

**Mersin Uluslararası
Liman İşletmeciliği Anonim Şirketi
and its Subsidiaries**

Consolidated Financial Statements
As at and for the Year Ended
31 December 2023
with Independent Auditors' Report

29 March 2024

This report includes 2 pages of independent auditors' report and 45 pages of consolidated financial statements together with their explanatory notes and supplementary information

Mersin Uluslararası Liman İşletmeciliği Anonim Şirketi and its Subsidiaries

Table of Contents

Independent Auditor's Report	
Consolidated Statements of Financial Position	
Consolidated Statements of Profit or Loss and Other Comprehensive Income	
Consolidated Statements of Changes in Shareholders' Equity	
Consolidated Statements of Cash Flows	
Notes to the Consolidated Financial Statements	

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Mersin Uluslararası Liman İşletmeciliği A.Ş.

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Mersin Uluslararası Liman İşletmeciliği A.Ş. ("the Company") and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended 31 December 2023, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

DRT Bağımsız Denetim ve Şirketler A.Ş.

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.
Member of **DELOITTE TOUCHE TOHMATSU LIMITED**

Adana, 29 March 2024

Mersin Uluslararası Liman İşletmeciliği Anonim Şirketi and its Subsidiaries

Consolidated Statement of Financial Position

As at 31 December 2023

(All amounts are expressed in thousands of US Dollars ("USD") unless otherwise stated.)

	Notes	31 December 2023	31 December 2022
Assets			
Property and equipment	11	212,768	182,285
Intangible assets	12	458,116	481,102
Right-of-use assets	13	36,050	33,835
Advances given	14	54,712	--
Due from related parties	14	--	462,302
Non-current assets		761,646	1,159,524
Inventories		9,428	8,012
Trade and other receivables	14	38,910	29,378
Prepaid expenses	14	3,396	5,667
Prepaid taxes	10	12,804	--
Cash and cash equivalents	16	125,343	133,438
Current assets		189,881	176,496
Total assets		951,527	1,336,020
Equity			
Share capital	17	100,000	100,000
Legal reserve	17	36,667	36,667
Retained earnings		3,736	402,985
Total equity		140,403	539,652
Liabilities			
Debt securities	18	546,026	597,211
Employee benefits	22	5,607	5,580
Deferred income	21	46,963	44,680
Lease liabilities (non-current)	13	14,585	15,812
Deferred tax liabilities	15	95,076	86,101
Non-current liabilities		708,257	749,383
Debt securities	18	47,005	4,031
Lease liabilities (current)	13	5,517	315
Trade and other payables	19	22,049	13,942
Provisions	20	22,690	14,528
Deferred income	21	5,606	8,865
Income tax payable	10	--	5,303
Current liabilities		102,867	46,984
Total liabilities		811,124	796,368
Total equity and liabilities		951,527	1,336,020

The accompanying notes are an integral part of these consolidated financial statements.

Mersin Uluslararası Liman İşletmeciliği Anonim Şirketi and its Subsidiaries

Consolidated Statement of Profit or Loss and Other Comprehensive Income

As at 31 December 2023

(All amounts are expressed in thousands of US Dollars ("USD") unless otherwise stated.)

	<i>Notes</i>	1 January- 31 December 2023	1 January- 31 December 2022
Operating revenue	6	412,842	353,094
Construction revenue	12	2,864	1,715
Cost of operating revenue	7	(151,148)	(122,274)
Cost of construction	12	(2,864)	(1,715)
Gross profit		261,694	230,820
General administrative expense	7	(35,026)	(26,870)
Impairment reversal on trade receivables	24	14	527
Other income /(expense) -net		(4,599)	1,648
Results from operating activities		222,083	206,125
Finance income	8	7,608	21,686
Finance costs	8	(38,639)	(39,886)
Net finance costs		(31,031)	(18,200)
Profit before tax		191,052	187,925
Tax income / (expense)	10	3,255	(51,949)
Profit for the year		194,307	135,977
Other comprehensive income			
Actuarial loss	22	(1,090)	(2,840)
Income tax on other comprehensive income	10	272	568
Other comprehensive income for the year, net off tax		(818)	(2,272)
Total comprehensive income for the year		193,489	133,705

The accompanying notes are an integral part of these consolidated financial statements.

Mersin Uluslararası Liman İşletmeciliği Anonim Şirketi and its Subsidiaries

Consolidated Statement of Changes in Shareholders' Equity

For the Year Ended 31 December 2023

(All amounts are expressed in thousands of US Dollars ("USD") unless otherwise stated.)

	Paid-in capital	Legal reserve	Retained earnings	Total equity
Balances at 1 January 2022	100,000	36,667	355,123	491,790
Profit for the period	--	--	135,977	135,977
Actuarial losses net off tax	--	--	(2,272)	(2,272)
Total comprehensive income for the year	--	--	133,705	133,705
Transactions with owners of the Company				
Dividend distribution	--	--	(85,842)	(85,842)
Total transactions with owners of the Company	--	--	(85,842)	(85,842)
Balances at 31 December 2022	100,000	36,667	402,985	539,652

	Paid-in capital	Legal reserve	Retained earnings	Total equity
Balances at 1 January 2023	100,000	36,667	402,985	539,652
Profit for the period	--	--	194,307	194,307
Actuarial losses net-off tax	--	--	(818)	(818)
Total comprehensive income for the year	--	--	193,489	193,489
Transactions with owners of the Company				
Dividend distribution	--	--	(104,750)	(104,750)
Other transactions with shareholders (*)	--	--	(487,989)	(487,989)
Total transactions with owners of the Company	--	--	(592,739)	(592,739)
Balances at 31 December 2023	100,000	36,667	3,736	140,403

(*) The amount is related to the discounted amount of the financial asset (loans to shareholders) at initial recognition amounting to USD 570,000 which had been granted in 2018, 2020 and 2021. As it is explained in Note 14, the amount is derecognized through retained earnings.

Mersin Uluslararası Liman İşletmeciliği Anonim Şirketi and its Subsidiaries

Consolidated Statement of Cash Flows

For the Year Ended 31 December 2023

(All amounts are expressed in thousands of US Dollars ("USD") unless otherwise stated.)

	Notes	1 January- 31 December 2023	1 January- 31 December 2022
Cash flows from operating activities			
Profit for the year		194,307	135,977
Adjustments for :			
Depreciation and amortization expense	11, 12, 13	46,456	45,490
Provisions for bonus, sales discounts, litigations and other	20	22,234	13,685
Net finance cost	8	31,031	18,200
Current tax expense	10	13,071	59,507
Deferred tax expense	10	(16,326)	(7,558)
Realization of tax incentive	21	(7,692)	(7,687)
Bad debt provision / (reversal)		(14)	(527)
Gain on disposal of tangible assets		(14)	(29)
Provision for employment termination benefits	22	1,511	938
<i>Change in:</i>		284,564	257,995
Trade and other receivables and prepaid expenses		(7,187)	1,823
Inventories		(1,416)	(2,463)
Trade and other payables		8,107	(901)
Cash generated from operating activities		229,356	256,454
Taxes paid	10	(29,764)	(38,113)
Payments made for the previous period's provision	20	(14,072)	(15,078)
Employee benefits paid	22	(24)	(253)
Net cash from operating activities		240,208	203,010
Cash flows from investing activities			
Interest received		7,608	2,177
Acquisition of property and equipment	11	(47,401)	(14,816)
Advances paid for the acquisition of property and equipment		(54,712)	--
Acquisition of intangible assets	12	(3,247)	(19,378)
Proceeds from disposal of property, plant and equipment		234	38
Net cash used in investing activities		(97,518)	(31,981)
Cash flows from financing activities			
Interest paid-debt securities	18	(32,250)	(32,250)
Proceeds from refinance of debt security	18	600,000	--
Repayment of debt security	18	(600,000)	--
Dividends paid	17	(104,750)	(85,842)
Other financing activities	18	(13,567)	(2,669)
Payments of lease liabilities	13	(66)	(104)
Interest paid for lease liabilities		(151)	(490)
Interest paid		--	(107)
Net cash used in financing activities		(150,784)	(121,461)
Net change in cash and cash equivalents		(8,095)	49,568
Cash and cash equivalents at 1 January		133,438	83,870
Cash and cash equivalents at period end	16	125,343	133,438

The accompanying notes are an integral part of these consolidated financial statements.

Mersin Uluslararası Liman İşletmeciliği Anonim Şirketi and its Subsidiaries

Notes to the Consolidated Financial Statements

As at and for the Year Ended 31 December 2023

(All amounts are expressed in thousands of US Dollars ("USD") unless otherwise stated.)

