CONTAINER TERMINAL SERVICES, INC. AND SUBSIDIARIES

UNAUDITED INTERIM CONDENSED CONSOLIDATED BALANCE SHEETS

As at March 31, 2022

(With Comparative Figures as at December 31, 2021)

(In Thousands)

	December 31, 2021 (Audited)	March 31, 2022 (Unaudited)
ASSETS		
Noncurrent Assets		
Intangibles (Note 5)	US\$2,077,305	US\$2,113,916
Property and equipment (Note 6)	1,510,840	1,535,740
Right-of-use assets (Note 7)	664,266	731,326
Investment properties	6,374	6,221
Investments in and advances to joint ventures and an associate (Notes 9 and 18)	449,202	449,890
Deferred tax assets	337,754	362,517
Other noncurrent assets (Notes 8 and 21)	323,172	337,642
Total Noncurrent Assets	5,368,913	5,537,252
Current Assets		
Cash and cash equivalents (Note 10)	657,594	602,002
Receivables (Note 11)	135,012	145,408
Spare parts and supplies	42,166	44,124
Prepaid expenses and other current assets (Notes 12 and 13)	62,775	100,848
Total Current Assets	897,547	892,382
	US\$6,266,460	US\$6,429,634
EQUITY AND LIABILITIES		
Equity Attributable to Equity Holders of the Parent		
Capital stock:		
Preferred stock	US\$236	US\$236
Common stock	67,330	67,330
Additional paid-in capital (Note 16)	572,815	569,358
Cost of shares held by subsidiaries (Note 16)	(72,492)	(72,492)
Treasury shares (Note 16)	(12,481)	(10,289)
Excess of consideration over the carrying value of non-controlling interests acquired or disposed	(171,876)	(171,876)
Retained earnings (Note 16)	346,227	240,287
Perpetual capital securities (Note 16)	795,224	583,163
Other comprehensive loss - net (Notes 16 and 21)	(203,295)	(165,263)
Total equity attributable to equity holders of the parent	1,321,688	1,040,454
Equity Attributable to Non-controlling Interests (Notes 1 and 16)	189,891	170,533
Total Equity	1,511,579	1,210,987
Noncurrent Liabilities		
Long-term debt - net of current portion (Notes 13 and 21)	2,068,771	1,693,218
Lease liabilities - net of current portion (Notes 7 and 21)	1,253,371	1,367,719
Concession rights payable - net of current portion (Notes 5 and 21)	711,846	731,689
Deferred tax liabilities	182,931	192,598
Other noncurrent liabilities (Note 14)	41,844	34,041
Total Noncurrent Liabilities	4,258,763	4,019,265
Current Liabilities		
Loans payable (Note 13)	5,033	1,921
Perpetual capital securities (Notes 13 and 16)	—	222,590
Accounts payable and other current liabilities (Notes 15 and 18)	321,864	399,860
Current portion of long-term debt (Notes 13 and 21)	76,836	476,880
Current portion of concession rights payable (Notes 5 and 21)	11,189	11,074
Current portion of lease liabilities (Notes 7 and 21)	29,224	27,303
Income tax payable	46,412	56,871
Derivative liabilities (Note 21)	5,560	2,883
Total Current Liabilities	496,118	1,199,382
Total Liabilities	4,754,881	5,218,647
	US\$6,266,460	US\$6,429,634

See accompanying Notes to Unaudited Interim Condensed Consolidated Financial Statements.

**INTERNATIONAL CONTAINER TERMINAL SERVICES, INC.
AND SUBSIDIARIES**

**UNAUDITED INTERIM CONDENSED CONSOLIDATED
STATEMENTS OF INCOME**

(In Thousands, Except Per Share Data)

	For the Three Months Ended March 31	
	2021	2022
INCOME		
Gross revenues from port operations (Note 4)	US\$435,586	US\$528,267
Interest income (Notes 10 and 18)	5,073	7,400
Foreign exchange gain (Note 3)	3,987	3,553
Equity share in net profit of joint ventures and an associate (Notes 9 and 18)	42	2,092
Other income (Note 14)	2,203	3,723
	446,891	545,035
EXPENSES		
Port authorities' share in gross revenues (Notes 5, 7 and 18)	48,365	53,310
Manpower costs (Notes 16 and 18)	63,244	70,127
Depreciation and amortization (Notes 5, 6 and 7)	58,848	63,203
Administrative and other operating expenses (Note 18)	30,055	31,850
Equipment and facilities-related expenses (Note 18)	29,144	35,128
Interest expense and financing charges on borrowings (Notes 6, 13 and 21)	28,503	30,167
Interest expense on lease liabilities (Note 7)	26,444	29,311
Interest expense on concession rights payable (Note 5)	14,314	15,205
Foreign exchange loss (Note 3)	5,362	1,801
Other expenses (Note 22)	5,522	13,330
	309,801	343,432
CONSTRUCTION REVENUE (EXPENSE)		
Construction revenue	10,737	17,980
Construction expense	(10,737)	(17,980)
	—	—
INCOME BEFORE INCOME TAX	137,090	201,603
PROVISION FOR (BENEFIT FROM) INCOME TAX (Note 17)		
Current	29,204	51,189
Deferred	5,578	(4,429)
	34,782	46,760
NET INCOME	US\$102,308	US\$154,843
Attributable To		
Equity holders of the parent	US\$90,070	US\$142,275
Non-controlling interests	12,238	12,568
	US\$102,308	US\$154,843
Earnings Per Share (Note 1)		
Basic	US\$0.036	US\$0.065
Diluted	0.036	0.065

See accompanying Notes to Unaudited Interim Condensed Consolidated Financial Statements.

**INTERNATIONAL CONTAINER TERMINAL SERVICES, INC.
AND SUBSIDIARIES**

**UNAUDITED INTERIM CONDENSED CONSOLIDATED
STATEMENTS OF COMPREHENSIVE INCOME**

(In Thousands)

	For the Three Months Ended March 31	
	2021	2022
NET INCOME FOR THE PERIOD	US\$102,308	US\$154,843
OTHER COMPREHENSIVE INCOME (LOSS)		
<i>Items to be reclassified to profit or loss in subsequent periods</i>		
Exchange differences on translation of foreign operations' financial statements and hedged foreign investments (Notes 3 and 16)	(25,196)	25,605
Net change in unrealized mark-to-market values of derivatives (Notes 16 and 21)	13,458	13,329
Net unrealized mark-to-market gain on financial assets at FVOCI	–	1
Share in other comprehensive loss of joint ventures (Note 16)	(1,584)	(2,070)
Income tax relating to components of other comprehensive income (Notes 16 and 21)	(1,337)	76
	(14,659)	36,941
<i>Items not to be reclassified to profit or loss in subsequent periods</i>		
Share of other comprehensive loss of an associate	–	24
Actuarial losses on defined benefit plans - net of tax (Note 16)	(80)	(12)
	(14,739)	36,953
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	US\$87,569	US\$191,796
Attributable To		
Equity holders of the parent	US\$76,095	US\$180,307
Non-controlling interests	11,474	11,489
	US\$87,569	US\$191,796

See accompanying Notes to Unaudited Interim Condensed Consolidated Financial Statements.

**INTERNATIONAL CONTAINER TERMINAL SERVICES, INC.
AND SUBSIDIARIES**

**UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE THREE MONTHS ENDED MARCH 31, 2021 and 2022**

(In Thousands)

	Attributable to Equity Holders of the Parent												
	Preferred Stock	Common Stock	Additional Paid-in Capital (Note 16)	Preferred Shares Held by a Subsidiary (Note 16)	Common Shares Held by Subsidiaries (Note 16)	Treasury Shares (Note 16)	Excess of Consideration Over the Carrying Value of Non- controlling Interests Acquired or Disposed	Retained Earnings (Note 16)	Perpetual Capital Securities (Note 16)	Other Compre- hensive Loss - net (Notes 16 and 21)	Total	Non- controlling Interests (Notes 1 and 16)	Total Equity
Balance at December 31, 2020	US\$236	US\$67,330	US\$570,439	(US\$72,492)	(US\$11,183)	(US\$4,431)	(US\$147,925)	US\$216,934	US\$1,246,777	(US\$185,069)	US\$1,680,616	US\$181,004	US\$1,861,620
Total comprehensive income (loss) for the period	—	—	—	—	—	—	—	90,070	—	(13,975)	76,095	11,474	87,569
Share-based payments	—	—	1,191	—	—	—	—	—	—	—	1,191	—	1,191
Issuance of treasury shares	—	—	(2,836)	—	—	2,836	—	—	—	—	—	—	—
Cash dividends	—	—	—	—	—	—	—	(99,516)	—	—	(99,516)	(16,800)	(116,316)
Redemption of perpetual capital securities	—	—	—	—	—	—	—	(11,492)	(192,300)	—	(203,792)	—	(203,792)
Balance at March 31, 2021	US\$236	US\$67,330	US\$568,794	(US\$72,492)	(US\$11,183)	(US\$1,595)	(US\$147,925)	US\$195,996	US\$1,054,477	(US\$199,044)	US\$1,454,594	US\$175,678	US\$1,630,272
Balance at December 31, 2021	US\$236	US\$67,330	US\$572,815	(US\$72,492)	(US\$—)	(US\$12,481)	(US\$171,876)	US\$346,227	US\$795,224	(US\$203,295)	US\$1,321,688	US\$189,891	US\$1,511,579
Total comprehensive income for the period	—	—	—	—	—	—	—	142,275	—	38,032	180,307	11,489	191,796
Share-based payments	—	—	843	—	—	—	—	—	—	—	843	—	843
Issuance of treasury shares	—	—	(4,300)	—	—	4,300	—	—	—	—	—	—	—
Purchase of treasury shares	—	—	—	—	—	(2,108)	—	—	—	—	(2,108)	—	(2,108)
Cash dividends	—	—	—	—	—	—	—	(237,687)	—	—	(237,687)	(30,847)	(268,534)
Redemption of perpetual capital securities	—	—	—	—	—	—	—	(10,528)	(212,061)	—	(222,589)	—	(222,589)
Balance at March 31, 2022	US\$236	US\$67,330	US\$569,358	(US\$72,492)	(US\$—)	(US\$10,289)	(US\$171,876)	US\$240,287	US\$583,163	(US\$165,263)	US\$1,040,454	US\$170,533	US\$1,210,987

See accompanying Notes to Unaudited Interim Condensed Consolidated Financial Statements.

INTERNATIONAL CONTAINER TERMINAL SERVICES, INC. AND SUBSIDIARIES

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands)

	For the Three Months Ended March 31	
	2021	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	US\$137,090	US\$201,603
Adjustments for:		
Depreciation and amortization	58,848	63,203
Interest expense on:		
Borrowings (Notes 6 and 13)	28,503	30,167
Lease liabilities (Note 7)	26,444	29,311
Concession rights payable (Note 5)	14,314	15,205
Interest income (Notes 10 and 18)	(5,073)	(7,400)
Equity share in net profit of joint ventures and an associate (Note 9)	(42)	(2,092)
Share-based payments (Note 16)	988	1,165
Net unrealized foreign exchange loss	1,160	213
Loss (gain) on sale of property and equipment	(227)	13
Operating income before changes in working capital	262,005	331,388
Decrease (increase) in:		
Receivables	(7,444)	(11,587)
Spare parts and supplies	(1,110)	(1,275)
Prepaid expenses and other current assets	1,096	(35,123)
Increase (decrease) in:		
Accounts payable and other current liabilities	(3,954)	47,899
Pension liabilities	(1,700)	409
Cash generated from operations	248,893	331,711
Income taxes paid	(12,668)	(40,947)
Net cash provided by operating activities	236,225	290,764
CASH FLOWS FROM INVESTING ACTIVITIES		
Decrease (increase) in other noncurrent assets	2,460	(22,271)
Acquisitions of:		
Intangible assets (Note 5)	(13,742)	(21,785)
Property and equipment (Note 6)	(22,293)	(16,571)
Decrease (increase) in advances to a joint venture (Notes 9 and 18)	(226)	7,674
Interest received	1,836	4,465
Payments of concession rights (Note 5)	(3,303)	(3,932)
Proceeds from sale of property and equipment	218	62
Net cash used in investing activities	(35,050)	(52,358)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments of:		
Dividends (Note 16)	(10,784)	(242,513)
Interest on lease liabilities and concession rights payable (Notes 5 and 7)	(38,985)	(43,446)
Interest on borrowings (Note 13)	(33,316)	(31,443)
Short-term borrowings (Note 13)	—	(10,652)
Long-term borrowings (Note 13)	(28,800)	(9,452)
Lease liabilities (Note 7)	(15,558)	(5,182)
Purchase of treasury shares (Note 16)	—	(2,108)
Proceeds from:		
Long-term borrowings (Note 13)	2,000	28,761
Short-term borrowings (Note 13)	—	7,541
Decrease in other noncurrent liabilities	(323)	(313)
Net cash used in financing activities	(125,766)	(308,807)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(3,906)	14,809
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	71,503	(55,592)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	734,832	657,594
CASH AND CASH EQUIVALENTS AT END OF PERIOD (Note 10)	US\$806,335	US\$602,002

See accompanying Notes to Unaudited Interim Condensed Consolidated Financial Statements.

INTERNATIONAL CONTAINER TERMINAL SERVICES, INC. AND SUBSIDIARIES

NOTES TO UNAUDITED INTERIM CONDENSED 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 Company is ICTSI Administration Building, MICT South Access Road, Manila. ICTSI's common shares were listed with the Philippine Stock Exchange (PSE) on March 23, 1992, at an offer price of ₱6.70. ICTSI has 2,045,177,671 common shares outstanding held by 1,360 shareholders on record as at March 31, 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 May 4, 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 a project 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 two years are summarized below:

Port of Toamasina, Madagascar. On December 10, 2021, Madagascar International Container Terminal Services, Ltd. (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 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.

Phase 1 of the Terminal and the ECP with capacities of 350,000 TEUs and 250,000 twenty-foot equivalent units (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 November 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 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.

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).

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 first 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 May 4, 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 first 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, Republic of the 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 (SPC) of Sudan to operate, manage and develop the South Port Container Terminal (SPCT) at Port of the 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 the 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"). 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 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 has 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 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 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. 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.

Tuxpan, Mexico. On May 27, 2015, ICTSI, through its subsidiary, ICTSI Tuxpan B.V., acquired from Grupo TMM S.A.B and Inmobiliaria 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 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 of land owned by TMT. As at May 4, 2022, management is currently evaluating its options under the concession agreement including the long-term plans for the land.

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 portage, 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. On March 31, 2022, the HOA was issued by the PPA with the validity of twelve months from January 1, 2022 up to December 31, 2022 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.

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. 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 May 4, 2022, DIPSSCOR continues 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 Autonome 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.