Notes	Page
1 Organisations and operations of the Group	6
2 Basis of accounting	7
3 New and revised international financial reporting standards (IFRSs)	8-10
4 Significant accounting policies	11-21
5 Measurement of fair values	22
6 Operating revenue	22
7 Expenses by nature	22
8 Net finance costs	23
9 Analysis of other comprehensive income	23
10 Income tax	23-25
11 Property and equipment	26
12 Intangible assets	27-28
13 Right of use assets	29-30
14 Trade and other receivables	31
15 Deferred tax assets and liabilities	32
16 Cash and cash equivalents	33
17 Capital and reserves	33
18 Debt securities	34
19 Trade and other payables	34
20 Provisions	35
21 Deferred income	35
22 Employee benefits	36
23 Related parties	36-37
24 Financial instruments	38-45
25 Commitments and contingencies	45
26 Subsequent events	45

1 Organisations and operations of the Group

Mersin Uluslararası Liman İşletmeciliği Anonim Şirketi ("the Company") is a company domiciled in Turkey. The address of the Company's registered office is Yenimahalle 101 Cadde 5307 Sokak No.5 33100 Mersin, Turkey. The consolidated financial statements of the Company as at 31 December 2023 and 2022 comprise the Company and its subsidiaries (together referred to as the "Group"). The key operational activities of the Group are container handling, marine services, operation of multi-purpose terminals, warehousing and logistics related services.

The Company has been registered on 4 May 2007 and started to operate on 11 May 2007, based on the Concession Agreement between the Company and the Turkish Privatization Administration.

Mersin Port used to be operated by the Turkish Republic State Railways ("TCDD") and included in the list for privatization for years. Turkish Privatization Administration had announced a bid for the privatization of Mersin Port on 14 August 2005. However, the bid could not be finalized until 11 May 2007. Full operational control over Mersin Port on the southeast coast has been transferred to the Company, a joint venture between PSA International Group and Akfen Altyapı Yatırımları Holding Anonim Şirketi ("Akfen Altyapı Yatırımları"), for the next 36 years on 11 May 2007. On 23 July 2009, the shareholder of the Company, Akfen Altyapı Yatırımları has merged with its own shareholder, Akfen Holding Anonim Şirketi ("Akfen Holding"). This merger was done under the name of Akfen Holding. In 2017, Akfen Holding sold %40 of its shares in the Company to Global InfraCo SP Neum SLU.

As of 31 December 2023 and 2022 shareholder structure of the Company is as follows:

Shareholders	31 December 2023		31 December 2022	
	%	USD	%	USD
PSA Turkey Pte. Ltd.	51.00	51,000,000	51.00	51,000,000
Global Infraco SP Neum SLU	39.00	39,000,000	39.00	39,000,000
AKFEN Holding Anonim Şirketi ("Akfen Holding")	10.00	10,000,000	10.00	10,000,000
Total	100.00	100,000,000	100.00	100,000,000

As of 31 December 2023, the Company has two subsidiaries. Mersin Denizcilik Faaliyetleri ve Ticaret Anonim Şirketi ("Mersin Denizcilik") is the subsidiary of the Company and Mersin Denizcilik acts as a subcontractor of the Company for marine business.

With the board resolution dated 12 February 2019, the Company management has decided to establish a joint stock company called Mersin Pilotaj ve Denizcilik Faaliyetleri Anonim Şirketi ("Mersin Pilotaj") with TL 1,000,000 paid-in capital. Mersin Pilotaj acts as a subcontractor of the Company for pilotage services. As of 31 December 2023, detail of the subsidiaries is as below:

Name of Subsidiary	Principal Activity	Place of operation	Ownership interest %	Voting power held %
Mersin Denizcilik	Marine business	Turkey	49.998	100.00
Mersin Pilotaj	Pilotage business	Turkey	49.998	100.00

The number of employees of the Group as at 31 December 2023 is 2,225 (31 December 2022: 1,920).

2 Basis of accounting

(a) *Statement of compliance*

These consolidated financial statements have been prepared in accordance with IAS 34 Financial Reporting and should be read in conjunction with the Group's last annual consolidated financial statements as at and for the year ended 31 December 2022 ('last annual financial statements'). They do not include all the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual financial statements.

(b) *Basis of preparation*

The consolidated financial statements have been prepared on the historical cost basis.

The methods used to measure fair values are discussed further in Note 5.

(c) *Functional and presentation currency*

The Group maintain its books of account and prepare its statutory financial statements in Turkish Lira ("TL") in accordance with the accounting principles in the Turkish Commercial Code and tax legislation. The accompanying consolidated financial statements are presented in US Dollar ("USD"), is the Group's functional and presentation currency. All financial information presented in USD has been rounded to nearest thousands, except when otherwise indicated. Although the currency of the country in which the Group operates is TL, the Group's functional currency is USD since USD is used to a significant extent in or has a significant impact on the operations of the Group and reflects the economic substance of the underlying events and circumstances relevant to the Group.

(d) *Use of judgements and estimates*

In preparing these consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual consolidated financial statements.

(i) *Judgments*

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognized in the consolidated financial statements is included in the following notes:

Notes 4 - 11 - 12 and 13 – useful lives of property and equipment, intangible assets and right of use assets

Note 20 - provisions

(ii) *Assumptions and estimation uncertainties*

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending 31 December 2023 is included in the following notes:

Note 22 – measurement of reserve for employee severance indemnity.

3 New and Revised International Financial Reporting Standards

a) New and revised IFRSs that are effective for the current year

Amendments to IAS 1	<i>Disclosure of Accounting Policies</i>
Amendments to IAS 8	<i>Definition of Accounting Estimates</i>
Amendments to IAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>
Amendments to IAS 12	<i>International Tax Reform — Pillar Two Model Rules</i>

Amendments to IAS 1 *Disclosure of Accounting Policies*

The amendments require that an entity discloses its material accounting policies, instead of its significant accounting policies.

Amendments to IAS 1 are effective for annual reporting periods beginning on or after 1 January 2023 and earlier application is permitted.

Amendments to IAS 8 *Definition of Accounting Estimates*

With this amendment, the definition of “a change in accounting estimates” has been replaced with the definition of “an accounting estimate”, sample and explanatory paragraphs regarding estimates have been added, and the differences between application of an estimate prospectively and correction of errors retrospectively have been clarified.

Amendments to IAS 8 are effective for annual reporting periods beginning on or after 1 January 2023 and earlier application is permitted.

Amendments to IAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

The amendments clarify that the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition.

Amendments to IAS 12 are effective for annual reporting periods beginning on or after 1 January 2023 and earlier application is permitted.

Amendments to IAS 12 *International Tax Reform — Pillar Two Model Rules*

The amendments provide a temporary exception to the requirements regarding deferred tax assets and liabilities related to pillar two income taxes. Amendments to IAS 12 are effective for annual reporting periods beginning on or after 1 January 2023.

3 New and Revised International Financial Reporting Standards (*continued*)

b) New and revised IFRSs in issue but not yet effective

The Group has not yet adopted the following standards and amendments and interpretations to the existing standards:

IFRS 17	<i>Insurance Contracts</i>
Amendments to IFRS 17	<i>Initial Application of IFRS 17 and IFRS 9 — Comparative Information (Amendment to IFRS 17)</i>
Amendments to IFRS 4	<i>Extension of the Temporary Exemption from Applying IFRS 9</i>
Amendments to IAS 1	<i>Classification of Liabilities as Current or Non-Current</i>
Amendments to IFRS 16	<i>Lease Liability in a Sale and Leaseback</i>
Amendments to IAS 1	<i>Non-current Liabilities with Covenants</i>
Amendments to IAS 7 and IFRS 7	<i>Supplier Finance Arrangements</i>
ISRS 1	<i>General Requirements for Disclosure of Sustainability-related Financial Information</i>
ISRS 2	<i>Climate-related Disclosures</i>

IFRS 17 Insurance Contracts

IFRS 17 requires insurance liabilities to be measured at a current fulfillment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. IFRS 17 has been deferred for insurance, reinsurance and pension companies for a further year and will replace IFRS 4 *Insurance Contracts* on 1 January 2025.

Amendments to IFRS 17 Insurance Contracts and Initial Application of IFRS 17 and IFRS 9 — Comparative Information

Amendments have been made in IFRS 17 in order to reduce the implementation costs, to explain the results and to facilitate the initial application.

The amendment permits entities that first apply IFRS 17 and IFRS 9 at the same time to present comparative information about a financial asset as if the classification and measurement requirements of IFRS 9 had been applied to that financial asset before.

Amendments are effective with the first application of IFRS 17.

Amendments to IFRS 4 Extension of the Temporary Exemption from Applying IFRS 9

The amendment changes the fixed expiry date for the temporary exemption in IFRS 4 *Insurance Contracts* from applying IFRS 9, so that insurance and reinsurance and pension companies would be required to apply IFRS 9 for annual periods beginning on or after 1 January 2024 with the deferral of the effective date of IFRS 17.

3 New and Revised International Financial Reporting Standards (cont'd)

a) New and revised IFRSs in issue but not yet effective (cont'd)

Amendments to IAS 1 Classification of Liabilities as Current or Non-Current

The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. Amendments to IAS 1 are effective for annual reporting periods beginning on or after 1 January 2024 and earlier application is permitted.

Amendments to IFRS 16 Lease Liability in a Sale and Leaseback

Amendments to IFRS 16 clarify how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale. Amendments are effective from annual reporting periods beginning on or after 1 January 2024.

Amendments to IAS 1 Non-current Liabilities with Covenants

Amendments to IAS 1 clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. Amendments are effective from annual reporting periods beginning on or after 1 January 2024.

Amendments to IAS 7 and IFRS 7 Supplier Finance Arrangements

The amendments add disclosure requirements, and 'signposts' within existing disclosure requirements, that ask entities to provide qualitative and quantitative information about supplier finance arrangements. Amendments are effective from annual reporting periods beginning on or after 1 January 2024.

ISRS 1 General Requirements for Disclosure of Sustainability-related Financial Information

ISRS 1 sets out overall requirements for sustainability-related financial disclosures with the objective to require an entity to disclose information about its sustainability-related risks and opportunities that is useful to primary users of general-purpose financial reports in making decisions relating to providing resources to the entity. The application of this standard is mandatory for annual reporting periods beginning on or after 1 January 2024.

ISRS 2 Climate-related Disclosures

ISRS 2 sets out the requirements for identifying, measuring and disclosing information about climate-related risks and opportunities that is useful to primary users of general purpose financial reports in making decisions relating to providing resources to the entity. The application of this standard is mandatory for annual reporting periods beginning on or after 1 January 2024.

4 Significant accounting policies

Certain comparative amounts in the statement of financial position and profit or loss and other comprehensive income have been reclassified or represented, either as a result of correction of errors or change in classification to conform current year presentation.

The Group has consistently applied the following accounting policies to all periods presented in these consolidated financial statements.

(a) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's voting rights relative to the size and dispersion of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

(i) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

(ii) Loss of control

When the Group loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related non-controlling interests and other components of equity. Any resulting gain or loss is recognized in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

(iii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated.

(b) Foreign currency transactions

The consolidated financial statements of the Group are presented in the currency of the primary economic environment in which the Group operates (its functional currency). For the purpose of the financial statements, the results and financial position of the Group are expressed in USD, which is the functional and presentation currency of the Group.

In preparing the consolidated financial statements of the Group, transactions in foreign currencies other than USD (foreign currencies) are translated to USD at average monthly exchange rates. Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate at the reporting date. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are recognized in profit or loss.

4 Significant accounting policies (*continued*)

(c) *Financial instruments*

(i) *Recognition and initial measurement*

Trade receivables are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) *Classification and subsequent measurement*

Financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost, FVOCI – equity investment, or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

Financial assets: Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- The stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;
- How the performance of the portfolio is evaluated and reported to the Group's management;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- How managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and

4 Significant accounting policies (*continued*)

(c) *Financial instruments (continued)*

(ii) *Classification and subsequent measurement (continued)*

- The frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets: Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- Contingent events that would change the amount or timing of cash flows;
- Terms that may adjust the contractual coupon rate, including variable-rate features;
- Prepayment and extension features; and
- Terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Financial assets: Subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.
Financial assets at amortised cost	Financial assets at amortised cost are comprised of cash and cash equivalents, trade receivables and other receivables. These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

4 Significant accounting policies (*continued*)

(c) *Financial instruments (continued)*

(iii) *Derecognition*

Financial assets

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

The Group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

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

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

(iv) *Offsetting*

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

(d) *Share capital*

Ordinary shares

Incremental costs directly attributable to the issue of ordinary shares net of any tax effects are recognized as a deduction from equity.

(e) *Impairment*

(i) *Non-derivative financial assets*

Financial instruments and contract assets

The Group recognizes loss allowances for ECLs on:

- Financial assets measured at amortised cost;
- Debt investments measured at FVOCI; and
- Contract assets.

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured as 12-month ECLs:

- Debt securities that are determined to have low credit risk at the reporting date; and
- Other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

4 Significant accounting policies (*continued*)

(e) *Impairment (continued)*

(i) *Non-derivative financial assets (continued)*

Financial instruments and contract assets (continued)

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information. The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when:

- The borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- The financial asset is more than 120 days past due.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls.

ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- Significant financial difficulty of the borrower or issuer;
- A breach of contract such as a default or being more than 120 days past due;
- The restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- It is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- The disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

4 Significant accounting policies (*continued*)

(e) *Impairment (continued)*

(i) *Non-derivative financial assets (continued)*

Write-off

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Group has a policy of writing off the gross carrying amount when the financial asset is 120 days past due based on historical experience of recoveries of similar assets. For corporate customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

(f) *Property and equipment*

(i) *Recognition and measurement*

Items of property and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property and equipment have different useful lives, then they are accounted for as separate items (major components) of property and equipment.

Any gain or loss on disposal of an item of property and equipment is recognized in profit or loss.

(ii) *Subsequent expenditure*

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

(iii) *Depreciation*

Depreciation is calculated to write off the cost of items of property and equipment less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognized in profit or loss.

The estimated useful lives for the current and comparative periods are as follows:

Leasehold improvement	Shorter of useful life and lease term
Machinery and equipment	3-20 years
Vehicles	4-5 years
Furniture and fixtures	3-6 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

4 Significant accounting policies (*continued*)

(g) *Intangible assets*

Intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortization and impairment losses.

(i) *Service concession agreements*

Mersin International Port is bound by the terms of the concession Agreements made with TCDD. According to the concession agreement, the Company has received a right to charge users of Mersin International Port. The agreement covers a period of 36 years until May 2043.

The Company recognizes an intangible asset arising from a service concession arrangement when it has a right to charge for usage of the concession infrastructure. Intangible assets received as consideration for providing construction or upgrade services in a service concession arrangement are measured at fair value upon initial recognition. Subsequent to initial recognition the intangible asset is measured at cost less accumulated amortization and accumulated impairment losses.

Under IFRIC 12 "Service Concession Arrangements" an operator recognizes an intangible asset or financial asset received as consideration for providing construction or upgrade or operation services or other items. The Company recognized an intangible asset amounting to USD 755,000 to the extent that it received the right from TCDD to charge users of Mersin International Port. Additionally cost of improvement of existing infrastructure of TCDD borne by the Company is recognized at its fair value as an intangible asset.

Fair value of the improvement of existing infrastructure of TCDD borne by the Company which is already recognized as an intangible asset also recognized as construction contract revenue and construction contract cost. Fair value of the improving existing infrastructure is assumed to be equal to its cost since this improvement service was given by third parties at fair value.

(ii) *Other intangible assets*

Other intangible assets that are acquired by the Group, which have finite useful lives, are measured at cost less accumulated amortization and accumulated impairment losses.

(iii) *Subsequent expenditure*

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognized in profit or loss as incurred.

(iv) *Amortization*

The extent that the Company received the right from TCDD, port operation right is amortized on a straight-line basis over the life of concession period. The cost of improvement of existing infrastructure of TCDD are amortized on a straight-line basis over the shorter of the life of concession period and their useful lives.

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(h) *Inventories*

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is based on first in first out method, and includes expenditure incurred in acquiring the inventories, and other costs incurred in bringing them to their existing location and condition.

4 Significant accounting policies (*continued*)

(i) *Employee benefits*

Reserve for employee severance indemnity

In accordance with the existing social legislation in Turkey, the Group is required to make certain lump-sum payments to employees whose employment is terminated due to retirement or for reasons other than resignation or misconduct. Such payments are calculated on the basis of an agreed formula, are subject to certain upper limits and are recognized in the accompanying financial statements as accrued. The reserve has been calculated by estimating the present value of the future obligation of the Group that may arise from the retirement of the employees.

All actuarial differences are recognized in other comprehensive income in the period which they arise.

Vacation pay liability

In accordance with current labor law, the Group makes payments for unused vacations of employees. The liability is calculated by the remaining vacation days multiplied by one day's pay.

(j) *Provisions*

A provision is recognized if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Contingent liabilities are reviewed to determine if there is a possibility that the outflow of economic benefits will be required to settle the obligation. Except for the economic benefit outflow possibility is remote such contingent liabilities are disclosed in the notes to the consolidated financial statements.

(k) *Revenue*

In accordance with IFRS 15 "Revenue Standard from Customer Contracts", effective from 1 January 2018, the Company recognizes revenue in the financial statements in the following five-stage model.