1.3 Subsidiaries, Joint Ventures and Associates

	Place of Incorporation	Nature of Business	Functional Currency	Percentage of Ownership			
				December 31, 2021 Direct	Indirect	March 31, 2022 Direct	Indirect
Subsidiaries:							
Asia							
International Container Terminal Holdings, Inc. (ICTHI) and Subsidiaries	Cayman Islands	Holding Company	US Dollar	100.00	—	100.00	—
ICTSI Ltd.	Bermuda	Holding Company	US Dollar	—	100.00	—	100.00
ICTSI Mauritius Ltd.	Mauritius	Holding Company	US Dollar	—	100.00	—	100.00
Aeolina Investments Limited	British Virgin Islands	Holding Company	US Dollar	—	100.00	—	100.00
ICTSI Far East Pte. Ltd. (IFEL)	Singapore	Holding Company	US Dollar	—	100.00	—	100.00
New Muara Container Terminal Services Sdn Bhd (NMCTS)	Brunei	Port Management	Brunei Dollar	—	100.00	—	100.00
PT ICTSI Jasa Prima Tbk (IJP) and Subsidiaries	Indonesia	Maritime Infrastructure and Logistics	US Dollar	—	80.16	—	80.16
PT PBM Olah Jasa Andal (OJA)	Indonesia	Port Management	US Dollar	—	80.16	—	80.16
PT Makassar Terminal Services, Inc. (MTS)	Indonesia	Port Management	Indonesian Rupiah	—	95.00	—	95.00
PT Container Terminal Systems Solutions Indonesia	Indonesia	Software Developer	US Dollar	—	100.00	—	100.00
ICTSI (Hong Kong) Limited (IHKL)	Hong Kong	Holding Company	US Dollar	—	100.00	—	100.00
Yantai International Container Terminals, Limited (YICT)	China	Port Management	Renminbi	—	51.00	—	51.00
Pentland International Holdings, Ltd.	British Virgin Islands	Holding Company	US Dollar	—	100.00	—	100.00
ICTSI Georgia Corp. (IGC)	Cayman Islands	Holding Company	US Dollar	—	100.00	—	100.00
Global Procurement Ltd.	Bermuda	Holding Company	US Dollar	—	100.00	—	100.00
ICTSI Honduras Ltd.	Bermuda	Holding Company	US Dollar	—	100.00	—	100.00
ICTSI Ltd. Regional Headquarters	Philippines	Regional Headquarters	Philippine Peso	—	100.00	—	100.00
Container Terminal de Venezuela Conterven CA (CTVCC)	Venezuela	Holding Company	US Dollar	—	95.00	—	95.00
Australian International Container Terminals Limited (AICTL)	Australia	Port Management	Australian Dollar	—	70.00	—	70.00
Mindanao International Container Terminal Services, Inc. (MICTSI)	Philippines	Port Management	Philippine Peso	100.00	—	100.00	—
Abbotsford Holdings, Inc.	Philippines	Holding Company	Philippine Peso	100.00	—	100.00	—
Hijo International Port Services, Inc. (HIPS)	Philippines	Port Management	Philippine Peso	—	65.00	—	65.00
DIPSSCOR	Philippines	Port Management	Philippine Peso	—	96.95	—	96.95
IWI Container Terminal Holdings, Inc. (IWI CTHI)	Philippines	Warehousing	Philippine Peso	100.00	—	100.00	—
IW Cargo Handlers, Inc.	Philippines	Port Equipment Rental	US Dollar	—	100.00	—	100.00
Container Terminal Systems Solutions Philippines, Inc.	Philippines	Software Developer	US Dollar	—	100.00	—	100.00

(Forward)

	Place of Incorporation	Nature of Business	Functional Currency	Percentage of Ownership			
				December 31, 2021		March 31, 2022	
				Direct	Indirect	Direct	Indirect
Bauan International Port, Inc. (BIPI)	Philippines	Port Management	Philippine Peso	–	80.00	–	80.00
Prime Staffers and Selection Bureau, Inc.	Philippines	Manpower Recruitment	Philippine Peso	100.00	–	100.00	–
ICTSI Subic, Inc. (ICTSI Subic)	Philippines	Port Management	US Dollar	–	90.50	–	90.50
Subic Bay International Terminal Holdings, Inc. (SBITHI)	Philippines	Holding Company	US Dollar	90.50	–	90.50	–
Subic Bay International Terminal Corporation (SBITC)	Philippines	Port Management	US Dollar	–	90.50	–	90.50
Cordilla Properties Holdings, Inc.	Philippines	Holding Company	Philippine Peso	100.00	–	100.00	–
SCIPSI	Philippines	Port Management	Philippine Peso	35.82	14.41	35.82	14.41
MHCPSI ^(d)	Philippines	Port Management	Philippine Peso	100.00	–	100.00	–
ICTSI Dubai	United Arab Emirates	BDO	US Dollar	100.00	–	100.00	–
ICTSI EMEA B.V. (IEBV) [formerly ICTSI Capital B.V. (ICBV)]	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
ICTSI Cooperatief	The Netherlands	Holding Company	US Dollar	1.00	99.00	1.00	99.00
ICTSI Treasury B.V. (ITBV)	The Netherlands	Holding Company	US Dollar	–	75.00	–	75.00
ICTSI Americas B.V.	The Netherlands	Holding Company	US Dollar	–	100.00	–	100.00
ICTSI Africa B.V.	The Netherlands	Holding Company	US Dollar	–	100.00	–	100.00
CMSA B.V.	The Netherlands	Holding Company	US Dollar	–	100.00	–	100.00
SPIA Colombia B.V.	The Netherlands	Holding Company	US Dollar	–	100.00	–	100.00
CGSA B.V.	The Netherlands	Holding Company	US Dollar	–	100.00	–	100.00
SPIA Spain S.L.	Spain	Holding Company	US Dollar	–	100.00	–	100.00
CGSA Transportadora S.L.	Spain	Holding Company	US Dollar	–	100.00	–	100.00
Crixus Limited	British Virgin Islands	Holding Company	US Dollar	–	100.00	–	100.00
VICT	Australia	Port Management	Australian Dollar	–	100.00	–	100.00
ICTSI Global Finance B.V. (IGFBV)	The Netherlands	Holding Company	US Dollar	–	75.00	–	75.00
ICTSI Oceania B.V. (IOBV)	The Netherlands	Holding Company	US Dollar	–	100.00	–	100.00
ICTSI Tuxpan B.V.	The Netherlands	Holding Company	US Dollar	–	100.00	–	100.00
ICTSI Asia Pacific Business Services, Inc. (APBS)	Philippines	Business Process Outsourcing	US Dollar	–	100.00	–	100.00
ICTSI Ltd. Regional Operating Headquarters (ROHQ)	Philippines	Regional Operating Headquarters	US Dollar	–	100.00	–	100.00
ICTSI Project Delivery Services Co. Pte. Ltd.	Singapore	Port Equipment Sale and Rental	US Dollar	–	100.00	–	100.00
ICTSI QFC LLC	Qatar	Holding Company	US Dollar	–	100.00	–	100.00
ICTSI South Asia Pte. Ltd.	Singapore	Holding Company	US Dollar	–	100.00	–	100.00
Laguna Gateway Inland Container Terminal, Inc. (LGICT)	Philippines	Port Management	Philippine Peso	–	60.00	–	60.00
ICTSI Middle East DMCC	United Arab Emirates	Holding Company	US Dollar	–	100.00	–	100.00
ICTSI Global Cooperatief U.A.	The Netherlands	Holding Company	US Dollar	99.00	1.00	99.00	1.00
Consultports S.A. de C.V.	Mexico	BDO	Mexican Peso	–	100.00	–	100.00
Asiastar Consultants Limited	Hong Kong	Management Services	US Dollar	–	100.00	–	100.00
Cavite Gateway Terminal (CGT)	Philippines	Port Management	Philippine Peso	–	100.00	–	100.00
Intermodal Terminal Holdings, Inc.	Philippines	Holding Company	Philippine Peso	100.00	–	100.00	–
ICTSI Americas B.V. (Multinational Headquarters)	Panama	BDO	US Dollar	–	100.00	–	100.00
ICTSI South Pacific Limited (ISPL)	Papua New Guinea	Holding Company	Papua New Guinean Kina	–	100.00	–	100.00
Motukea International Terminal Limited (MITL)	Papua New Guinea	Port Management	Papua New Guinean Kina	–	70.00	–	70.00
South Pacific International Container Terminal Limited (SPICTL)	Papua New Guinea	Port Management	Papua New Guinean Kina	–	70.00	–	70.00
Tungsten RE Ltd.	Bermuda	Insurance Company	US Dollar	–	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	–
MICTSL	Madagascar	Port Management	Euro	–	100.00	–	100.00
Baltic Container Terminal Ltd. (BCT)	Poland	Port Management	US Dollar	–	100.00	–	100.00
Adriatic Gate Container Terminal (AGCT)	Croatia	Port Management	Euro	–	51.00	–	51.00
Batumi International Container Terminal LLC (BICTL)	Georgia	Port Management	US Dollar	–	100.00	–	100.00
IDRC ^(e)	DR Congo	Port Management	US Dollar	–	62.00	–	62.00
ICTSI (M.E.) DMCC Iraq Branch (ICTSI Iraq)	Iraq	Port Management	US Dollar	–	100.00	–	100.00
Africa Gateway Terminal (AGT) ^(a)	Sudan	Port Management	Euro	–	100.00	–	100.00

(Forward)

	Place of Incorporation	Nature of Business	Functional Currency	Percentage of Ownership			
				December 31, 2021		March 31, 2022	
				Direct	Indirect	Direct	Indirect
KMT ^(c)	Cameroon	Port Management	Central African Franc	–	75.00	–	75.00
ICTSNL ^(b)	Nigeria	Port Management	US Dollar	–	75.00	–	75.00
Pakistan International Container Terminal (PICT) ^(g)	Pakistan	Port Management	Pakistani Rupee	–	80.41	–	80.41
Americas							
CGSA	Ecuador	Port Management	US Dollar	51.00	49.00	51.00	49.00
Contecon Manzanillo S.A. (CMSA)	Mexico	Port Management	Mexican Peso	1.00	99.00	1.00	99.00
Tecon Suape, S.A. (TSSA)	Brazil	Port Management	Brazilian Real	–	100.00	–	100.00
ICTSI Oregon	U.S.A.	Port Management	US Dollar	–	100.00	–	100.00
C. Ultramar, S.A.	Panama	Holding Company	US Dollar	–	100.00	–	100.00
Future Water, S.A.	Panama	Holding Company	US Dollar	–	100.00	–	100.00
Kinston Enterprise, Inc.	Panama	Holding Company	US Dollar	–	100.00	–	100.00
International Ports of South America and Logistics SA	Uruguay	Holding Company	US Dollar	–	100.00	–	100.00
Tecplata S.A. (Tecplata)	Argentina	Port Management	US Dollar	–	100.00	–	100.00
Nuevos Puertos S. A. (NPSA)	Argentina	Holding Company	US Dollar	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
TMT	Mexico	Port Management	Mexican Peso	–	100.00	–	100.00
CMSA Servicios Portuarios SA De CV	Mexico	Manpower Services	Mexican Peso	–	100.00	–	100.00
CMSA Servicios Profesionales Y De Especialistas SA De CV	Mexico	Manpower Services	Mexican Peso	–	100.00	–	100.00
Logipuerto S.A.	Ecuador	Logistics Solutions Provider	US Dollar	–	100.00	–	100.00
ICTSI Rio	Brazil	Port Management	Brazilian Real	–	100.00	–	100.00
IRB Logistica ^(f)	Brazil	Rail Ramp Terminal Management	Brazilian Real	–	100.00	–	100.00
Contecon Manzanillo Logista SA de CV ^(h)	Mexico	Logistics Solutions Provider	Mexican Peso	–	–	–	100.00
Joint Ventures:							
Sociedad Puerto Industrial Aguadulce SA (SPIA)	Colombia	Port Management	US Dollar	–	49.79	–	49.79
Falconer Aircraft Management, Inc. (FAMI)	Philippines	Aircraft Management	Philippine Peso	–	49.00	–	49.00
Aviation Concepts Technical Services, Inc.	Philippines	Aircraft Management	Philippine Peso	–	49.00	–	49.00
Manila North Harbour Port, Inc. (MNHPI)	Philippines	Port Management	Philippine Peso	50.00	–	50.00	–
Associate:							
Asiaview Realty and Development Corporation (ARDC)	Philippines	Realty	Philippine Peso	–	49.00	–	49.00

^(a) Established in February 2019 and has not yet started commercial operations as at May 4, 2022

^(b) Established in June 2020 and started commercial operations in May 2021; sold 10% stake to minority effective December 31, 2021

^(c) Established in July 2020 and started commercial operations on October 1, 2020

^(d) Acquired on June 4, 2021

^(e) Acquired additional 10% stake on May 25, 2021

^(f) Established in May 2021 and started commercial operations on July 1, 2021

^(g) Acquired additional 15.88% stake in October 2021

^(h) Established in December 2021 and has not yet started commercial operations as at May 4, 2022

2. Basis of Preparation and Statement of Compliance

2.1 Basis of Preparation

The audited consolidated balance sheet as at December 31, 2021, the unaudited interim condensed consolidated financial statements as at March 31, 2022 and for the three months ended March 31, 2021 and 2022 have been prepared on a historical cost basis, except for financial assets at fair value through other comprehensive income (FVOCI) and derivative financial instruments which have been measured at fair value. The unaudited interim condensed consolidated financial statements are presented in United States dollar (US dollar, USD or US\$), the Parent Company's functional and presentation currency. All values are rounded to the nearest thousand US dollar unit, except when otherwise indicated. Any discrepancies in the tables between the listed amounts and the totals thereof are due to rounding. Accordingly, figures shown as totals may not be an arithmetic aggregation of the figures that precede them.

2.2 Statement of Compliance

The unaudited interim condensed consolidated financial statements for the three months ended March 31, 2022 have been prepared in accordance with Philippine Accounting Standard (PAS) 34, *Interim Financial Reporting*. Accordingly, the unaudited interim condensed consolidated financial statements do not include all the information and disclosures required in the audited annual consolidated financial statements and should be read in conjunction with the Group's audited annual consolidated financial statements as at and for the year ended December 31, 2021.

3. **Summary of Significant Accounting Policies**

3.1 Basis of Consolidation

The unaudited interim condensed 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, and
- The Group's voting rights and potential voting rights

The Group reassesses 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, MITL, SPICTL, KMT and ICTSNL not held by the Group and are presented separately in the unaudited interim condensed consolidated statements of income and the unaudited interim condensed consolidated statements of comprehensive income, and unaudited interim condensed 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 unaudited interim condensed 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 unaudited interim condensed consolidated statement of income; and (iii) reclassifies the Parent Company's share of components previously recognized in other comprehensive income (OCI) to the unaudited interim condensed 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 period or year using uniform accounting policies as those of the Parent Company.