- Identification of contracts with customers
- Identification of performance obligations in contracts
- Determination of the transaction price in contracts
- Distribution of transaction fee to performance obligations
- Revenue recognition

(i) *Construction contracts*

Revenue is recognised over time based on the cost-to-cost method. The related costs are recognised in profit or loss when they are incurred.

Advances received are included in contract liabilities.

(ii) *Income from services*

The Group's operating revenue is primarily generated from container handling, marine services, operation of multi-purpose terminals, warehousing and logistics related services.

The Group recognizes operating revenue when it satisfies the performance obligation by transferring the promised service to the customer.

4 Significant accounting policies (*continued*)

(I) Leases

As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- amounts expected to be paid by the lessee under residual value commitments

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

4 Significant accounting policies (*continued*)

(m) *Finance income and finance costs*

The Group's finance income and finance costs include:

- Interest income;
- Interest expense;
- The foreign currency gain or loss on monetary assets and liabilities;
- Interest income or expense is recognised using the effective interest method.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- The gross carrying amount of the financial asset; or
- The amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

(n) *Related parties*

A related party is a person or entity that is related to reporting entity, the entity that is preparing its financial statements.

(a) A person or a close member of that person's family is related to a reporting entity if that person:

- (i) has control or joint control over the reporting entity;
- (ii) has significant influence over the reporting entity; or
- (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

(b) An entity is related to a reporting entity if any of the following conditions applies:

- (i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
- (vi) The entity is controlled or jointly controlled by a person identified in (a).
- (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

A related party transaction is a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.

4 Significant accounting policies (*continued*)

(o) *Income tax*

Turkish tax legislation does not permit a parent company and its subsidiary to file a consolidated tax return. Therefore, provisions for taxes, as reflected in the accompanying consolidated financial statements, have been calculated on a separate-entity basis.

Income tax expense comprises current and deferred tax. It is recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

(i) *Current tax*

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the period and any adjustment to tax payable or receivable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the reporting date.

(ii) *Deferred tax*

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for:

- Temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss,
- Temporary differences related to investments in subsidiary to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

Deferred tax assets are recognized for unused tax losses and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if certain criteria are met. Prepaid corporation taxes and corporation tax liabilities are offset as they relate to income taxes levied by the same tax authority.

(p) *Government grants and incentives*

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received. Government grants are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes as expenses the related costs for which the grants are intended to compensate.

Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognized as deferred revenue in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognized in profit or loss in the period in which they become receivable.

Notes to the Consolidated Financial Statements

As at and for the Year Ended 31 December 2023

(All amounts are expressed in thousands of US Dollars ("USD") unless otherwise stated.)

5 Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

The Group management regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of IFRS, including the level in the fair value hierarchy in which such valuations should be classified.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability might be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

6 Operating revenue

For the years ended 31 December, revenue comprised the following:

	1 January- 31 December 2023	1 January- 31 December 2022
Container	337,456	275,430
Conventional cargo	52,546	54,264
Marine services	22,840	23,399
	412,842	353,094

7 Expenses by nature

For the years ended 31 December, cost of operating revenue and general administrative expense comprised the following:

	1 January- 31 December 2023	1 January- 31 December 2022
Cost of operating revenue	151,148	122,274
General administrative expenses	35,026	26,870
	186,174	149,144

	1 January- 31 December 2023	1 January- 31 December 2022
Personnel expenses and contract services	78,292	52,064
Amortization and depreciation expenses	46,456	45,490
Power, fuel and maintenance expenses	19,197	21,056
Royalty expenses	13,000	10,990
Other direct charges and general administrative expenses	29,229	19,545
	186,174	149,144

"Personnel expenses amounting to USD 70,385 and USD 7,907 (31 December 2022: USD 46,135 and USD 5,929) are included in cost of operating revenues and general administrative expenses, respectively, for the year ended 31 December 2023.

Amortization and depreciation expenses amounting to USD 44,638 and USD 1,818 (31 December 2022: USD 43,890 and USD 1,600) are included in cost of operating revenues and general and administrative expenses, respectively, for the year ended 31 December 2023 (Note: 11-12-13).

Notes to the Consolidated Financial Statements

As at and for the Year Ended 31 December 2023

(All amounts are expressed in thousands of US Dollars ("USD") unless otherwise stated.)

8 Net finance costs

For the years ended 31 December, net finance costs comprised the following:

	1 January- 31 December 2023	1 January- 31 December 2022
Finance income		
Interest income on bank deposits	7,608	2,177
Interest income from related parties	--	19,509
	7,608	21,686
Finance costs		
Interest expense on debt securities	(37,514)	(34,764)
Foreign exchange losses, net	(600)	(4,524)
Interest expense on bank borrowings	(374)	(107)
IFRS 16 interest expense	(151)	(490)
	(38,639)	(39,886)
Net finance costs recognised in profit or loss	(31,031)	(18,200)

9 Analysis of other comprehensive income

For the years ended 31 December, net other income/ expense comprised the following:

	1 January- 31 December 2023	1 January- 31 December 2022
Actuarial gain from defined pension plans		
Opening balance	(3,798)	(1,525)
Actuarial gain from defined pension plans (Note 22)	(1,090)	(2,840)
Deferred tax of actuarial loss from defined pension plans (Note 10)	272	568
Closing balance	(4,616)	(3,798)

10 Income tax

The Group is subject to corporate tax applicable in Turkey.

As of 31 December 2023, the rate of Corporate Tax applied in Turkey is 25% (2022: 23%). According to the Law No. 7456 on Amendment of the Law on Collection Procedures of Public Receivables and Other Certain Laws has been promulgated in the Official Gazette dated July 15, 2023, and numbered 32249. The corporate income tax rate will be applied at the rate of 25% for the 2023 fiscal year.

In addition, as a result of the amendment made in the Law on Taxation of Institutions with the same Law No. 7316, 75% exemption granted for the gains derived from the sale of immovable assets of institutions for at least two full years is applied as 50% as from 1 January 2018.

There is also a 15 percent withholding tax on the dividends paid and is accrued only at the time of such dividend payments. The withholding tax rate on the dividend payments other than the ones paid to the non-resident institutions generating income in Turkey through their operations or permanent representatives and the resident institutions.

10 Income tax (continued)

The transfer pricing provisions have been stated under the Article 13 of Corporate Tax Law with the heading of "disguised profit distribution via transfer pricing". The General Communiqué on disguised profit distribution via transfer pricing, dated 18 November 2007 sets the implementation procedures of the law. If a tax payer enters into transactions regarding sale or purchase of goods and services with related parties, where the prices are not set in accordance with arms' length principle, then related profits are considered to be distributed in a disguised manner through transfer pricing. Such disguised profit distributions through transfer pricing are not accepted as tax deductible items for corporate income tax purposes.

Under the Turkish taxation system, tax losses can be carried forward to be offset against future taxable income for up to five years. Tax losses cannot be carried back. Furthermore, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns between 1-25 April following the close of the accounting year to which they relate. Tax authorities may, however, examine such returns and the underlying accounting records and may revise assessments within five years.

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns within four months following the close of the accounting year to which they relate. Tax returns are open for five years from the beginning of the year that follows the date of filing during which time the tax authorities have the right to audit tax returns, and the related accounting records on which they are based, and may issue re-assessments based on their findings.

The Turkish tax legislation does not permit a parent company and its subsidiaries to file a consolidated tax return. Therefore, provisions for taxes, as reflected in the accompanying consolidated financial statements, have been calculated on a separate-entity basis.

With the amendment made to the Corporate Tax Law on 15 July 2023, the 50% real estate sales gain exemption was abolished. However, this exemption will continue to be applied as 25% for the immovable properties purchased before the amendment date.

Tax recognized in profit or loss:

For the years ended 31 December, income tax expense comprised the following items:

	1 January- 31 December 2023	1 January- 31 December 2022
Current tax expense		
Current period	13,071	59,507
	13,071	59,507
Deferred tax benefit		
Originating and reversal of temporary differences	(16,326)	(7,558)
	(16,326)	(7,558)
Total tax expense	(3,255)	51,949

The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. Advance payments during the year are being deducted from the final tax liability computed over current period operations in accordance with related regulation for prepaid taxes on income. Accordingly, the current tax charge on income computed is not equal to the final tax liability appearing on the consolidated statement of financial position.

As of 31 December 2023, income tax payable (receivable) net comprised the following:

	1 January- 31 December 2023	1 January- 31 December 2022
Income tax payable as of 1 January	5,303	6,044
Taxes on income for the year	13,071	59,507
Utilization of tax incentive during the year	(6,717)	(22,136)
Income tax paid for the period	(24,461)	(38,113)
Income tax payable (receivable), net	(12,804)	5,303

Notes to the Consolidated Financial Statements

As at and for the Year Ended 31 December 2023

(All amounts are expressed in thousands of US Dollars ("USD") unless otherwise stated.)