Functional and Presentation Currency. The Group's unaudited interim condensed consolidated financial statements are presented in US dollar, which is ICTSI's functional and presentation currency. Each entity in the Group determines its functional currency, which is the currency that best reflects the economic substance of the underlying events and circumstances relevant to that entity, and items included in the financial statements of each entity are measured using that functional currency.

At the reporting date, the assets and liabilities of subsidiaries (see Note 1.3) whose functional currency is not US dollar are translated into the presentation currency of ICTSI using the Bloomberg closing rate at balance sheet date and, their unaudited interim statements of income are translated at the Bloomberg weighted average daily rates for the period. The exchange differences arising from the translation are taken directly to the unaudited interim condensed consolidated statement of comprehensive income. Upon disposal of the foreign entity, the deferred cumulative translation amount recognized in the unaudited interim condensed consolidated statement of comprehensive income relating to that particular foreign operation is recognized in the unaudited interim condensed consolidated statement of income.

The following rates of exchange have been adopted by the Group in translating foreign currency income statement and balance sheet items as at and for the three months ended March 31:

	2021		2022	
	Closing	Average	Closing	Average
Foreign currency to 1 unit of US dollar:				
Argentine peso (ARS)	91.99	88.65	111.01	106.59
Australian dollar (AUD)	1.32	1.29	1.34	1.38
Brazilian real (BRL or R\$)	5.63	5.48	4.74	5.23
Central African franc (XAF)	559.27	544.56	592.67	584.75
Chinese renminbi (RMB)	6.55	6.48	6.34	6.35
Colombian peso (COP)	3,663.44	3,560.97	3,764.45	3,910.23
Croatian kuna (HRK)	6.45	6.28	6.84	6.73
Euro (EUR or €)	0.85	0.83	0.90	0.89
Georgian lari (GEL)	3.42	3.31	3.07	3.11
Honduran lempira (HNL)	24.07	24.15	24.49	24.57
Hong Kong dollar (HKD)	7.77	7.76	7.83	7.81
Indonesian rupiah (IDR or Rp)	14,525.00	14,158.00	14,363.00	14,344.00
Iraqi dinar (IQD)	1,460.00	1,460.00	1,460.00	1,460.00
Malagasy ariary (MGA)	3,784.39	3,774.81	4,007.55	3,992.12
Mexican peso (MXN)	20.43	20.34	19.87	20.50
Nigerian naira (NGN)	407.63	394.19	415.93	416.73
Pakistani rupee (PKR or Rs)	152.31	158.57	184.17	177.62
Papua New Guinean kina (PGK)	3.51	3.52	3.52	3.51
Philippine peso (PHP or ₱)	48.53	48.30	51.74	51.57
Polish zloty (PLN)	3.95	3.77	4.20	4.12
Singaporean dollar (SGD)	1.34	1.33	1.35	1.35
United Arab Emirates dirham (AED)	3.67	3.67	3.67	3.67

3.2 Changes in Accounting Policies

3.2.1 New standards, interpretations, and amendments adopted by the Group

The accounting policies adopted in the preparation of the unaudited interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended December 31, 2021, except for the adoption of new standards effective as at January 1, 2022. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Several amendments and interpretations apply for the first time in 2022, but do not have significant impact on the unaudited interim condensed consolidated financial statements of the Group.

- *Onerous Contracts – Costs of Fulfilling a Contract – Amendments to PAS 37*

An onerous contract is a contract under which the unavoidable costs (i.e., the costs that the Group cannot avoid because it has the contract) of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

The amendments specify that when assessing whether a contract is onerous or loss-making, an entity needs to include costs that relate directly to a contract to provide goods or services include both incremental costs (e.g., the costs of direct labor and materials) and an allocation of costs directly related to contract activities (e.g., depreciation of equipment used to fulfill the contract as well as costs of contract management and supervision). 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.

These amendments had no significant impact on the unaudited interim condensed consolidated financial statements of the Group.

- *Reference to the Conceptual Framework – Amendments to PFRS 3*

The amendments replace a reference to a previous version of the IASB's *Conceptual Framework* with a reference to the current version issued in March 2018 without significantly changing its requirements.

The amendments add 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. The exception requires entities to apply the criteria in PAS 37 or Philippine IFRIC 21, respectively, instead of the Conceptual Framework, to determine whether a present obligation exists at the acquisition date.

The amendments also add a new paragraph to PFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

These amendments had no impact on the unaudited interim condensed consolidated financial statements of the Group as there were no contingent assets, liabilities and contingent liabilities within the scope of these amendments arisen during the period.

- *Property, Plant and Equipment: Proceeds before Intended Use – Amendments to PAS 16*

The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment, any proceeds of the sale of 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.

These amendments had no impact on the unaudited interim condensed consolidated financial statements of the Group as there were no sales of such items produced by property, plant and equipment made available for use on or after the beginning of the earliest period presented.

- *PFRS 1 First-time Adoption of International 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 in the parent's consolidated financial statements, based on the parent's date of transition to PFRS, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of PFRS 1.

These amendments had no impact on the unaudited interim condensed consolidated financial statements of the Group.

- *PFRS 9 Financial Instruments – Fees in the '10 percent' 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. There is no similar amendment proposed for PAS 39 *Financial Instruments: Recognition and Measurement*.

These amendments had no impact on the unaudited interim condensed consolidated financial statements of the Group as there were no modifications of the Group's financial instruments during the period.

- *PAS 41 Agriculture – Taxation in fair value measurements*

The amendment removes the requirement in paragraph 22 of PAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of PAS 41.

These amendments had no impact on the unaudited interim condensed consolidated financial statements of the Group as it did not have assets in scope of PAS 41 as at the reporting date.

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 business into three geographical segments:

- Asia - includes Manila International Container Terminal (MICT), BIPI, DIPSSCOR, SCIPSI, SBITC, ICTSI Subic, HIPS, MICTSI, LGICT, CGT, MHCPSI and MNHPI 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.

Management monitors the operating results of its 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 interim condensed 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 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 table below presents financial information on geographical segments as at December 31, 2021 (audited) and as at March 31, 2022 (unaudited), and for the three months ended March 31, 2021 (unaudited) and 2022 (unaudited):

	For the Three Months ended March 31, 2021				For the Three Months ended March 31, 2022			
	Asia	EMEA	Americas	Consolidated	Asia	EMEA	Americas	Consolidated
Volume ^(a)	1,185,017	650,012	872,762	2,707,791	1,331,903	670,502	830,596	2,833,001
<i>(In thousands)</i>								
Gross revenues	US\$186,525	US\$100,955	US\$148,106	US\$435,586	US\$229,948	US\$114,951	US\$183,368	US\$528,267
Capital expenditures ^(b)	14,268	19,450	2,817	36,535	34,239	12,457	5,874	52,570
	As at December 31, 2021				As at March 31, 2022			
	Asia	EMEA	Americas	Consolidated	Asia	EMEA	Americas	Consolidated
Other information:								
Segment assets ^(c)	3,366,794	888,368	1,673,544	5,928,706	3,300,109	898,738	1,868,270	6,067,117
Segment liabilities ^(d)	3,411,247	179,314	934,977	4,525,538	3,698,746	203,422	1,067,010	4,969,178

^(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\$13.7 million and US\$21.8 million in 2021 and 2022, respectively, property and equipment amounting to US\$22.3 million and US\$16.6 million in 2021 and 2022, respectively, as shown in the consolidated statements of cash flows, and current and noncurrent advances to suppliers and contractors amounting to US\$0.5 million and US\$14.2 million in 2021 and 2022, respectively.

^(c) Segment assets do not include deferred tax assets amounting to US\$337.8 million and US\$362.5 million as at December 31, 2021 and March 31, 2022 (unaudited), respectively.

^(d) Segment liabilities do not include income tax payable amounting to US\$46.4 million and US\$56.9 million and deferred tax liabilities amounting to US\$182.9 million and US\$192.6 million as at December 31, 2021 and March 31, 2022 (unaudited), 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 unaudited interim consolidated net income attributable to equity holders of the parent for the three months ended March 31:

	2021	2022
Net income attributable to equity holders of the parent	US\$90,070	US\$142,275
Non-controlling interests	12,238	12,568
Provision for income tax	34,782	46,760
Income before income tax	137,090	201,603
Add (deduct):		
Depreciation and amortization	58,848	63,203
Interest and other expenses ^(a)	80,145	89,814
Interest and other income ^(b)	(11,305)	(16,768)
EBITDA ^(c)	US\$264,778	US\$337,852

^(a) Interest and other expenses include the following as shown in the unaudited interim condensed consolidated statements of income: foreign exchange loss; interest expense on concession rights payable and lease liabilities; interest expense and financing charges on borrowings; and other expenses.

^(b) Interest and other income include the following as shown in the unaudited interim condensed consolidated statements of income: foreign exchange gain; interest income; equity share in net profit of joint ventures and an associate 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 these may be calculated differently thus, they 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 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 30.5% and 30.9% of the unaudited consolidated gross revenues from port operations for the three months ended March 31, 2021 and 2022, respectively. Gross revenues from port operations outside the Republic of the Philippines comprised 69.5% and 69.1% of the unaudited consolidated gross revenues from port operations for the three months ended March 31, 2021 and 2022, respectively.

5. Concession Rights and Concession Rights Payable

5.1 Concession Rights

Concession rights are presented as part of intangibles in the interim condensed consolidated balance sheet. Concession rights include upfront fee payments recognized on the concession contracts, cost of port infrastructure constructed, and port equipment purchased, and the present value of future fixed fee considerations in exchange for the license or right to operate ports. Concession rights are amortized over the term of the concession agreements. The Group remeasures its concession rights payable when there is a change in future fixed fee payments resulting from a change in an index or a rate used to determine those payments. The Group recognizes the amount of the remeasurement of the concession rights payable as an adjustment to the concession rights asset.

Additions to concession rights under port infrastructure mainly pertain to the construction of various civil works and port facilities, and acquisitions of terminal equipment in ICTSI, CGSA and ICTSI Iraq for the three months ended March 31, 2022.

There were no borrowing costs capitalized for the three months ended March 31, 2021 and 2022 (see Note 13.5).

5.2 Concession Rights Payable

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 March 31, 2022 are as follows (amounts in thousands):

	Amount
2022 ⁽¹⁾	US\$37,767
2023	54,069
2024	53,628
2025	53,875
2026 onwards	1,084,429
Total	US\$1,283,768

⁽¹⁾ April 1, 2022 through December 31, 2022.

Total fixed fees paid by the Group for the three months ended March 31, 2021 and 2022 amounted to US\$17.5 million and US\$19.1 million, respectively. These port fees are allocated to payments of interest and reduction to or payments of concession rights payable.

Interest expense on concession rights payable amounted to US\$14.3 million and US\$15.2 million for the three months ended March 31, 2021 and 2022, respectively. The annualized weighted average interest rate was 8.30 percent and 8.19 percent for the three months ended March 31, 2021 and 2022, respectively.

Reduction to concession rights payable, shown as payments to concession rights in the unaudited interim condensed consolidated statements of cash flows for the three months ended March 31, 2021 and 2022 amounted to US\$3.3 million and US\$3.9 million, respectively.

Concession fees that were not included in the measurement of concession rights payable were charged to profit or loss under Port Authorities' share in gross revenues amounting to US\$42.1 million and US\$45.9 million in 2021 and 2022, respectively.

The concession agreement between PICT and Karachi Port Trust (KPT) is for a period of 21 years until June 2023. As at May 4, 2022, discussion between PICT and KPT on the possibilities of extending the concession period and amending other commercial terms and conditions is still ongoing.

6. Property and Equipment

Additions to property and equipment pertained to the construction of various civil works and acquisitions of terminal equipment in various ports, mainly in VICT, CMSA, IDRC, and ICTSI as at March 31, 2022. There were no major disposals or write-downs of property and equipment for the three months ended March 31, 2021 and 2022.

Borrowing costs capitalized amounted to US\$0.2 million and US\$0.1 million for the three months ended March 31, 2021 and 2022, respectively (see Note 13.5).

7. Right-of-use Assets and Lease Liabilities

The concessions agreements of CMSA, TSSA, VICT, BCT, BICTL, MICTSI, ICTSNL and IRB Logistica were accounted for by the Group in accordance with PFRS 16, *Leases*. The Group recognized lease liabilities to make lease payments 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. The Group remeasures its lease liabilities when there is a change in future lease payments resulting from a change in an index or a rate used to determine those payments. The Group recognizes the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

7.1 Right-of-use Assets

For the three months ended March 31, 2022, there are no major additions to right-of-use assets other than the impact of remeasurement.

7.2 Lease Liabilities

Upon recognition of the fair value of fixed (including in-substance fixed) fee on concession contracts accounted for in accordance with PFRS 16, the Group also recognized the corresponding lease liabilities. The undiscounted minimum payments pertaining to lease liabilities as at March 31, 2022 are as follows (amount in thousands):

	Amount
2022 ⁽ⁱ⁾	US\$106,200
2023	143,437
2024	147,602
2025	150,569
2026 onwards	2,306,782
Total	US\$2,854,590

⁽ⁱ⁾ April 1, 2022 through December 31, 2022.

Total fixed fees paid by the Group for the three months ended March 31, 2021 and 2022 amounted to US\$40.2 million and US\$33.4 million, respectively. These fees are allocated to payments of interest and reduction to or payments of lease liabilities in the unaudited interim condensed consolidated statements of cash flows.

Summarized below are the amounts recognized in profit or loss (amounts in thousands):

	For the three months ended March 31	
	2021	2022
Depreciation of right-of-use assets	US\$9,013	US\$12,106
Interest expense on lease liabilities	26,444	29,311
Lease expense not included in the measurement of lease liabilities (under Port Authorities' share in gross revenues)	5,766	7,042

The exclusive lease contract of BCT to operate the Gdynia Container Terminal will expire in May 2023. ICTSI is participating in a competitive bid in order to qualify for a possible renewal of the term of the concession.

8. Other Noncurrent Assets

This account includes upfront fee, the noncurrent portion of input tax, advances to suppliers and contractors, restricted cash, deposits for the acquisition of investments, and financial assets at FVOCI, among others.

9. Investments in and Advances to Joint Ventures and an Associate

This account mainly pertains to ICTSI's investment in and advances to SPIA and investments in MNHPI and FAMI.

10. Cash and Cash Equivalents

For the purpose of unaudited interim condensed consolidated statements of cash flows, balances of cash and cash equivalents as at March 31 are as follows:

	2021	2022
	(Unaudited)	(Unaudited)
Cash on hand and in banks	US\$241,324	US\$290,919
Cash equivalents	565,011	311,083
	US\$806,335	US\$602,002

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.

11. Receivables

This account consists of:

	December 31, 2021	March 31, 2022 (Unaudited)
Trade	US\$112,636	US\$121,251
Advances and nontrade	30,328	32,331
	142,964	153,582
Less allowance for expected credit losses	7,952	8,174
	US\$135,012	US\$145,408

Trade receivables are noninterest-bearing and are generally on 30-60 days' credit terms.