10 Income tax (continued)*Reconciliation of effective tax rate*

The reported taxation charge for the years ended 31 December is different than the amounts computed by applying statutory tax rate to profit before tax as shown in the following reconciliation:

		2023		2022
Profit for the year		194,307		135,977
Total income tax	%	(3,255)	%	51,949
Profit before income tax		191,052		187,925
Income tax using the Group's domestic tax rate	(25.00)	(47,763)	(23.00)	(43,223)
Disallowable expenses		(14,627)		(7,250)
Tax exempt income		3,484		1,331
Effect of statutory inflation accounting		42,424		-
Effect of foreign currency translation and others		19,737		(2,808)
Total tax income / (expense)		3,255		(51,949)

Income tax recognized directly in other comprehensive income:

	1 January-31 December 2023	1 January-31 December 2022
Actuarial gain/loss	272	568
Total income tax recognized in equity	272	568

11 Property and equipment

Movements in property and equipment during the periods ended 31 December 2023 and 2022 are as follows:

	Machinery and equipment	Furniture and fixtures	Vehicles	Leasehold improvement	Construction in progress	Total
Cost						
Balance at 1 January 2022	137,575	12,928	21,099	107,849	9,627	289,078
Additions (*)	1,683	2,359	256	1,113	8,373	13,784
Disposals	(534)	(373)	(65)	--	--	(972)
Transfers	1,503	--	--	488	(959)	1,032
Balance at 31 December 2022	140,227	14,914	21,291	109,450	17,041	302,923
Balance at 1 January 2023	140,227	14,914	21,291	109,450	17,041	302,923
Additions (*)	6,752	2,263	337	861	37,188	47,401
Disposals	(1,559)	(35)	(34)	--	--	(1,629)
Transfers	634	--	--	--	(634)	--
Balance at 31 December 2023	146,054	17,141	21,593	110,311	53,595	348,695
Accumulated depreciation						
Balance at 1 January 2022	56,338	9,706	17,043	21,408	--	104,496
Additions (*)	9,055	2,053	1,464	4,533	--	17,105
Disposals	(532)	(366)	(65)	--	--	(963)
Balance at 31 December 2022	64,861	11,393	18,442	25,942	--	120,638
Balance at 1 January 2023	64,861	11,393	18,442	25,942	--	120,638
Additions (*)	9,187	1,673	1,192	4,645	--	16,698
Disposals	(1,343)	(31)	(34)	--	--	(1,407)
Balance at 31 December 2023	72,705	13,035	19,600	30,587	--	135,927
Carrying amounts						
At 1 January 2022	81,237	3,222	4,056	86,441	9,627	184,582
At 31 December 2022	75,366	3,520	2,849	83,508	17,041	182,285
At 1 January 2023	75,366	3,521	2,849	83,508	17,041	182,285
At 31 December 2023	73,348	4,107	1,993	79,724	53,595	212,768

(*) Additions to improvement and upgrading of existing infrastructure of TCDD born by the Company is transferred to intangible asset.

There is not any pledge on property and equipment.

As of 31 December 2023, total tangible depreciation expense recognized in cost of operating revenues and in general administrative expenses are amounted to USD 15,024 and USD 1,674 respectively (31 December 2022: USD 15,053 and USD 2,052).

12 Intangible assets

Movements in intangible assets during the years ended 31 December are as follows:

Cost	Rights	Port operation right	Total
Balance at 1 January 2022	5,194	876,102	881,296
Additions	262	1,715	1,977
Transfers	--	(1,032)	(1,032)
Balance at 31 December 2022	5,456	876,785	882,241
Balance at 1 January 2023	5,456	876,785	882,241
Additions	383	2,864	3,247
Balance at 31 December 2023	5,839	879,649	885,488
Accumulated amortization	Rights	Port operation right	Total
Balance at 1 January 2022	5,167	369,649	374,816
Additions	280	26,043	26,323
Balance at 31 December 2022	5,447	395,692	401,139
Balance at 1 January 2023	5,447	395,692	401,139
Additions	145	26,088	26,233
Balance at 31 December 2023	5,592	421,780	427,372
Carrying amounts	Rights	Port operation right	Total
At 1 January 2022	27	506,453	506,480
At 31 December 2022	9	481,093	481,102
At 1 January 2023	9	481,093	481,102
At 31 December 2023	247	457,869	458,116

The Group recognized an intangible asset amounting to USD 755,000 to the extent that it received the port operation right from TCDD to charge users of Mersin International Port. Additionally cumulative cost of improvement and upgrading of existing infrastructure of TCDD born by the Company is recognized as an intangible asset amounting to USD 2,864 (31 December 2022: USD 1,715).

As of 31 December 2023, amortization expense recognized in cost of operating revenues and in general administrative expenses are amounted to USD 26,088 and USD 145, respectively (31 December 2022: USD 26,043 and USD 280).

12 Intangible assets (continued)

Contractual obligations

The Group is subject to any terms and conditions of the Concession Agreement and its appendices entered into by the Group, Privatization Administration ("PA") and TCDD on 11 May 2007 for transfer of operating rights of the TCDD Mersin Port for 36 years. Under the Concession Agreement, the Group is obliged to fulfil the following obligations:

- to operate the port in accordance with the effective codes, legislation, regulations and any international agreements, guidelines and bilateral agreements recognized by Turkey, and to continue its activities in accordance with the instructions of the Maritime Undersecretariat and Mersin Port Directorate and resolution of other public bodies and authorities on port services;
- to supply and maintain any necessary bank guarantees in consideration any liabilities hereunder;
- to observe any reporting obligations;
- to ensure that any agreements signed in time of TCDD remain effective until their expiry date, provided that it is free to renew these agreements;
- to maintain any spaces allocated to public authorities in the body of the port exactly in current conditions, and if such spaces hinder any port activities as a result of investments, to move these spaces to any other place at the Operator's cost upon mutual consent of the parties and by notifying TCDD of this;
- to cover all necessary investments for purposes of keeping the port administration in said standards and to fulfil its obligations toward increase of capacity of the Port within 5 years following the signing date;
- to fulfil any obligations on obtaining any necessary licenses, permissions, etc. to perform any port services and activities;
- to determine any fee tariffs of the port services in a competitive understanding and under the current legislation and to avoid of any excessive pricing;
- to fulfil any obligations timely and completely on all taxes and duties of the Port, SSI Premiums of employees, Incomes, etc.;
- to allow any public inspection under the provisions of the Agreement;
- to observe any restriction on use of the plants;
- to fulfil any insurance obligations;
- to keep and report any accounting accounts and records to TCDD based on the cost separation principle;
- to maintain sustainability of public services and service standards;
- to implement maintenance and repairs of the plants;
- to accept responsibility for any damages, costs and losses incurred by third parties or caused by third parties again the Port; and
- to have any resolution on legal structure of the Company to be approved by TCDD.

The Group fulfilled their obligation on increase in capacity of the above-mentioned port in May 2012, and completed any official notification application for approval by the Administration.

Mersin Uluslararası Liman İşletmeciliği Anonim Şirketi and its Subsidiaries

Notes to the Consolidated Financial Statements

As at and for the Year Ended 31 December 2023

(All amounts are expressed in thousands of US Dollars ("USD") unless otherwise stated.)

13 Right of use assets

As of the balance sheet date, the details of the Group's items that are recognized in profit or loss of right of use are as follows:

	31 December 2023	31 December 2022
Amortization of assets subject to operating lease	(3,525)	(2,062)
Interest expenses from lease liabilities	(151)	(490)
	<u>(3,676)</u>	<u>(2,552)</u>

The movement of right of use assets for the reporting period is as follows:

Cost	Machinery and equipment	Land lease	Total
Opening balance as of 1 January 2023	334	39,852	40,186
Additions	2,613	3,128	5,741
Closing balance as of 31 December 2023	<u>2,947</u>	<u>42,980</u>	<u>45,927</u>
Accumulated depreciation			
Opening balance as of 1 January 2023	334	6,018	6,352
Charge for the period	183	3,342	3,525
Closing balance as of 31 December 2023	<u>517</u>	<u>9,360</u>	<u>9,877</u>
Net book value as of 31 December 2023	<u>2,430</u>	<u>33,620</u>	<u>36,050</u>
Cost	Machinery and equipment	Land lease	Total
Opening balance as of 1 January 2022	334	21,419	21,753
Additions	-	18,433	18,433
Closing balance as of 31 December 2022	<u>334</u>	<u>39,852</u>	<u>40,186</u>
Accumulated depreciation			
Opening balance as of 1 January 2022	318	3,972	4,290
Charge for the period	16	2,046	2,062
Closing balance as of 31 December 2022	<u>334</u>	<u>6,018</u>	<u>6,352</u>
Net book value as of 31 December 2022	<u>-</u>	<u>33,834</u>	<u>33,835</u>

Mersin Uluslararası Liman İşletmeciliği Anonim Şirketi and its Subsidiaries

Notes to the Consolidated Financial Statements

As at and for the Year Ended 31 December 2023

(All amounts are expressed in thousands of US Dollars ("USD") unless otherwise stated.)

13 Right of use assets (*continued*)

The Group has external land rental agreements and land usage permit agreements regarding the port areas mainly. Usage land permit periods of the areas that will expire in 2043, 2032, 2031 and 2025 regarding to agreements, are measured at their present value by reducing the borrowing rate by 5.3% for USD agreements and 22% for TL agreements. In the current period the Group had signed a lease contract for a new external land and has recognized a right of use asset accordingly amounting to USD 7,168.

	31 December 2023	31 December 2022
Short – term lease liabilities	5,517	315
Long – term lease liabilities	14,585	15,812
	20,102	16,127

As at 31 December 2023, depreciation expense amounting to USD 3,525 is related with right of use assets (31 December 2022: USD 2,062).

Finance costs	1 January 2023	Cash Flow In	Cash Flow Out	Non-Cash Flow	31 December 2023
Lease liabilities	16,127	--	(66)	4,041	20,102
Total	16,127	--	(66)	4,041	20,102

Finance costs	1 January 2022	Cash Flow In	Cash Flow Out	Non-Cash Flow	31 December 2022
Lease liabilities	9,555	--	(104)	6,676	16,127
Total	9,555	--	(104)	6,676	16,127

Mersin Uluslararası Liman İşletmeciliği Anonim Şirketi and its Subsidiaries

Notes to the Consolidated Financial Statements

As at and for the Year Ended 31 December 2023

(All amounts are expressed in thousands of US Dollars ("USD") unless otherwise stated.)

14 Trade and other receivables

Trade and other receivables as at 31 December 2023 and 31 December 2022 are as follows:

Non-current:	31 December 2023	31 December 2022
Prepaid expenses (***)	54,712	--
Due from related parties (*) (Note 23)	--	462,302
VAT receivable (**)	5,343	5,343
Allowance for VAT receivable (**)	(5,343)	(5,343)
	54,712	462,302
Current:	31 December 2023	31 December 2022
Trade receivables	19,808	17,134
VAT receivable	18,244	11,852
Prepaid expenses	3,396	5,667
Income accruals	1,104	765
Due from related parties (Note 23)	52	37
Allowance for doubtful receivables (-)	(484)	(488)
Other	186	77
	42,306	35,045

* The Group has signed loan agreements with the Group's shareholders on 25 October 2018, 22 April 2020 and 29 July 2021 according to designated "Upstream Loan Facility Agreement". The Group has lent respectively USD 270 million, USD 150 million and USD 150 million loan in total to the Group's shareholders pro rata of their shares, with 7 years maturity. The receivable is measured at amortized cost by effective interest rate method. The difference between nominal amount and amortized cost at inception is recorded under retained earnings net of deferred tax and presented in transactions with owners caption in consolidated statement of changes in equity. Subsequently, as a result of the application of the effective interest method, interest income is allocated over the expected life of the financial instrument. In March 2023, a new legislation on Restructuring of Public Receivables (Article #7440) was announced by the Revenue Administration of Turkey. The legislation included a new tax amnesty regime that allows companies to clean up their balance sheet through the write-off of long outstanding receivables from shareholders balances which are not the result of revenue-generating activities. The write-offs should be made against a one-off tax payment, at 3% of the outstanding receivables. Based on the outstanding loan balance, the one-off tax paid by MIP was amounting to USD 11,594 due from and receivables balance is derecognized through equity.

** The Group has applied the tax court to refund the VAT receivable in 2010. In July 2012, this lawsuit was rejected formally by the State of Council due to procedural reasons. According to opinion of the advisors, the Group applied to the tax office with a decision correction petition which was rejected. The Group appealed to Ministry of Finance and since Ministry of Finance does not reply, the Group applied to tax court which was rejected. After rejection by the tax court, the Group appealed to the Supreme Court. The Supreme Court has also rejected the lawsuit.

*** Majority of the amount consist of advances given by the Group to the contractor of civil works regarding the EMH2 project.

Mersin Uluslararası Liman İşletmeciliği Anonim Şirketi and its Subsidiaries

Notes to the Consolidated Financial Statements

As at and for the Year Ended 31 December 2023

(All amounts are expressed in thousands of US Dollars ("USD") unless otherwise stated.)

15 Deferred tax assets and liabilities

Recognized deferred tax assets and liabilities

Deferred tax assets and deferred tax liabilities as at 31 December 2023 and 31 December 2022 are attributable to the items detailed in the table below:

31 December 2023	Assets	Liabilities	Net
Property and equipment	--	(28,215)	(28,215)
Intangible assets	--	(101,377)	(101,377)
Loans and borrowings	--	3,283	3,283
Trade and other receivables	--	13,102	13,102
Trade and other payables	6,095	--	6,095
Others	12,036	--	12,036
Deferred tax asset / (liability)	18,131	(113,207)	(95,076)

31 December 2022	Assets	Liabilities	Net
Property and equipment	--	(9,733)	(9,733)
Intangible assets	--	(105,802)	(105,802)
Loans and borrowings	--	(1,740)	(1,740)
Trade and other receivables	--	(5,065)	(5,065)
Trade and other payables	8,848	--	8,848
Due from related parties	25,573	--	25,573
Others	1,818	--	1,818
Deferred tax asset / (liability)	36,239	(122,340)	(86,101)

Movements in temporary differences during the periods ended 31 December:

	1 January 2023	Recognised in profit or loss	Recognised in other comprehensive income / equity	31 December 2023
Property and equipment	(9,733)	(18,482)	--	(28,215)
Intangible assets	(105,802)	4,425	--	(101,377)
Loans and borrowings	(1,740)	5,023	--	3,283
Trade and other receivables	(5,065)	18,167	--	13,102
Trade and other payables	8,848	(2,753)	--	6,095
Due from related parties	25,573	--	(25,573)	--
Others	1,818	9,947	272	12,036
	(86,101)	16,326	(25,301)	(95,076)

	1 January 2022	Recognised in profit or loss	Recognised in other comprehensive income / equity	31 December 2022
Property and equipment	(11,894)	2,161	--	(9,733)
Intangible assets	(105,802)	--	--	(105,802)
Loans and borrowings	(1,088)	(652)	--	(1,740)
Trade and other receivables	(1,112)	(3,953)	--	(5,065)
Trade and other payables	4,288	4,560	--	8,848
Due from related parties	20,131	5,442	--	25,573
Others	1,250	--	568	1,818
	(94,227)	7,558	568	(86,101)

Mersin Uluslararası Liman İşletmeciliği Anonim Şirketi and its Subsidiaries

Notes to the Consolidated Financial Statements

As at and for the Year Ended 31 December 2023

(All amounts are expressed in thousands of US Dollars ("USD") unless otherwise stated.)

16 Cash and cash equivalents

Cash and cash equivalents as at 31 December 2023 and 31 December 2022 are as follows:

	31 December 2023	31 December 2022
Cash at banks	125,338	133,433
Time deposits (*)	121,034	130,895
Demand deposits	4,304	2,538
Cash on hand	5	5
Cash and cash equivalents	125,343	133,438

(*)As at 31 December 2023, the time deposits are comprised USD bank placements amounting to USD 119,282 (31 December 2022: USD 126,359) having interest rate of between 0.01 percent and 5.68 percent (31 December 2022: between 0.01 percent and 4.73 percent) with an original maturity up to one month (31 December 2022: up to one month), TL bank placement amounting to USD 1,322 (31 December 2022: USD 1,059) having interest rate between 11 percent and 24 percent with an original maturity up to one month (31 December 2022: between 6.00 percent and 14.00 percent) and EUR bank placement amounting to USD 430 (31 December 2022: USD 3,477) having interest rate around 0.01 percent with an original maturity up to one month (31 December 2022: interest rate around 1.45 percent with an original maturity up to one month).

As at 31 December 2023, there is no restriction on bank deposits.

17 Capital and reserves

a. Paid in capital

As at 31 December 2023, the authorized share capital of the Company consisted of 1,332,300 (31 December 2022: 1,332,300) registered shares having a nominal value of full TL 100 each.