Advances and nontrade receivables mainly include noninterest-bearing advances and nontrade-related receivables collectible within 12 months.

12. Prepaid Expenses and Other Current Assets

This account includes input tax, tax credits, creditable withholding taxes, and prepaid port fees, insurance, bonds, and other expenses and cash restricted for specific purposes. This account increased in 2022 mainly due to the recognition of restricted cash at VICT for debt servicing and capital expenditure (see Note 13.2.4).

13. Long-term Debt and Loans Payable

13.1 Outstanding Balances and Maturities of Long-term Debt

A summary of outstanding balance of long-term debt (net of debt issuance costs) is presented below:

	December 31, 2021	March 31, 2022 (Unaudited)
US dollar-denominated medium-term notes	US\$772,966	US\$774,365
US dollar-denominated notes	683,033	683,402
US dollar-denominated term loans	290,131	286,630
Foreign currency-denominated loans and notes	352,735	380,825
Loan facility	43,322	42,202
	2,142,187	2,167,424
Effect of business combination ^(a)	3,420	2,674
Carrying value of debt	2,145,607	2,170,098
Less current portion ^(a)	76,836	476,880
	US\$2,068,771	US\$1,693,218

^(a) Includes the difference between the fair value and the book value of the debt of MHCPSI's acquired through business combination

Maturities of long-term debt, gross of unamortized debt issuance costs, premium and discount of US\$40.9 million, as at March 31, 2022 are as follows (amount in thousands):

	Amount
2022 ⁽¹⁾	US\$70,138
2023	424,194
2024	28,250
2025	429,911
2026 onwards	1,255,830
Total	US\$2,208,323

⁽¹⁾ April 1, 2022 through December 31, 2022.

13.2 Details and Description of Long-term Debt

13.2.1 *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 The Hong Kong and Shanghai Banking Corporation Limited (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 March 31, 2022, carrying value of notes under the MTN Programme amounted to US\$774.4 million, of which US\$394.0 million will be due in January 2023.

13.2.2 US Dollar-denominated 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 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 March 31, 2022, the carrying value of the Senior Notes amounted to US\$393.0 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 16). As at March 31, 2022, the carrying value of the New Notes amounted to US\$290.4 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.

13.2.3 US Dollar-denominated Term Loans

CGSA. On March 29, 2016, CGSA (as “Borrower”), Metropolitan Bank and Trust Company (as “Lender” or “MBTC”) 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. 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”) 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. The outstanding balance of the loans amounted to US\$3.7 million as at March 31, 2022.

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 2022, IDRC has paid US\$2.1 million of the loan. As at March 31, 2022, the outstanding balance of the loan amounted to US\$3.1 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 2022, IDRC has paid US\$0.3 million of the loan. As at March 31, 2022, the outstanding balance of the loan amounted to US\$0.6 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 2022, IDRC has paid US\$1.1 million of the loan. As at March 31, 2022, the outstanding balance of the loan amounted to US\$4.4 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 a tenor of 7 years. On April 29, 2019, IGFBV has fully availed the term loan facility. As at March 31, 2022, the outstanding balance of the term loan facility amounted to US\$274.7 million, net of debt issuance costs.

ICTSI Ltd. On April 25, 2022, ICTSI Ltd., as borrower, Kairos Access Investments Designated Activity Company (“Kairos”), as lender, and Citigroup Global Markets Limited, as agent, signed a term loan facility of up to US\$200.0 million. The facility is secured by a government-issued debt instrument held by CMSA amounting to MXN2.2 billion (US\$113.1 million). On April 27, 2022, ICTSI Ltd. availed of US\$74.0 million from the facility at a fixed interest rate, with maturity on February 10, 2023. On April 28, 2022, ICTSI Ltd. availed of an additional US\$36.0 million from the facility at a fixed interest rate, with maturity on January 13, 2023.

13.2.4 Foreign Currency-denominated Loans and Notes

VICT. On July 15, 2016, VICT signed the syndicated project finance facilities with various international and regional banks for 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 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 January 2021, VICT paid a total of US\$23.3 million (AUD30.2 million) of the loan. In December 2021, VICT has paid the remaining balance of US\$202.3 million (\$269.3 million) of 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 million). The proceeds were used to fund the prepayment of VICT’s project finance facilities. The second funding amounting to US\$29.0 million (AUD40.0 million) happened on March 31, 2022. The Senior Secured Notes is secured by certain assets of VICT and IOBV. Also, VICT is required to maintain reserve accounts for debt servicing and expenditures related to its Phase 3A expansion project (see Note 12).

As at March 31, 2022, the outstanding balance of the notes amounted to US\$237.4 million (AUD317.2 million), net of debt issuance costs.

SPICTL and MITL. On November 27, 2019, SPICTL and MITL, as borrowers, and Australia and New Zealand (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.

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 March 31, 2022, the outstanding balance of the term loans of SPICTL and MITL amounted to US\$10.1 million (PGK35.8 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 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. In 2022, MHCPSI has paid US\$5.8 million (Php300.0 million) of the loan. As at March 31, 2022, the carrying value of the loan amounted to US\$125.3 million (Php6.5 billion). Excluding the effect of business combination, the outstanding balance of the loan amounted to US\$122.6 million (Php6.3 billion).

On April 11, 2022, the loan was refinanced by a US\$122.7 million (Php6.4 billion) loan with final maturity date on March 14, 2029, payable in 14 semi-annual installments based on the repayment schedule. Interest will be payable quarterly 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 loan is solely secured by the continuing suretyship of ICTSI.

13.2.5 Loan Facility Programme

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 originally 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 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 availed the US\$297.6 million (EUR260.0 million) from the facility. As at March 31, 2022, the outstanding balance of the loans amounted to US\$42.2 million (EUR38.1 million), net of debt issuance costs.

13.3 Perpetual Capital Securities

On March 23, 2022, the remaining US\$216.2 million of the US\$400.0 million 5.875 percent fixed-for-life Senior Guaranteed Perpetual Capital Securities, was called in for redemption on May 5, 2022 (see Note 16.6). Upon notification of redemption, the redemption price of the securities of US\$216.2 million was reclassified to and accrued distributions of US\$6.4 million were recognized as financial liabilities. As at March 31, 2022, these financial liabilities were presented as “Perpetual capital securities” under current liabilities in the unaudited interim condensed consolidated balance sheet. Initially, the securities were recognized as equity.

13.4 Loans Payable

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 2022, ICTSI ME DMCC availed loans totaling US\$7.5 million (IQD11.0 billion) from the facility and paid a total amount of US\$10.7 million (IQD15.6 billion). The outstanding loan amounted to US\$1.9 million (IQD2.8 billion) as at March 31, 2022, and is secured by a short-term time deposit amounting to US\$6.2 million presented as part of “Prepaid expenses and other current assets” account (see Note 12).

ICTSI. On April 25, 2022, ICTSI availed of a short-term loan from HSBC amounting to US\$29.0 million (Php1.5 billion) at a fixed interest rate with maturity on April 25, 2023.

On the same date, ICTSI availed of a short-term loan from Philippine National Bank (PNB) amounting to US\$38.7 million (Php2.0 billion), at a fixed interest rate with maturity on April 20, 2023.

On April 29, 2022, ICTSI availed of a short-term loan from MBTC amounting to US\$15.0 million, at a fixed interest rate with maturity on May 30, 2022.

13.5 Loan Covenants and Capitalized Borrowing Costs

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 debt. As at March 31, 2022, ICTSI and subsidiaries were in compliance with their loan covenants.

Interest expense on borrowings, net of amount capitalized as intangible assets and property and equipment, amounted to US\$28.5 million and US\$30.2 million for the three months ended March 31, 2021 and 2022, respectively (see Notes 5 and 6). Interest expense includes amortization of debt issuance costs amounting to US\$2.1 million and US\$2.0 million for the three months ended March 31, 2021 and 2022, respectively.

There were no other significant transactions pertaining to the Group’s long-term debt as at March 31, 2022, except as discussed above.

14. Other Noncurrent Liabilities

This account consists of:

	December 31, 2021	March 31, 2022 (Unaudited)
Pension liabilities	US\$14,256	US\$14,510
Accrued taxes and others	9,939	10,201
Government grant	3,571	2,969
Derivative liability (Note 21)	7,767	–
Others	6,311	6,361
	US\$41,844	US\$34,041

Government Grant

On March 29, 2012, BCT and Centrum Unijnych Projektow Transportowych (CUPT), a Polish grant authority, signed a grant agreement (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 is a condition precedent to any borrowing under the facility agreement of BCT. As at March 31, 2022, 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 (see Note 7). The unamortized deferred income from the government grant amounted to US\$3.6 million and US\$3.0 million as at December 31, 2021 and March 31, 2022, respectively. Amortization of deferred income included under “Other income” account of the unaudited interim condensed consolidated statements of income amounted to US\$0.6 million both for the three months ended March 31, 2021 and 2022.

15. Accounts Payable and Other Current Liabilities

This account includes trade payables, dividends payables, output and other taxes payables, accruals for interest, salaries and benefits and other expenses, customers’ deposits, provisions for claims and losses and other current liabilities. This account increased primarily due to timing of payment of trade payables and dividends payable to noncontrolling shareholders of IDRC.

16. Equity**16.1 Stock Incentive 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, in lieu of cash incentives and bonuses under the SIP (“equity-settled transactions”). 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 the 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 March 31, 2022, there were 51,381,702 ICTSI common shares granted in aggregate under the SIP since it became effective in 2007. As at March 31, 2022, there are 5,297,472 ICTSI common shares held under treasury, part of which are allotted for the SIP (See Note 16.4).

Stock awards, including DRIP shares, granted by the Stock Incentive Committee to officers and employees of ICTSI and ICTSI Ltd. for the past two years are shown below:

Grant Date	Number of Shares Granted	Fair Value per Share at Grant Date
March 1, 2021	1,976,171	US\$2.48 (₱120.50)
April 12, 2021	142,832	US\$2.57 (₱124.80)
March 1, 2022	1,643,920	US\$4.26 (₱218.00)
March 28, 2022	112,810	US\$4.18 (₱218.00)

The fair value per share was determined based on the market price of the stock at the date of grant.

Total compensation expense recognized on the vesting of the fair value of stock awards amounted to US\$1.0 million and US\$1.2 million for the three months ended March 31, 2021 and 2022, respectively.

16.2 Dividends Declared

On March 3, 2022, the Board of ICTSI declared a regular cash dividend of US\$0.11 (₱5.56) per share and a special cash dividend in the amount of US\$0.01 (₱0.44) per share to stockholders of record as of March 18, 2022 paid on of March 28, 2022.

16.3 Cost of Shares Held by Subsidiaries

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 and March 31, 2022, ICTHI held 3,800,000 of ICTSI's preferred A shares.

16.4 Treasury Shares

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.

On February 24, 2022, the Company acquired 500,000 of its own common shares amounting to US\$2.1 million. As at March 31, 2022, the total number of treasury shares is 5,297,472.

16.5 Other Comprehensive Loss

This account consists of:

	Cumulative Translation Adjustments	Mark-to- Market Losses on Derivatives	Revaluation Increment	Unrealized Mark-to-Market Gain on Financial Assets at FVOCI	Share in other comprehensive income of joint ventures	Actuarial Gains (Losses) on Defined Benefit Plans	Total Comprehensive Income (Loss)
Balance at January 1, 2021	(US\$156,852)	(US\$38,521)	US\$610	US\$1,051	US\$11,164	(US\$2,521)	(US\$185,069)
Translation differences arising from translation of foreign operations' financial statements	(24,432)	—	—	—	—	—	(24,432)
Net change in actuarial loss on defined benefit plans	—	—	—	—	—	(80)	(80)
Net change in unrealized mark-to-market values of derivatives	—	13,458	—	—	—	—	13,458
Share in other comprehensive loss of joint ventures	—	—	—	—	(1,584)	—	(1,584)
Income tax relating to components of other comprehensive income	—	(1,337)	—	—	—	—	(1,337)
Balance at March 31, 2021	(US\$181,284)	(US\$26,400)	US\$610	US\$1,051	US\$9,580	(US\$2,601)	(US\$199,044)

	Cumulative Translation Adjustments	Mark-to- Market Losses on Derivatives	Revaluation Increment	Unrealized Mark-to-Market Gain on Financial Assets at FVOCI	Share in other comprehensive income of joint ventures	Actuarial Gains (Losses) on Defined Benefit Plans	Total Comprehensive Income (Loss)
Balance at January 1, 2022	(US\$191,321)	(US\$13,327)	US\$610	US\$1,446	US\$2,238	(US\$2,941)	(US\$203,295)
Translation differences arising from translation of foreign operations' financial statements	26,684	—	—	—	—	—	26,684
Net change in actuarial loss on defined benefit plans	—	—	—	—	24	(12)	12
Net change in unrealized mark-to-market values of derivatives	—	13,329	—	—	—	—	13,329
Share in other comprehensive loss of joint ventures	—	—	—	—	(2,070)	—	(2,070)
Net unrealized mark-to-market gain on financial assets at FVOCI	—	—	—	1	—	—	1
Income tax relating to components of other comprehensive income	—	76	—	—	—	—	76
Balance at March 31, 2022	(US\$164,637)	US\$78	US\$610	US\$1,447	US\$192	(US\$2,953)	(US\$165,263)

16.6 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 the total amount recognized as financial liabilities 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.

On March 23, 2022, RCBV (the “Issuer”) and ICTSI (the “Guarantor”) sent a notice to Citicorp International Limited (as “Trustee” and “Agent”) for the redemption of the remaining US\$216.2 million of the US\$400.0 million 5.875 percent fixed-for-life Senior Guaranteed Perpetual Capital Securities and payment of accrued distributions on May 5, 2022. The proceeds from the issuance of Securities were initially recognized as part of equity in the consolidated balance sheet. The difference amounting to US\$10.5 million between the total amount recognized as financial liabilities of US\$222.6 million and the carrying amount of the Securities of US\$212.1 million recorded under equity was treated as a direct reduction in retained earnings.

Interest expense on Perpetual Capital Securities, which represents cumulative distributions to holders of Perpetual Capital Securities, amounted to US\$16.9 million and US\$10.4 million for the three months ended March 31, 2021 and 2022. However, the interest expense is not recognized in the unaudited interim condensed consolidated statements of income but instead directly charged against retained earnings upon actual distribution 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.

16.7 Non-controlling Interests

The dividends distributed to non-controlling shareholders for the three months ended March 31 are as follows (in thousands):

	2021	2022
IDRC	US\$16,800	US\$28,500
SPICTL	—	1,769
MITL	—	578
	US\$16,800	US\$30,847

17. **Income Taxes**

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. It takes effect 15 days after its complete publication in the Official Gazette or in a newspaper of general circulation or April 11, 2021.

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 at and for the year ended December 31, 2020 continued to be computed and measured using the applicable

income tax rates as at 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 March 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 March 2021, are as follows:

Consolidated Balance Sheet

<i>(Amounts in millions)</i>	Increase (Decrease)
Deferred tax asset – net	(US\$10.4)
Income tax payable	(1.8)
Investments in joint ventures	4.0

Consolidated Income Statement

<i>(Amounts in millions)</i>	Increase (Decrease)
Provision for current income tax	(US\$1.8)
Benefit from deferred income tax	(10.4)
Equity share in net profit 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

18. Related Party Transactions

a. Transactions with the Shareholders and Affiliates

			2021	2022		
			Transaction Amount for Three Months Ended March 31 ⁽ⁱ⁾	Outstanding Receivable (Payable) Balance as at December 31	Transaction Amount for the Three Months Ended March 31 ⁽ⁱ⁾	Outstanding Receivable (Payable) Balance as at March 31
Related Party	Relationship	Nature of Transaction				
<i>(In Millions)</i>						
SPIA Spain S.L.						
SPIA	Joint venture	Interest-bearing loans (see Note 9) ⁽ⁱⁱ⁾	US\$– 1.92	US\$150.44 61.79	US\$– (5.37)	US\$150.44 56.42
		Interest income (converted into interest-bearing loan) (see Note 9) ⁽ⁱⁱ⁾				
		Interest receivable ⁽ⁱⁱ⁾	3.26	6.53	3.15	7.59
YICT						
YPH	Non-controlling shareholder	Trade transactions ^(iv)	(0.20)	(0.05)	(0.13)	(0.04)
YPHT	Common shareholder	Outsourced services ^(v)	1.08	0.59	5.80	0.60
YPG	Common shareholder	Port fees ⁽ⁱⁱⁱ⁾	0.80	1.00	0.62	–
		Trade transactions ^(iv)	(0.49)	(0.14)	(0.59)	(0.10)
SCIPSI						
Asian Terminals, Inc.	Non-controlling shareholder	Management fees	0.04	(0.02)	0.03	(0.01)
AGCT						
Luka Rijeka D.D. (Luka Rijeka)	Non-controlling shareholder	Provision of services ^(vi)	0.13	–	0.15	(0.07)
PICT						
Premier Mercantile Services (Private) Limited	Non-controlling Shareholder	Stevedoring and storage charges ^(vii)	0.94	(0.13)	–	–
		Container handling revenue ^(vii)	0.01	–	–	–

(Forward)

			2021	2022		
			Transaction Amount for Three Months Ended March 31 ⁽ⁱ⁾	Outstanding Receivable (Payable) Balance as at December 31	Transaction Amount for the Three Months Ended March 31 ⁽ⁱ⁾	Outstanding Receivable (Payable) Balance as at March 31
Related Party	Relationship	Nature of Transaction				
<i>(In Millions)</i>						
Marine Services (Private) Limited, Portlink International (Private) Limited, and AMI Pakistan (Private) Limited	Common shareholder	Container handling revenue ^(viii)	US\$0.02	US\$–	US\$–	US\$–
Bilal Associates (Pvt) Limited	Common shareholder	Stevedoring and storage charges ^(xi)	–	(0.03)	0.04	(0.06)
LGICT						
NCT Transnational Corp.	Non-controlling shareholder	Management fees	0.13	(0.17)	0.14	(0.15)
		Maintenance and repairs	0.03	(0.05)	0.04	(0.06)
		Trade transactions	0.01	(0.01)	0.01	–
IDRC						
Ledya SARL	Non-controlling shareholder	Management fees	0.83	(0.30)	0.90	(0.30)
Parent Company						
Prime Metro BMD Corporation	Common shareholder	Construction services ^(ix)	8.55	(1.49)	–	(2.05)
		Sublease ^(x)	0.10	0.27	–	0.19
Prime Metro Power Holdings Corporation	Common shareholder	Reimbursement of operating expenses	0.03	0.07	–	0.07
		Sublease ^(x)	0.02	0.01	–	(0.01)
Prime Metro Infrastructure Holdings Corporation	Common shareholder	Reimbursement of operating expenses	–	–	–	–
		Sublease ^(x)	0.10	0.14	–	0.07
FAMI	Joint Venture	Reimbursement of operating expenses	0.05	0.34	(0.01)	0.32
		Management fees	(0.56)	(0.25)	(0.28)	(0.17)

(i) Amount of transactions do not include payments, collections and foreign exchange movements.

(ii) On October 1, 2018, IEBV (formerly ICBV) assigned to SPIA Spain S.L. all its outstanding interest-bearing loans, including interest converted into an interest-bearing loan, and interest receivable from SPIA as at the same date, amounting to US\$321.1 million and US\$9.6 million, respectively.

(iii) YICT is authorized under the Joint Venture Agreement to collect port charges levied on cargoes, port construction fees, and facility security fees 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.

(iv) Trade transactions include utilities, rent, and other transactions paid by YICT to YPH and YPG.

(v) Starting October 2020 and for a period of two years, YPHT outsources its domestic container terminal business to YICT.

(vi) 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.

(vii) 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.

(viii) Marine Services (Private) Limited, Portlink International (Private) Limited, and AMI Pakistan (Private) Limited are customers of PICT.

(ix) ICTSI has entered into contracts with Prime Metro BMD Corporation for the construction, repairs, and maintenance of port facilities.

(x) ICTSI has entered into contracts with Prime Metro BMD Corporation, Prime Metro Power Holdings Corporation, and Prime Metro Infrastructure Holdings Corporation for the sublease of office space.

(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 balance arising from these related party transactions are current and payable without the need for demand.

b. Compensation of Key Management Personnel

Compensation of key management personnel consists of the following for the three months ended March 31 (amount in thousands):

	2021	2022
Short-term employee benefits	US\$373	US\$404
Share-based payments	1,294	2,214
Post-employment pension	10	8
Total compensation to key management personnel	US\$1,677	US\$2,626

19. Earnings Per Share Computation

The table below shows the computation of basic and diluted earnings per share for the three months ended March 31 (amounts are in thousands, except number of shares and per share data):

	2021 (Unaudited)	2022 (Unaudited)
Net income attributable to equity holders of the parent, as presented in the unaudited interim condensed consolidated statements of income	US\$90,070	US\$142,275
Adjustment for the effect of cumulative distribution on subordinated perpetual capital securities (see Note 16.6)	(16,922)	(10,433)
Net income attributable to equity holders of the parent, as adjusted (a)	US\$73,148	US\$131,842
Common shares outstanding at beginning of year	2,045,177,671	2,045,177,671
Weighted treasury shares	(1,251,500)	(5,509,208)
Weighted shares held by subsidiaries	(5,970,990)	—
Weighted average shares outstanding (b)	2,037,955,181	2,039,668,463
Effect of dilutive stock awards	4,323,627	4,176,507
Weighted average shares outstanding adjusted for potential common shares (c)	2,042,278,808	2,043,844,970
Basic earnings per share (a/b)	US\$0.036	US\$0.065
Diluted earnings per share (a/c)	US\$0.036	US\$0.065

20. 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. 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 the existing legal actions and proceedings, if any, will not have a material adverse impact on the Group's interim condensed consolidated financial position and results of operations.

21. Financial Instruments

21.1 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 (amount in thousands):

	December 31, 2021		March 31, 2022	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Liabilities				
Other financial liabilities:				
Long-term debt	US\$2,145,607	US\$2,291,843	US\$2,170,098	US\$2,210,226
Lease liabilities	1,282,595	1,386,280	1,395,022	1,356,006
Concession rights payable	723,035	898,438	742,763	604,561
	US\$4,151,238	US\$4,576,561	US\$4,307,987	US\$4,170,793

Carrying values of cash and cash equivalents, receivables, accounts payable, other current liabilities (including perpetual capital securities classified as liability), 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, lease liabilities 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 0.67 to 13.60 percent as at December 31, 2021 and 1.34 percent to 16.43 percent as at March 31, 2022.

For variable interest-bearing loans repriced monthly or quarterly, the carrying amount approximates the fair value due to the regular repricing of interest rates.

As at May 4, 2022, the Group has not yet determined any significant credit losses with respect to its cash and cash equivalents and receivables. The Group will continue to assess for expected credit losses on its financial assets in light of the impact of COVID-19.

21.2 Fair Value Hierarchy

The following tables below present the fair value hierarchy of the Group's financial instruments (amount in thousands):

December 31, 2021				
	Amount	Quoted prices in active market (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets and Liabilities Measured at Fair Value:				
Derivative liabilities	US\$13,327	US\$–	US\$13,327	US\$–
Financial assets at FVOCI	2,618	2,618	–	–
Liabilities for which Fair Values are Disclosed:				
Other financial liabilities:				
Long-term debt	2,291,843	1,605,764	–	686,079
Lease liabilities	1,386,280	–	–	1,386,280
Concession rights payable	898,438	–	–	898,438
March 31, 2022				
	Amount	Quoted prices in active market (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets and Liabilities Measured at Fair Value:				
Derivative liabilities	US\$245	US\$–	US\$245	US\$–
Financial assets at FVOCI	2,619	2,619	–	–
Liabilities for which Fair Values are Disclosed:				
Other financial liabilities:				
Long-term debt	2,210,226	1,500,195	–	710,031
Lease liabilities	1,356,006	–	–	1,356,006
Concession rights payable	604,561	–	–	604,561

In 2021 and 2022, 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.

21.3 Derivative Instruments

Interest Rate Swaps. 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 a 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 a 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. As at March 31, 2021, the market valuation loss on the outstanding interest rate swaps amounted to AUD14.1 million (US\$10.7 million) before tax. The effective portion of the change in the fair value of the interest rate swap amounting to AUD3.9 million (US\$3.1 million), net of AUD1.7 million (US\$1.3 million) deferred tax, for the three months ended March 31, 2021, was taken to equity under other comprehensive loss. 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 at the time of termination representing the effective portion of the change in fair value of the swap was transferred to profit and loss.

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 a fixed rate. Under the interest rate swap arrangements, ICTSI pays an annual fixed interest of 3.045 percent and receives a 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" account in the 2021 consolidated statement of income.

In April 2019, ICTSI entered into an interest rate swap transaction to hedge the interest rate exposures of the IGFBV's floating rate US\$-denominated floating rate loan maturing in 2026. A total notional amount of US\$300.0 million floating rate loan was swapped to a fixed rate. Under the interest rate swap arrangements, ICTSI pays annual fixed interest of 3.6981 percent and receives floating rate of three-month LIBOR plus 130 basis points on the notional amount. As at March 31, 2022, the market valuation net gain on the outstanding interest rate swaps amounted to US\$0.2 million. The effective portion of the change in the fair value of the interest rate swap amounting to US\$13.6 million for the three months ended March 31, 2022, was taken to equity under other comprehensive loss.

Foreign Currency Forwards. As at March 31, 2022, VICT has outstanding sell-US\$ buy-AUD non-deliverable forward with an aggregate notional amount of US\$9.0 million and market valuation loss of US\$0.2 million (AUD0.2 million). The forward contracts were used to hedge the variability of cash flows arising from AUD-denominated payments and settled on April 27, 2022 resulting to a derivative gain of US\$0.1 million (AUD0.2 million).

22. Trends, Events, or Uncertainties Affecting Recurring Revenues and Profit

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. Continued appreciation of the US dollar relative to other major currencies, particularly the Philippine peso, Mexican peso, Australian dollars, Brazilian real and the Euro, 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 May 4, 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 at May 4, 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.

Item 2. 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 unaudited interim condensed consolidated financial statements and related notes as at and for the three months ended March 31, 2022. References to "ICTSI", "the Company", and "Parent Company" pertain to ICTSI Parent Company, while references to "the Group" pertain to ICTSI and its subsidiaries.

2.1 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 of report date, 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, Honduras, Mexico, Iraq, Argentina, Democratic Republic (DR) Congo, Colombia, Australia, Cameroon and Nigeria; and a project 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 - 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 and ECP 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 Florianópolis Intermodal Terminal, Barra Mansa, Rio de Janeiro State, Brazil (IRB Logística)
 - 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)

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

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 commenced in March 2022 and is expected to be completed in November 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 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.

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 January 23, 2014, ICTSI, through its subsidiary, ICTSI Cooperatief U.A. (ICTSI Cooperatief), forged a business partnership with La Société de Gestion Immobilière Lengo (SIMOBILE) for the establishment and formation of a joint venture company, ICTSI DR Congo S.A. (IDRC).

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 May 4, 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 commenced in the first quarter of 2022 and is expected to be completed in the first 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, ICTSNL, signed a Lease Agreement in 2020 with the Nigerian Port Authority 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, Republic of the 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 (SPC) of Sudan 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 (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.

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.

Port of Karachi, Pakistan. The concession agreement between PICT and Karachi Port Trust (KPT) is for a period of 21 years until 2023. As at May 4, 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 Gdynia, Poland. The exclusive lease contract of BCT to operate the Gdynia Container Terminal will expire in May 2023. ICTSI is participating in a competitive bid in order to qualify for a possible renewal of the term of the concession.

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 portage, 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. On March 31, 2022, the HOA was issued by the PPA with the validity of twelve months from January 1, 2022 up to December 31, 2022 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.

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. 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 May 4, 2022, DIPSSCOR continues to operate and has submitted the letter of intent including the requirements for the issuance of a new HOA.

2.2 Results of Operations and Key Performance Indicators

2.2.1 Results of Operations

The following table shows a summary of the results of operations for the first quarters of 2021 and 2022 as derived from the accompanying unaudited interim condensed consolidated financial statements.

Table 2.1 Unaudited Interim Condensed Consolidated Statements of Income

	For the Three Months Ended March 31		
<i>(In thousands, except % change data)</i>	2021	2022	% Change
Gross revenues from port operations	US\$435,586	US\$528,267	21.3
Revenues from port operations, net of port authorities' share	387,221	474,957	22.7
Total income (net revenues, interest and other income)	398,526	491,725	23.4
Total expenses (operating, financing and other expenses)	261,436	290,122	11.0
EBITDA ¹	264,778	337,852	27.6
EBIT ²	205,930	274,649	33.4
Net income attributable to equity holders of the parent	90,070	142,275	58.0
Earnings per share			
Basic	US\$0.036	US\$0.065	80.1
Diluted	0.036	0.065	80.1

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 leases that are accounted as concession assets under IFRIC 12, Service Concession Agreement, and right-of-use assets under PFRS16, Leases.
- 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 unaudited interim consolidated net income attributable to equity holders of the parent for the first quarters of 2021 and 2022:

Table 2.2 EBITDA Computation

<i>In thousands, except % change data</i>	For the Three Months Ended March 31		
	2021	2022	% Change
Net income attributable to equity holders of the parent	US\$90,070	US\$142,275	58.0
Non-controlling interests	12,238	12,568	2.7
Provision for income tax	34,782	46,760	34.4
Income before income tax	137,090	201,603	47.1
Add (deduct):			
Depreciation and amortization	58,848	63,203	7.4
Interest and other expenses	80,145	89,814	12.1
Interest and other income	(11,305)	(16,768)	48.3
EBITDA	US\$264,778	US\$337,852	27.6

2.2.2 Key Performance Indicators

The five 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.