As at 31 December 2023, the shareholding structure of the Company based on the number of shares is presented below:

	31 December 2023			31 December 2022		
	Paid in capital in TL	Number of shares	%	Paid in capital in TL	Number of shares	%
PSA Turkey Pte. Ltd.	67,947	679,473	51.00	67,947	679,473	51.00
Global InfraCo SP Neum SLU	51,960	519,597	39.00	51,960	519,597	39.00
Akfen Holding A.Ş.	13,323	133,230	10.00	13,323	133,230	10.00
	133,230	1,332,300	100.00	133,230	1,332,300	100.00
Paid in capital USD	100,000			100,000		

b. Legal reserve

The legal reserves consist of first and second legal reserves in accordance with the Turkish Commercial Code. The first legal reserve is appropriated out of the statutory profits at the rate of 5 percent, until the total reserve reaches a maximum of 20 percent of the entity's share capital. The second legal reserve is appropriated at the rate of 10 percent of all distributions in excess of 5 percent of the entity's share capital. The first and second legal reserves are not available for distribution unless they exceed 50 percent of the share capital but may be used to absorb losses in the event that the general reserve is exhausted. At 31 December 2023, legal reserves of the Group amount to USD 36,667 (31 December 2022: USD 36,667).

c. Dividends

At the Extraordinary General Assembly Meetings held on 24 February 2023 and 01 April 2023, management decided to distribute interim dividends amounting to TL 1,596,640 thousand (equivalent to USD 104,750) after having apart the reserves as per the Code and Articles of Association to the Company's shareholders pro rata of their shares. Dividend payments are made on 24 February 2023 and 28 April 2023.

Mersin Uluslararası Liman İşletmeciliği Anonim Şirketi and its Subsidiaries

Notes to the Consolidated Financial Statements

As at and for the Year Ended 31 December 2023

(All amounts are expressed in thousands of US Dollars ("USD") unless otherwise stated.)

18 Debt securities

As at 31 December 2023 and 31 December 2022, debt securities are as follows:

Non-current:	31 December 2023	31 December 2022
Debt securities	546,026	597,211
	546,026	597,211
Current:	31 December 2023	31 December 2022
Debt securities-interest payable	47,005	4,031
	47,005	4,031

As at 15 November 2023, the Company has issued bonds with maturity date on 15 November 2028 and nominal amount of USD 600,000 (issue price: 98.999 percent) at an interest rate of 8.25 percent to be paid in every six months and is listed on the Irish Stock Exchange to refinance outstanding USD 600,000 bonds that has been repaid on 16 November 2023 and 5 December 2023. Par value difference of existing bond amounting to USD 6,066 and prepaid transaction costs of USD 7,560 of debt securities is netted from the balance (31 December 2022: USD 713 and USD 3,203 respectively)

Finance costs	1 January 2023	Cash Flow In	Cash Flow Out	Non-Cash Flow	31 December 2023
Debt securities	601,242	600,000	(645,817)	37,606	593,031
Total	601,242	600,000	(645,817)	37,606	593,031
Finance costs	1 January 2022	Cash Flow In	Cash Flow Out	Non-Cash Flow	31 December 2022
Debt securities	598,753	--	(34,919)	37,408	601,242
Total	598,753	--	(34,919)	37,408	601,242

19 Trade and other payables

Trade and other payables as of 31 December 2023 and 31 December 2022 is as follows:

	31 December 2023	31 December 2022
Trade payables	8,067	1,933
Due to related parties (Note 23)	2,762	978
Other payables	11,220	11,032
	22,049	13,942

As of 31 December 2023, current trade payables mainly comprised of payables to suppliers for sub-contracting services and operating expenses.

As at 31 December other payables are as follows:

	31 December 2023	31 December 2022
Social security premium	7,354	4,479
Advance received on orders	3,866	4,470
Accrual for invoices	--	1,901
Payables to personnel	--	182
	11,220	11,032

Advances received on orders should be considered with the account receivables to present the net receivable/payable of the Group from/to its customers. The Group collects the consideration of all services that will be rendered with a certain security margin as an advance payment. After the service has been rendered, the Group pays that security margin back to the customer.

Mersin Uluslararası Liman İşletmeciliği Anonim Şirketi and its Subsidiaries

Notes to the Consolidated Financial Statements

As at and for the Year Ended 31 December 2023

(All amounts are expressed in thousands of US Dollars ("USD") unless otherwise stated.)

20 Provisions

For the years ended 31 December 2023 and 2022 movements of provision are as below:

	1 January - 31 December 2023				
	Sales				
	Bonus	discounts	Litigations	Others	Total
Balance at 1 January	770	10,490	466	2,802	14,528
Payment during the period	(780)	(10,490)	--	(2,802)	(14,072)
Addition during the period	416	11,222	--	10,683	22,320
Release during the period	--	--	(86)	--	(86)
	406	11,222	380	10,683	22,690

	1 January - 31 December 2022				
	Sales				
	Bonus	discounts	Litigations	Others	Total
Balance at 1 January	660	12,628	678	1,955	15,922
Payment during the period	(495)	(12,628)	--	(1,955)	(15,078)
Addition during the period	605	10,490	--	2,802	13,897
Release during the period	--	--	(212)	--	(212)
	770	10,490	466	2,802	14,528

21 Deferred income

As at 31 December deferred income is as follows:

Current:	31 December 2023	31 December 2022
Tax incentive deferred income (*)	5,606	8,865
	5,606	8,865

Non-current:	31 December 2023	31 December 2022
Tax incentive deferred income (*)	46,963	44,680
	46,963	44,680

(*) The Group has been granted with investment tax credits ("ITC") with respect to the certain investment expenditures. Such ITCs are evaluated within the scope of IAS 20 Government Grants standard by the Group. The government supports these investments with waiver of current tax expenses (corporate income tax) instead of direct cash payment. The incentive certificate has a limit up to TL 2,696 million with a government support of 35% which means TL 944 million tax advantage. As of 31 December 2023, the Group has utilized a tax advantage of TL 736 million (31 December 2022: TL 594 million) by waiving current tax. During the year ended 31 December 2023, the incentive income recognized in profit or loss as other income on a systematic and rational basis over the useful lives of the related assets is USD 7,692 (31 December 2022: USD 7,687). Remaining USD 52,569 portion (USD as short term 5,606, USD 46,963 as long term) is booked as deferred revenue as at 31 December 2023 (31 December 2022: USD 8,865 as short term, USD 44,680 as long term).

Mersin Uluslararası Liman İşletmeciliği Anonim Şirketi and its Subsidiaries

Notes to the Consolidated Financial Statements

As at and for the Year Ended 31 December 2023

(All amounts are expressed in thousands of US Dollars ("USD") unless otherwise stated.)

22 Employee benefits

Reserve for Employee Severance Indemnity

Under the Turkish Labor Law, the Company and its subsidiaries are required to pay termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause, is called up for military service, dies or who retires after completing 25 years of service (20 years for women) and reaches the retirement age (58 for women and 60 for men). Since the legislation was changed on 8 September 1999, there are certain transitional provisions relating to length of service prior to retirement.

Such payments are calculated on the basis of 30 days' pay maximum full TL 35,059 as at 31 December 2023 (equivalent to USD 1,191 as at 31 December 2023) (31 December 2022: full TL 19,982; (equivalent to USD 1,069 as at 31 December 2022); per year of employment at the rate of pay applicable at the date of retirement or termination. Reserve for retirement pay is computed and reflected in the financial statements at present value. The reserve has been calculated by estimating the present value of future probable obligation of the Company and its subsidiaries arising from the retirement of the employees. The calculation was based upon the retirement pay ceiling announced by the government.

The provision has been calculated by estimating the present value of the future probable obligation of the Company and its subsidiaries registered in Turkey arising from the retirement of employees. IFRSs require actuarial valuation methods to be developed to estimate the enterprise's obligation under defined benefit plans. Accordingly, the following actuarial assumptions were used in the calculation of the total liability:

The principal assumption is that the maximum liability for each year of service will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Consequently, in the accompanying consolidated financial statements as at 31 December 2023, the provision has been calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of the employees. The provision at 31 December 2023, has been calculated assuming an annual inflation rate of 8.09 percent and a discount rate of 14.37 percent resulting in a real discount rate of approximately 5.81 percent (31 December 2022: annual inflation rate of 19.13 percent and a discount rate of 22.52 percent resulting in a real discount rate of approximately 3.50 percent). It is planned that retirement rights will be paid to employees at the end of the concession period. Accordingly, present value of the future probable obligation has been calculated based on the concession periods.

For the years ended 31 December movements of reserve for severance indemnity are as below:

	<u>2023</u>	<u>2022</u>
Balance at 1 January	5,580	3,577
Interest cost	890	341
Service cost	621	597
Payments made during the period	(24)	(253)
Effects of changes in foreign exchange rate	(2,550)	(1,523)
Actuarial difference	1,090	2,840
Balance at period end	5,607	5,580

23 Related parties

For the purpose of the consolidated financial statements, the shareholders, key management personnel and the Board members, and in each case, together with their families and companies controlled by them; are considered and referred to as the related parties. A number of transactions are entered into with the related parties in the normal course of business.