2022 Compared with 2021

Gross moves per hour per crane ranged to 13.3 to 32.5 moves per hour in 2022 from 15.7 to 31.1 moves per hour in 2021. Crane availability ranged to 86.7 percent to 98.8 percent in 2022 from 84.8 percent to 98.5 percent in 2021. Berth utilization was at 24.9 percent to 84.4 percent in 2022 and 21.1 percent to 70.7 percent in 2021.

2021 Compared with 2020

Gross moves per hour per crane ranged to 15.7 to 31.1 moves per hour in 2021 from 13.8 to 30.4 moves per hour in 2020. Crane availability ranged to 84.8 percent to 98.5 percent in 2021 from 82.2 percent to 98.6 percent in 2020. Berth utilization was at 21.1 percent to 70.7 percent in 2021 and 24.7 percent to 78.2 percent in 2020.

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.

2.3 Comparison of Operating Results for the Three Months Ended March 31, 2021 and 2022

2.3.1 TEU Volume

The below table presents the volume (in TEU) handled by the Group for the three months ended March 31, 2021 and 2022:

Table 2.3 Volume

	For the Three Months Ended March 31		
	2021	2022	% Change
Asia	1,185,017	1,331,903	12.4
Americas	872,762	830,596	(4.8)
EMEA	650,012	670,502	3.2
	2,707,791	2,833,001	4.6

The Group's consolidated volume increased by 4.6 percent to 2,833,001 TEUs for the first quarter of 2022 from 2,707,791 TEUs for the same period in 2021 primarily due to improvement in trade activities as economies continue to recover from the impact of the pandemic; new contracts with shipping lines and services at certain terminals; and contribution of new business, ICTSNL. Excluding the contribution of ICTSNL, consolidated volume would have increased by 3.7 percent in 2022.

Volume from the Asia segment, consisting of terminals in the Philippines, China, Indonesia, Australia and Papua New Guinea increased by 12.4 percent to 1,331,903 TEUs for the first quarter of 2022 from 1,185,017 TEUs for the same period in 2021 mainly due to volume growth and improvement in trade activities at MICT and majority of Asia terminals; and new services at VICT; partially tapered by reduced trade volumes in other Philippine terminals. The Asia operations accounted for 43.8 percent and 47.0 percent of the consolidated volume for the first quarters ended March 31, 2021 and 2022, respectively.

Volume from the Americas segment, consisting of terminals in Brazil, Ecuador, Honduras, Mexico, and Argentina, decreased by 4.8 percent to 830,596 TEUs for the first quarter of 2022 from 872,762 TEUs for the same period in 2021 mainly due to decline in trade activities at CMSA, CGSA, TSSA, and ICTSI Rio, tapered by volume growth and recovery at OPC. The Americas operations accounted for 32.2 percent and 29.3 percent of the consolidated volume for the first quarters ended March 31, 2021 and 2022, respectively.

Volume from the EMEA segment, consisting of terminals in Iraq, DR Congo, Poland, Pakistan, Georgia, Madagascar, Croatia and Nigeria, reported a 3.2 percent growth to 670,502 TEUs for the first quarter of 2022 from 650,012 TEUs for the same period in 2021 mainly due to contribution of new business, ICTSNL; increased trade activities at AGCT and BICT; partially tapered by reduced trade volumes at PICT. The EMEA operations accounted for 24.0 percent and 23.7 percent of the Group's consolidated volume for the first quarters ended March 31, 2021 and 2022, respectively. Excluding contribution of ICTSNL, volume for the EMEA segment would have decreased by 0.7 percent in 2022.

2.3.2 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; (4) Equity share in net profit of joint ventures and an associate; and (5) Other income.

The table below illustrates the consolidated total income for the three months ended March 31, 2021 and 2022:

Table 2.4 Total Income

<i>(In thousands, except % change data)</i>	For the Three Months Ended March 31		
	2021	2022	% Change
Gross revenues from port operations	US\$435,586	US\$528,267	21.3
Port authorities' share in gross revenues	48,365	53,310	10.2
Net revenues	387,221	474,957	22.7
Interest income	5,073	7,400	45.9
Foreign exchange gain	3,987	3,553	(10.9)
Equity share in net profit of joint ventures and an associate - net	42	2,092	4,845.6
Other income	2,203	3,723	69.0
Total income	US\$398,526	US\$491,725	23.4

For the first quarter of 2022, net revenues stood at 96.6 percent of the total consolidated income while interest income, foreign exchange gain, equity share in net profit of joint ventures and an associate, and other income accounted for 1.5 percent, 0.7 percent, 0.4 percent and 0.8 percent, respectively. For the same period in 2021, net revenues stood at 97.2 percent of the total

consolidated income while interest income, foreign exchange gain and other income accounted for 1.3 percent, 1.0 percent and 0.6 percent, respectively.

2.3.2.1 Gross Revenues from Port Operations

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

Table 2.5 Gross Revenues from Port Operations

<i>(In thousands, except % change data)</i>	For the Three Months Ended March 31		
	2021	2022	% Change
Asia	US\$186,525	US\$229,948	23.3
Americas	148,106	183,368	23.8
EMEA	100,955	114,951	13.9
	US\$435,586	US\$528,267	21.3

The Group's consolidated gross revenues from port operations significantly increased by 21.3 percent to US\$528.3 million for the first quarter of 2022 from US\$435.6 million for the same period in 2021 mainly due to volume growth; favorable container mix; tariff adjustments at certain terminals; new contracts with shipping lines and services; increased ancillary services, and contribution of new businesses, mainly ICTSNL and MHCPSI; partially tapered by decline in trade activities and unfavorable impact of foreign exchange at certain terminals. Excluding contribution of new businesses, ICTSNL, MHCPSI, and IRB Logistica, consolidated gross revenues would have increased by 17.5 percent in 2022.

Gross revenues from the Asia segment increased by 23.3 percent to US\$229.9 million for the first quarter of 2022 from US\$186.5 million for the same period in 2021 mainly due to volume growth; improvement in trade activities and tariff adjustments at certain terminals; higher revenues from ancillary services at certain terminals; and contribution of new business, MHCPSI; partially tapered by unfavorable translation impact of the depreciation of Philippine Peso (PHP)-based revenues at Philippine terminals and Australian Dollar (AUD)-based revenues at VICT. The Asia operations captured 42.8 percent and 43.5 percent of the consolidated gross revenues for the first quarters ended March 31, 2021 and 2022, respectively. Excluding contribution of MHCPSI, gross revenues of Asia segment would have increased by 19.6 percent in 2022.

Gross revenues from the Americas segment increased by 23.8 percent to US\$183.4 million for the first quarter of 2022 from US\$148.1 million for the same period in 2021 mainly due to increase in revenues from ancillary services and tariff adjustments at certain terminals; and favorable translation impact of the appreciation of Brazilian Reais (BRL)-based revenues at TSSA and ICTSI Rio, partially tapered by unfavorable impact of the depreciation of Mexican Peso (MXN)-based revenues at CMSA. The Americas operations accounted for 34.0 percent and 34.7 percent of the consolidated gross revenues for the first quarters ended March 31, 2021 and 2022, respectively. Excluding contribution of IRB Logistica, gross revenues from the Americas segment would have increased by 23.6 percent in 2022.

Gross revenues from the EMEA operations increased by 13.9 percent to US\$115.0 million for the first quarter of 2022 from US\$101.0 million for the same period in 2021 primarily due to contribution of new business, ICTSNL; volume growth and tariff adjustments at certain terminals; increase in revenues from ancillary services, partially tapered by unfavorable translation impact of the depreciation of Euro (EUR)-based revenues at MICTSL and AGCT, and Polish Zloty (PLN)-based revenues at BCT. The EMEA operations stood at 23.2 percent and 21.8 percent of the consolidated gross revenues for the first quarters ended March 31, 2021 and 2022, respectively. Excluding contribution of ICTSNL, gross revenues for the EMEA segment would have increased by 4.6 percent in 2022.

2.3.2.2 Port Authorities' Share in Gross Revenues

Port authorities' share in gross revenues, which represents the variable fees paid to Port Authorities at certain terminals, increased by 10.2 percent to US\$53.3 million for the first quarter of 2022 from US\$48.4 million for the same period in 2021 as a result of higher revenues at these terminals.

2.3.2.3 Equity Share in Net Profit of Joint Ventures and an Associate

Equity share in net profit of joint ventures and an associate increased by 4,845.6 percent to US\$2.1 million equity share in net profit in the first quarter of 2022 from US\$42 thousand for the same period in 2021 due to the Company's share in lower net loss at SPIA; partially tapered by share in lower net earnings at MNHPI mainly due to the favorable impact of the CREATE enactment in the Philippines in 2021 on the deferred tax liabilities associated to the acquisition of MNHPI.

2.3.2.4 Interest Income, Foreign Exchange Gain and Other Income

Consolidated interest income increased by 45.9 percent to US\$7.4 million for the first quarter of 2022 from US\$5.1 million for the same period in 2021 mainly due to interest earned on short-term deposits and investments at certain terminals, mainly at CMSA.

Foreign exchange gain declined by 10.9 percent to US\$3.6 million for the first quarter of 2022 from US\$4.0 million for the same period in 2021 mainly due to the unfavorable translation impact of certain currencies against US dollar.

Other income increased by 69.0 percent to US\$3.7 million for the first quarter of 2022 from US\$2.2 million for the same period in 2021 mainly due to higher rent income. Other income includes the Group's rental, dividend income, and other sundry income accounts.

2.3.3 Total Expenses

The table below shows the breakdown of total expenses for the three months ended March 31, 2021 and 2022.

Table 2.6 Total Expenses

(In thousands, except % change data)	For the Three Months Ended March 31		
	2021	2022	% Change
Manpower costs	US\$63,244	US\$70,127	10.9
Equipment and facilities-related expenses	29,144	35,128	20.5
Administrative and other operating expenses	30,055	31,850	6.0
Total cash operating expenses	122,443	137,105	12.0
Depreciation and amortization	58,848	63,203	7.4
Interest expense and financing charges on borrowings	28,503	30,167	5.8
Interest expense on lease liability	26,444	29,311	10.8
Interest expense on concession rights payable	14,314	15,205	6.2
Foreign exchange loss and others	10,884	15,131	39.0
Total expenses	US\$261,436	US\$290,122	11.0

Total cash operating expenses of the Group increased by 12.0 percent to US\$137.1 million for the first quarter of 2022 from US\$122.4 million for the same period in 2021 mainly due to contribution of new businesses, mainly MHCPSI and ICTSNL; increase in contracted services and equipment and facilities-related expenses in relation to volume growth; and unfavorable foreign exchange effect of BRL-based expenses at ICTSI Rio and TSSA; partially tapered by continuous cost optimization measures; and favorable foreign exchange effect mainly of PHP-, AUD-, PKR- and PLN-based expenses at Philippine terminals, VICT, PICT and BCT, respectively. Excluding contribution of new businesses, consolidated cash operating expenses would have increased by 8.6 percent.

2.3.3.1 Manpower Costs

Manpower costs increased by 10.9 percent to US\$70.1 million for the first quarter of 2022 from US\$63.2 million for the same period in 2021 primarily due to cost contribution of new businesses; government-mandated and contracted salary rate adjustments, including benefits, at certain terminals; higher contracted services and overtime as a result of the volume increase at certain terminals; and unfavorable foreign exchange effect of BRL-based manpower costs at ICTSI Rio and TSSA; partially tapered by continuous cost optimization measures; and favorable foreign exchange effect mainly of PHP-, AUD-, PKR- and PLN-based manpower costs at VICT, Philippine terminals, PICT and BCT, respectively. Excluding contribution of new businesses, consolidated manpower costs would have increased by 6.9 percent.

Manpower costs accounted for 51.7 percent and 51.1 percent of consolidated cash operating expenses for the first quarters ended March 31, 2021 and 2022, respectively.

2.3.3.2 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 increased by 20.5 percent to US\$35.1 million for the first quarter of 2022 from US\$29.1 million for the same period in 2021 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; contribution of new businesses; and unfavorable foreign exchange effect of BRL-based equipment and facilities-related expenses at ICTSI Rio and TSSA; partially tapered by favorable foreign exchange effect mainly of PHP-, PKR- and PLN-based equipment and facilities-related expenses at Philippine terminals, PICT and BCT, respectively. Excluding contribution of new businesses, consolidated equipment and facilities-related expenses would have increased by 18.4 percent.

Equipment and facilities-related expenses represented 23.8 percent and 25.6 percent of consolidated cash operating expenses for the first quarters ended March 31, 2021 and 2022, respectively.

2.3.3.3 Administrative and Other Operating Expenses

Administrative and other operating expenses increased by 6.0 percent to US\$31.9 million for the first quarter of 2022 from US\$30.1 million for the same period in 2021 mainly due to increases in donations and sponsorship, taxes and licenses, provisions for claims and losses; and contribution of new businesses; partially tapered by cost optimization measures implemented; and favorable foreign exchange effect of PHP- and AUD-based administrative and other operating expenses at Philippine terminals and VICT, respectively. Excluding contribution of new businesses, consolidated administrative and other operating expenses would have increased by 2.9 percent.

Administrative and other operating expenses stood at 24.5 percent and 23.2 percent of consolidated cash operating expenses for the first quarters ended March 31, 2021 and 2022, respectively.

2.3.3.4 Depreciation and Amortization

Depreciation and amortization expense increased by 7.4 percent to US\$63.2 million for the first quarter of 2022 from US\$58.8 million for the same period in 2021 mainly due to increase in right-of-use assets at CMSA and TSSA and concession rights asset at CGSA and PNG terminals as a result of remeasurement of concession rights and lease liabilities; amortization of right-of-use assets recognized at ICTSNL; and higher depreciation and amortization charges at certain terminals; partially tapered by favorable translation impact of AUD-based depreciation charges at VICT.

Excluding contribution of new businesses, depreciation and amortization expense would have increased by 5.1 percent.

2.3.3.5 Interest Expense and Financing Charges on Borrowings

Interest and financing charges on borrowings increased by 5.8 percent to US\$30.2 million for the first quarter of 2022 from US\$28.5 million for the same period in 2021 primarily due to issuance of senior notes at ITBV in November 2021; and contribution of a new business, MHCPPI. Excluding contribution of new businesses, mainly MHCPPI, interest and financing charges on borrowings would have increased by 4.2 percent.

2.3.3.6 Interest Expense on Lease Liabilities

Interest expense on lease liabilities increased by 10.8 percent to US\$29.3 million for the first quarter ended March 31, 2022 from US\$26.4 million for the same period in 2021 mainly due to remeasurement of lease liabilities at CMSA and TSSA, including unfavorable translation impact mainly of BRL-based interest expense at TSSA; partially tapered by favorable translation impact of AUD-based interest expense at VICT. Excluding contribution of new businesses, interest expense on lease liabilities would have increased by 10.7 percent.

2.3.3.7 Interest Expense on Concession Rights Payable

Interest expense on concession rights payable increased by 6.2 percent to US\$15.2 million for the first quarter ended March 31, 2022 from US\$14.3 million for the same period in 2021 mainly due to the remeasurement of concession rights payable at ICTSI Rio, CGSA and PNG terminals, including the unfavorable translation impact of BRL-based interest expense at ICTSI Rio.

2.3.3.8 Foreign Exchange Loss and Others

Foreign exchange loss and others increased to US\$15.1 million in the first quarter of 2022 from US\$10.9 million for the same period in 2021 mainly due to higher COVID-19 related costs incurred in 2022; partially tapered by favorable translation impact of certain currencies against the US dollar.

2.3.4 EBITDA and EBIT

Consolidated EBITDA increased by 27.6 percent to US\$337.9 million for the first quarter of 2022 from US\$264.8 million for the same period in 2021 mainly due to higher revenues, partially tapered by the increase in cash operating expenses. EBITDA margin increased to 64.0 percent in 2022 from 60.8 percent in 2021. Excluding contribution of new businesses, EBITDA would have increased by 23.1 percent.

Meanwhile, consolidated EBIT increased by 33.4 percent to US\$274.6 million for the first quarter of 2022 from US\$205.9 million for the same period in 2021 mainly due to higher EBITDA, partially tapered by increase in depreciation and amortization charges. EBIT margin increased to 52.0 percent in 2022 from 47.3 percent in 2021. Excluding contribution of new businesses, EBIT would have increased by 28.1 percent.

2.3.5 Income Before Income Tax and Provision for Income Tax

Consolidated income before income tax increased by 47.1 percent to US\$201.6 million for the first quarter of 2022 from US\$137.1 million for the same period in 2021 primarily due to higher operating income; increase in equity share in net profit of joint ventures and an associate, and positive contribution of new businesses; partially tapered by increase in depreciation and amortization, and interest on loans, concession rights payables and lease liabilities. Excluding contribution of new businesses, income before income tax would have increased by 39.6 percent. The ratio of consolidated income before income tax to consolidated gross revenues stood at 38.2 percent and 31.5 percent in 2022 and 2021, respectively.

Consolidated provision for current and deferred income taxes increased to US\$46.8 million for the first quarter of 2022 from US\$34.8 million for the same period in 2021 mainly due to higher taxable income at certain terminals partially offset by the unfavorable impact in 2021 as a result of enactment of CREATE in the Philippines on the deferred tax assets at Philippine terminals. Effective income tax rate in 2021 and 2022 stood at 25.4 percent and 23.2 percent, respectively.

2.3.6 Net Income

Consolidated net income increased by 51.3 percent to US\$154.8 million for the quarter ended March 31, 2022 from US\$102.3 million for the same period in 2021. The ratio of consolidated net income to consolidated gross revenues stood at 23.5 percent and 29.3 percent in 2021 and 2022, respectively.

Consolidated net income attributable to equity holders increased by 58.0 percent to US\$142.3 million for the quarter ended March 31, 2022 from US\$90.1 million for the same period in 2021.

Basic and diluted earnings per share increased to US\$0.065 in 2022 from US\$0.036 in 2021.

2.4 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. Continued appreciation of the US dollar relative to other major currencies, particularly the Philippine peso, Mexican peso, Australian dollars, Brazilian real and the Euro, 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 May 4, 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 at May 4, 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.

2.5 Financial Position

Table 2.7 Interim Condensed Consolidated Balance Sheets

	December 31, 2021 (Audited, except for ratios)	March 31, 2022 (Unaudited)	% Change
<i>(In thousands, except % change data)</i>			
Total assets	US\$6,266,460	US\$6,429,634	2.6
Current assets	897,547	892,382	(0.6)
Total equity	1,511,579	1,210,987	(19.9)
Total equity attributable to equity holders of the parent	1,321,688	1,040,454	(21.3)
Total interest-bearing debt	2,150,640	2,394,609	11.3
Current liabilities	496,118	1,199,382	141.8
Total liabilities	4,754,881	5,218,647	9.8
Current assets/total assets	14.3%	13.9%	
Current ratio	1.81	0.74	
Debt-equity ratio ¹	1.42	1.98	

¹ Debt includes interest-bearing debt, including perpetual capital securities classified as debt rather than equity. Equity means Total Equity as shown in the consolidated balance sheets.

Total assets increased by 2.6 percent to US\$6.4 billion as at March 31, 2022 from US\$6.3 billion as at December 31, 2021 mainly due to the favorable impact on the translation of certain foreign operations' accounts, increase in right-of-use assets due to reassessment at CMSA, capital expenditures from ongoing expansions at MICT, IDRC, VICT and CMSA, and higher balance of restricted cash; tapered by the decrease in cash and cash equivalents mainly due to payment of dividends, interests, and continuous deployment of cash to fund capital expenditures. Non-current assets stood at 85.7 percent and 86.1 percent of the total consolidated assets as at December 31, 2021 and March 31, 2022, respectively.

Current assets marginally decreased by 0.6 percent to US\$892.4 million as at March 31, 2022 from US\$897.5 million as at December 31, 2021 mainly due to the decrease in cash and cash equivalents attributable to payment of dividends, funding of capital expenditures, and payment of interest on borrowings, lease liabilities and concession rights payable; tapered by cash generated from operations, increase in trade receivables due to higher revenue generated in most of the terminals, and higher restricted cash at VICT for debt servicing and capital expenditures. Current assets accounted for 14.3 percent and 13.9 percent of the total consolidated assets of the Group as at December 31, 2021 and March 31, 2022, respectively. Current ratio stood at 1.81 and 0.74 as at December 31, 2021 and March 31, 2022, respectively.

Total equity decreased by 19.9 percent to US\$1.2 billion as at March 31, 2022 primarily due to declaration of cash dividends, reclassification of the perpetual capital securities amounting to US\$212.1 million to current liabilities upon notification of redemption in March 2022; partially offset by net income generated for the period.

Total liabilities increased by 9.8 percent to US\$5.2 billion as at March 31, 2022 mainly due to reclassification of perpetual capital securities to current liabilities; higher dividends payable; increased US dollar carrying value of the liabilities of foreign operations as a result of unfavorable exchange differences on the translation into the Group's presentation currency, in particular, BRL-, AUD- and MXN-based lease liabilities at TSSA, VICT and CMSA and concession rights payable at ICTSI Rio, respectively; and remeasurement of lease liability at CMSA; partially offset by payment of lease liabilities, together with interest, mainly at VICT, TSSA and CMSA; and decrease in the fair value of derivative liability relating to interest rate swap arrangement. Financial leverage, the ratio of total interest-bearing debt to total assets, stood at 34.3 percent and 37.2 percent as at December 31, 2021 and March 31, 2022, respectively.

Meanwhile, current liabilities increased by 141.8 percent to US\$1,199.4 million as at March 31, 2022 from US\$496.1 million as at December 31, 2021 mainly due to reclassification of perpetual capital securities to current liabilities; reclassification of long-term debt at ITBV from non-current to current; and increase in dividends payable.

2.5.1 Material Variances Affecting the Balance Sheet

Balance sheet accounts as at March 31, 2022 with variances of plus or minus 5.0 percent against December 31, 2021 balances are discussed, as follows:

Noncurrent Assets

1. Right-of-use assets increased by 10.1 percent to US\$731.3 million as at March 31, 2022 mainly due to the remeasurement of lease liabilities at CMSA and favorable impact on the translation of certain foreign operations' accounts.
2. Deferred tax assets increased by 7.3 percent to US\$362.5 million as at March 31, 2022 mainly due to impact on the translation of certain foreign operations' accounts.

Current Assets

3. Cash and cash equivalents decreased by 8.5 percent to US\$602.0 million as at March 31, 2022 mainly due to the payment of dividends, continuous deployment of cash to fund capital expenditures, payment of interest on borrowings, lease liabilities and concession rights payables; partially tapered by cash generated from operations.
4. Receivables increased by 7.7 percent to US\$145.4 million as at March 31, 2022 primarily due to higher revenues from port operations at most of the terminals.
5. Prepaid expenses and other current assets increased by 60.6 percent to US\$100.8 million as at March 31, 2022 mainly due to higher restricted cash at VICT for debt servicing and capital expenditures.

Equity

6. Treasury shares decreased by 17.6 percent to US\$10.3 million as at March 31, 2022 mainly due to share-based employee incentive payments, partially tapered by acquisition of 500,000 treasury shares in February 2022.
7. Retained earnings decreased by 30.6 percent to US\$240.3 million as at March 31, 2022 mainly due to recognition of cash dividends declared on March 3, 2022 amounting to US\$237.7 million, tapered by net income earned for the quarter amounting to US\$142.3 million.
8. Perpetual capital securities decreased by 26.7 percent to US\$583.2 billion as at March 31, 2022 primarily due to reclassification of perpetual capital securities amounting to US\$212.1 million to current liabilities upon notification of redemption in March 2022.

9. Other comprehensive loss decreased by 18.7 percent to US\$165.3 million as at March 31, 2022 due to net favorable exchange differences on translation of foreign operations' financial statements.
10. Equity attributable to non-controlling interests decreased by 10.2 percent to US\$170.5 million as at March 31, 2022 mainly due to higher cash dividends declared to non-controlling interests during the period, over the net income attributable to non-controlling interests for the period.

Noncurrent Liabilities

11. Noncurrent portion of long-term debt decreased by 18.2 percent to US\$1.7 billion as at March 31, 2022 mainly due to the reclassification of loans at ITBV to short-term and repayment of loans at certain terminals; partially tapered by availment of loans at VICT.
12. Noncurrent portion of lease liabilities increased by 9.1 percent to US\$1.4 billion as at March 31, 2022 mainly due to remeasurement of lease liabilities at CMSA and unfavorable impact on the translation of lease liabilities.
13. Deferred tax liabilities increased by 5.3 percent to US\$192.6 million as at December 31, 2021 mainly due to the impact on the translation of certain foreign operations' accounts.
14. Other noncurrent liabilities decreased by 18.7 percent to US\$34.0 million as at March 31, 2022 mainly due to decrease in the fair value of derivative liability relating to interest rate swap arrangement at IGFBV.

Current Liabilities

15. Loans payable decreased by 61.8 percent to US\$1.9 million as at March 31, 2022 mainly due to payment of loans at ICTSI Iraq.
16. Perpetual capital securities amounting to US\$222.6 million represents the redemption value of the securities, including accrued distributions, reclassified from equity upon notification of redemption in March 2022.
17. Accounts payable and other current liabilities increased by 24.2 percent to US\$399.9 million as at March 31, 2022 primarily due to timing of payment of trade payables and dividends payable to noncontrolling interests at IDRC.
18. Current portion of long-term debt, net of debt issuance costs increased by 520.6% to US\$476.9 million as at March 31, 2022 mainly due to reclassification of loans at ITBV from long-term to short-term.
19. Current portion of lease liabilities decreased by 6.6 percent to US\$27.3 million as at March 31, 2022 due to lower lease fees scheduled for payment in the next twelve months.
20. Income tax payable increased by 22.5 percent to US\$56.9 million as at March 31, 2022 mainly due to stronger operating results at certain terminals.
21. Current portion of derivative liabilities decreased to US\$2.9 million as at March 31, 2022 due to decrease in the fair value of derivative liabilities mainly relating to interest rate swap arrangement at IGFBV.

2.6 Liquidity and Capital Resources

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

2.6.1 Liquidity

The table below shows the Group's unaudited interim condensed consolidated cash flows as at March 31, 2021 and 2022:

Table 2.8 Unaudited Interim Condensed Consolidated Cash Flows

	For the Three Months Ended March 31		
<i>(In thousands, except % change data)</i>	2021	2022	% Change
Net cash provided by operating activities	US\$236,225	US\$290,764	23.1
Net cash used in investing activities	(35,050)	(52,358)	(49.4)
Net cash used in financing activities	(125,766)	(308,807)	(145.6)
Effect of exchange rate changes on cash	(3,906)	14,809	477.2
Net increase (decrease) in cash and cash equivalents	71,503	(55,592)	(177.7)
Cash and cash equivalents, beginning	734,832	657,594	(10.5)
Cash and cash equivalents, end	US\$806,335	US\$602,002	(25.3)

Consolidated cash and cash equivalents decreased by 25.3 percent to US\$602.0 million as at March 31, 2022 from US\$806.3 million for the same period in 2021 mainly due to higher net cash used in financing and investing activities in 2022.

Net cash provided by operating activities increased by 23.1 percent to US\$290.8 million for the quarter ended March 31, 2022 from US\$236.2 million for the same period in 2021 mainly due to better results of operations in 2022.

Net cash used in investing activities for the quarter ended March 31, 2022 amounted to US\$52.4 million which consists mainly of capital expenditures of US\$52.6 million, including advances to contractors and suppliers. The capital expenditures for the quarter ended March 31, 2022 include mainly the ongoing expansions at MICT, VICT, IDRC and CMSA. Meanwhile, net cash used in investing activities for the same period in 2021 includes capital expenditures of US\$36.3 million, which consist mainly of ongoing expansions at MICT, yard expansion at IDRC and acquisition of port facilities and equipment at ICTSNL.

Net cash used in financing activities for the quarter ended March 31, 2022 amounted to US\$308.8 million which consists mainly of payment of dividends amounting to US\$242.5 million; and payment of interest on long-term loans, lease liabilities, and concession rights payable. Meanwhile, the net cash used in financing activities for the same period in 2021 includes payment of interest on long-term loans, lease liabilities, and concession rights payable; repayment of loans at VICT, IDRC and CGSA; and payment of lease liabilities mainly at VICT.

2.6.2 Capital Resources

The table below illustrates the Group's capital sources as at December 31, 2021 and March 31, 2022:

Table 2.9 Capital Sources

	December 31, 2021	March 31, 2022	% Change
<i>(In thousands, except % change data)</i>	<i>(Audited)</i>	<i>(Unaudited)</i>	
Loans payable	US\$5,033	US\$1,921	(61.8)
Current portion of long-term debt	76,836	476,880	520.6
Perpetual capital securities	—	222,590	100.0
Long-term debt, net of current portion	2,068,771	1,693,218	(18.2)
Total short and long-term debt	2,150,640	2,394,609	11.3
Equity	1,511,579	1,210,987	(19.9)
	US\$3,662,219	US\$3,605,596	(1.5)

The Group's total debt and equity capital decreased by 1.5 percent as at March 31, 2022 primarily due to recognition of dividends declared during the period; tapered by net income generated and loan availment during the period.

2.6.2.1 Debt Financing

The table below provides the breakdown of the Group's outstanding loans as at March 31, 2022:

Table 2.10 Outstanding Loans

<i>(In thousands)</i>	Company	Final Maturity	Interest Rate	Amount
Long-Term Debt				
<i>Medium-Term Note (MTN) Programme</i>				
Secured US Dollar Bond	ITBV	2023 - 2025	Fixed	US\$774,365
<i>Senior Notes</i>				
Unsecured US Dollar Bond	Parent	2030	Fixed	392,998
Secured US Dollar Bond	ITBV	2031	Fixed	290,405
<i>US dollar and Foreign Currency-denominated Term Loans and Securities</i>				
Secured US Dollar Term Loan	IGFBV	2026	Fixed ^(a)	274,737
Secured AUD Bond	VICT	2039	Fixed	237,351
Secured PHP Term Loan	MHCPSI	2029 ^(d)	Floating ^(b)	122,605
Secured Euro Term Loan	ICTSI	2022	Floating	42,202
	Middle East (ME) DMCC			
Secured PGK Term Loan	MITL	2024-2026	Floating	10,715
Secured PGK Term Loan	SPICTL	2024	Floating	10,153
Secured US Dollar Term Loans	IDRC	2022-2023	Fixed	8,197
Secured US Dollar Term Loans	CGSA	2027	Fixed	3,696
				2,167,424
Short-Term Debt				
IQD Loan	ICTSI (M.E) DMCC	2022	Fixed	1,921
Total Debt				2,169,345
Effect of business combination ^(c)				2,674
Carrying Value of Debt				2,172,019
Less current portion and short-term ^(c)				478,801
Long-term debt, net of current portion				US\$1,693,218

^(a) Under interest rate swap agreement

^(b) Converted from fixed to floating rate on July 9, 2021

^(c) Includes the carrying value of the difference between the fair value and the book value of the debt at business combination

^(d) Refinanced on April 11, 2022 by a Php6.35 billion loan with a final maturity date of March 14, 2029.

As a result of diligent liability management initiatives, the duration of debt capital has been extended resulting to 96.8% of the Group's total debt as at March 31, 2022, maturing in 2023 and beyond.

The table below is a summary of long-term debt maturities, gross of unamortized debt issuance cost, of the Group as at March 31, 2022:

Table 2.11 Outstanding Long-term Debt Maturities

<i>(In thousands)</i>	Amount
2022	US\$70,138
2023	424,194
2024	28,250
2025	429,911
2026 onwards	1,255,830
Total	US\$2,208,323

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 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.

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 March 31, 2022, carrying value of notes under the MTN Programme amounted to US\$774.4 million, of which US\$394.0 million will be due in January 2023.

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 March 31, 2022, the carrying value of the Senior Notes amounted to US\$393.0 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 March 31, 2022, the carrying value of the New Notes amounted to US\$290.4 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.

US dollar and Foreign Currency-denominated Term Loans and Securities

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 March 31, 2022, the outstanding balance of the term loan amounted to US\$274.7 million, net of debt issuance cost.

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, ICTSI pays annual fixed interest of 3.6981 percent and receives floating rate of three-month LIBOR plus 130 basis points on the notional amount. As at March 31, 2022, the market valuation gain on the outstanding interest rate swaps amounted to US\$0.2 million.

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 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 million). 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. The second funding happened on March 31, 2021 amounting to US\$29.0 million (AUD40.0 million). As at March 31, 2022, the outstanding balance of the notes amounted to US\$237.4 million (AUD317.2 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 at the time of termination representing the effective portion of the change in fair value of the swap was transferred to profit and loss.

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. In 2022, MHCPSI has paid US\$5.8 million (Php300.0 million) of the loan. As at March 31, 2022, the carrying value of the loan amounted to US\$125.3 million (Php6.5 billion). Excluding the effect of business combination, the outstanding balance of the loan amounted to US\$122.6 million (Php6.3 billion).

On April 11, 2022, the loan was refinanced by a US\$122.7 million (Php6.4 billion) loan with final maturity date on March 14, 2029, payable in 14 semi-annual installments based on the repayment schedule. Interest will be payable quarterly 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 loan is solely secured by the continuing suretyship of ICTSI.

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 originally mandated lead arrangers and bookrunners, for the principal amount of US\$297.6million (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 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 March 31, 2022, the outstanding balance of the loans amounted to US\$42.2 million (EUR38.1 million), net of debt issuance costs.

SPICTL and MITL. On November 27, 2019, SPICTL and MITL, as borrowers, and Australia and New Zealand (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

US\$17.8 million (PGK60.2 million) and US\$13.8 million (PGK46.7 million), respectively, from the term loan facility to refinance the maturing bridge loans. 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 March 31, 2022, the outstanding balance of the term loans of SPICTL and MITL amounted to US\$10.1 million (PGK35.8 million) and US\$10.7 million (PGK37.7 million), net of debt issuance costs, respectively.

IDRC. On October 9, 2018, IDRC availed of a four-year term loan with Rawbank RDC amounting to US\$25.0 million at a fixed interest rate. On May 6, 2019, IDRC availed of another four-year term loan with Rawbank RDC amounting to US\$3.0 million at a fixed interest rate. On July 22, 2020, IDRC availed of a three-year term loan with Rawbank RDC amounting to US\$10.0 million at a fixed interest rate. As at March 31, 2022, the outstanding balance of the loans aggregated to US\$8.2 million.

CGSA. On March 29, 2016, CGSA (as “Borrower”), Metropolitan Bank and Trust Company (as “Lender” or “MBTC”) 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. 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”) and ICTSI (as “Surety”) signed a loan agreement 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 from the facility, respectively. The outstanding balance of the loans amounted to US\$3.7 million as at March 31, 2022.

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” account in the March 31, 2021 unaudited interim condensed consolidated statement of income.

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 2022, ICTSI ME DMCC availed loans totaling US\$7.5 million (IQD11.0 billion) from the facility and paid a total amount of US\$10.7 million (IQD15.6 billion). The outstanding loan amounted to US\$1.9 million (IQD2.8 billion) as at March 31, 2022, and is secured by a short-term time deposit amounting to US\$6.2 million.

2.6.2.2 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 March 31, 2022, 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 March 31, 2022, except as discussed above.

2.6.2.3 Equity Financing

Perpetual Capital Securities

On October 3, 2016, RCBV tendered its US\$300.0 million 6.25 percent (issued in January 2015) and US\$450.0 million 5.50 percent (issued in August 2015) 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 July 6, 2020, RCBV launched a cash tender offer for its US\$450.0 million 5.50 percent Senior Guaranteed Perpetual Capital Securities (issued in August 2015; 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 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 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.

On March 23, 2022, RCBV (the “Issuer”) and ICTSI (the “Guarantor”) sent a notice to Citicorp International Limited (as “Trustee” and “Agent”) for the redemption of the remaining US\$216.2 million of the US\$400.0 million 5.875 percent fixed-for-life Senior Guaranteed Perpetual Capital Securities and payment of accrued distributions on May 5, 2022. The proceeds from the issuance of Securities were initially recognized as part of equity in the consolidated balance sheet. The difference amounting to US\$10.5 million between the total amount recognized as financial liabilities of US\$222.6 million and the carrying amount of the Securities of US\$212.1 million recorded under equity was treated as a direct reduction in retained earnings.

2.7 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.

2.7.1 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, MXN, AUD, BRL, 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 were 53.5 percent and 59.0 percent of gross revenues for the periods ended March 31, 2021 and 2022, 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.

The table below provides the currency breakdown of the Group’s revenue for the first quarter ended March 31, 2022:

Table 2.12 Revenue Currency Profile

Subsidiary	USD/EUR Composition	Local Currency
ICTSI	39% USD	61% PHP
SBITC/ICTSI Subic	46% USD	54% PHP
DIPSSCOR		100% PHP
HIPS		100% PHP
SCIPSI		100% PHP
BIPI		100% PHP
MICTSI		100% PHP
LGICT	14% USD	86% PHP
MHCPSI		100% PHP
BCT	39% USD/30% EUR	31% PLN
TSSA		100% BRL
MICTSL	100% EUR*	
PTMTS		100% IDR
YICT		100% RMB
AGCT	92% EUR	8% HRK
(Forward)		

Subsidiary	USD/EUR Composition	Local Currency
CGSA	100% USD	
BICTL	100% USD	
PICT	86% USD	14% PKR
OJA	80% USD	20% IDR
CMSA	18% USD	82% MXN
OPC	100% USD	
ICTSI Iraq	81% USD	19% IQD
IDRC	95% USD	5% CDF
VICT		100% AUD
SPICTL/MITL		100% PGK
Tecplata	100%USD	
ICTSI Rio	41%USD	59%BRL
KMT		100%XAF
ICTSNL	30%USD	70%NGN
IRB Logistica		100%BRL

**MGA pegged to the EURO*

2.7.2 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.

2.7.3 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.

PART II – OTHER INFORMATION

There is no other information not previously reported in SEC Form 17-C that needs to be reported in this section.

ANNEX 1

INTERNATIONAL CONTAINER TERMINAL SERVICES, INC. AND SUBSIDIARIES

SCHEDULE OF AGING OF RECEIVABLES

As at March 31, 2022

(Unaudited, in Thousands)

	Trade	Advances	Total
Under six months	US\$111,743	US\$28,018	US\$139,761
Six months to one year	1,117	36	1,153
Over one year	922	3,572	4,494
	US\$113,782	US\$31,626	US\$145,408

ANNEX 2

INTERNATIONAL CONTAINER TERMINAL SERVICES, INC. AND SUBSIDIARIES

FINANCIAL SOUNDNESS INDICATORS

As at and for the Three Months Ended March 31

	2021	2022
Liquidity ratios		
Current ratio ^(a)	1.35	0.74
Interest rate coverage ratio ^(b)	9.29	11.20
Solvency ratios		
Debt to equity ratio ^(c)	1.19	1.98
Asset to equity ratio ^(d)	3.78	5.31
Profitability ratio		
EBITDA margin ^(e)	60.8%	64.0%

^(a) Current assets over current liabilities

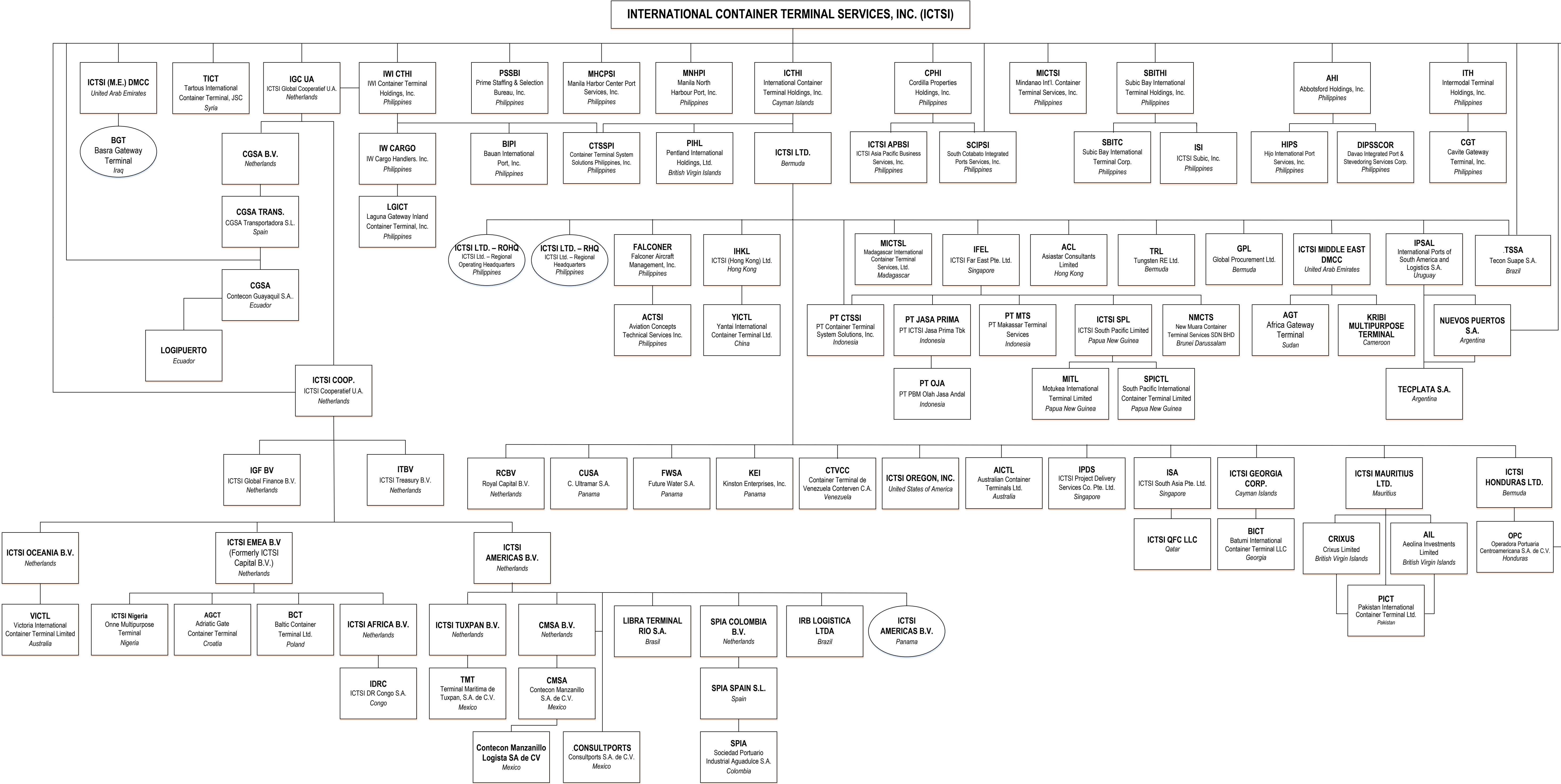
^(b) EBITDA over interest expense and financing charges on borrowings

^(c) Interest-bearing debts over total equity

^(d) Total assets over total equity

^(e) EBITDA over gross revenues from port operations

ICTSI Group – Map of Subsidiaries



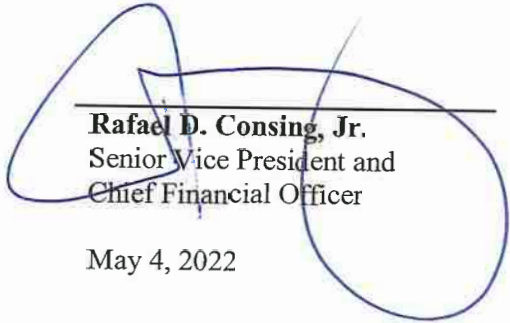
SIGNATURES

Pursuant to the requirements of the Securities and Regulation Code, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Registrant

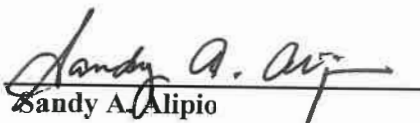
INTERNATIONAL CONTAINER TERMINAL SERVICES, INC.

By



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

May 4, 2022



Sandy A. Alipio
Senior Vice President, Global
Financial Controller

May 4, 2022