23.1 *Transactions with key management personnel*

Key management costs included in general administrative expenses for the year ended 31 December 2023 amounts to USD 1,136 (31 December 2022: USD 899).

Mersin Uluslararası Liman İşletmeciliği Anonim Şirketi and its Subsidiaries

Notes to the Consolidated Financial Statements

As at and for the Year Ended 31 December 2023

(All amounts are expressed in thousands of US Dollars ("USD") unless otherwise stated.)

23 Related parties (continued)

23.2 Related party balances

As at 31 December 2023 and 31 December 2022, due from related parties comprised the following:

	31 December 2023	31 December 2022
Due from related parties - current		
PSA Antwerp NV	52	37
PSA Panama Pte. Ltd.	10	--
	62	37
Due from related parties - non current		
PSA Turkey Pte. Ltd.	--	256,415
Global Infracore SP Neum SLU	--	194,186
Akfen Holding A.Ş.	--	11,701
	--	462,302

As at 31 December 2023 and 31 December 2022, due to related parties comprised the following:

	31 December 2023	31 December 2022
Due to related parties		
PSA International Pte Ltd	1,143	978
Computer Software, Management, Operations and Services NV	1,619	--
	2,762	978

23.3 Related party transactions

For the years ended 31 December 2023 and 31 December 2022 transactions with related parties are summarized below:

	1 January- 31 December 2023	1 January- 31 December 2022
Cost of operating revenues		
Akfen Çevre ve Su Yatırım Yapım İşletme A.Ş.	26	18
	26	18

For the six months period ended 31 December 2023 and 31 December 2022 transactions with related parties are summarized below:

	1 January- 31 December 2023	1 January- 31 December 2022
Administrative and other expenses		
PSA International Pte Ltd (*)	13,000	10,992
PSA Antwerp NV	33	33
Meander Mersin Services.S.L.U.	75	75
PSA Invest E PTE. Ltd	75	75
PSA Invest T PTE. Ltd	75	75
PSA Invest K PTE. Ltd	75	75
PSA Invest R PTE. Ltd	75	75
PSA Invest U PTE. Ltd	75	75
Kestros Mersin Services.S.L.U.	75	75
Sarus Mersin Services.S.L.U.	75	75
Hamdi Akın	75	75
	13,784	11,774

(*) Comprised of royalty expenses charged by PSA International Ltd.

Mersin Uluslararası Liman İşletmeciliği Anonim Şirketi and its Subsidiaries

Notes to the Consolidated Financial Statements

As at and for the Year Ended 31 December 2023

(All amounts are expressed in thousands of US Dollars ("USD") unless otherwise stated.)

24 Financial instruments

Financial risk management

Overview

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

24.1 Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investments in debt securities.

The carrying amounts of financial assets and contract assets represent the maximum credit exposure.

Impairment losses / reversals on financial assets recognised in profit or loss are as follows:

	2023	2022
Impairment reversal on trade receivables arising from customers	14	527

The Group's exposure to credit risk is influenced mainly by the individual characteristic of each customer. However, the management also considers the demographic of the Group's customer base, including the default risk of the industry and country in which customers operate, as these factors may have an influence on credit risk. During the year ended 31 December 2023, approximately 38 percent (31 December 2022: 38 percent) of the Group's revenue was attributable to sales transaction with top five customer. However, geographically there is no concentration of credit risk.

The Group has a credit policy in place which establishes credit limits for customers and monitors their balances on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. Cash and fixed deposits are placed with banks and financial institutions which are regulated. Investments and transactions involving derivative financial instruments are allowed only with counter parties that are of certain credit standing.

Mersin Uluslararası Liman İşletmeciliği Anonim Şirketi and its Subsidiaries

Notes to the Consolidated Financial Statements

As at and for the Year Ended 31 December 2023

(All amounts are expressed in thousands of US Dollars ("USD") unless otherwise stated.)

24 Financial instruments (*continued*)

Financial risk management (continued)

24.1 Credit Risk (*continued*)

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is as follows:

(*) Cash on hand is excluded from cash and cash equivalents.

The Group's most significant five customer, accounts for USD 10,706 thousand of the trade and other receivables as at 31 December 2023 (31 December 2022: USD 11,355).

Comparative information under IFRS 9

An analysis of the credit quality of trade receivables that were neither past due nor impaired and the ageing of trade receivables that were past due but not impaired as at 31 December 2023 is as follows.

	Note	31 December 2023	31 December 2022
Cash and cash equivalents (*)	16	125,343	133,438
Trade receivables (net)	14	19,325	16,646
Due from related parties-current	23	62	37
Due from related parties-noncurrent	23	--	462,302
		144,730	612,424

Expected credit loss assessment for individual customers as at 1 January and 31 December 2023.

The Group uses an allowance matrix to measure the ECLs of trade receivables from individual customers, which comprise a very large number of small balances.

Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to write-off. Roll rates are calculated separately for exposures in different segments based on the following common credit risk characteristics – geographic region, age of customer relationship and type of product purchased.

Mersin Uluslararası Liman İşletmeciliği Anonim Şirketi and its Subsidiaries

Notes to the Consolidated Financial Statements

As at and for the Year Ended 31 December 2023

(All amounts are expressed in thousands of US Dollars ("USD") unless otherwise stated.)

24 Financial instruments (*continued*)

Financial risk management (continued)

24.1 Credit Risk (*continued*)

The following table provides information about the exposure to credit risk and ECLs for trade receivables from individual customers as at 31 December 2023.

	31 December 2023	31 December 2022
Neither past due nor impaired	11,532	9,505
Past due 1-30 days	6,495	5,809
Past due 31-90 days	845	859
Past due 91-365 days	504	510
	19,376	16,683

Loss rates are based on actual credit loss experience over the past three years.

Movements in the allowance for impairment in respect of trade receivables

The movement in the allowance for impairment in respect of trade receivables and contract assets during the year was as follows. Comparative amounts for 2023 and 2022 represent the allowance account for impairment losses under IFRS 9.

	2023	2022
Balance at 1 January	502	1,015
Addition	--	14
Impairment loss reversed	(14)	(527)
Balance at 31 December	488	502

The Company management has provided a provision amounting to USD 5,343 (31 December 2022: USD 5,343) (Note 14) for the non-recoverable amount of VAT receivable.

For the years ended 31 December the movement in the allowance for VAT is as follows:

	31 December 2023	31 December 2022
Balance at 1 January	5,343	5,343
	5,343	5,343

24.2 Liquidity Risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Mersin Uluslararası Liman İşletmeciliği Anonim Şirketi and its Subsidiaries

Notes to the Consolidated Financial Statements

As at and for the Year Ended 31 December 2023

(All amounts are expressed in thousands of US Dollars ("USD") unless otherwise stated.)

24 Financial instruments (continued)

Financial risk management (continued)

24.2 Liquidity Risk (continued)

Typically, the Group ensures that it has sufficient cash on demand to meet expected operational expenses for an acceptable period, including the servicing of financial obligations, this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

The following tables provide an analysis of financial liabilities of the Group into relevant maturity groupings based on the remaining periods to repayment:

		31 December 2023					
	Carrying amount	Contractual cash flow	Up to 6 months	6 to 12 months	1-2 years	2-5 years	More than 5 years
Debt securities	593,031	847,500	24,750	24,750	49,500	748,500	--
Trade and other payables	22,049	22,049	22,049	--	--	--	--
Lease liabilities	20,102	21,901	--	6,165	1,015	8,723	5,997
Non-derivative financial liabilities	635,182	891,450	46,799	30,915	50,515	757,223	5,997

		31 December 2022					
	Carrying amount	Contractual cash flow	Up to 6 months	6 to 12 months	1-2 years	2-5 years	More than 5 years
Debt securities	601,243	696,750	16,125	16,125	32,250	632,250	--
Trade and other payables	13,942	13,942	13,942	--	--	--	--
Lease liabilities	16,126	47,368	--	1,789	1,481	4,423	39,675
Non-derivative financial liabilities	631,311	758,060	30,067	17,914	33,731	636,673	39,675

Mersin Uluslararası Liman İşletmeciliği Anonim Şirketi and its Subsidiaries

Notes to the Consolidated Financial Statements

As at and for the Year Ended 31 December 2023

(All amounts are expressed in thousands of US Dollars ("USD") unless otherwise stated.)

24 Financial instruments (continued)

Financial risk management (continued)

24.3 Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

24.3.1 Currency Risk

The Group is exposed to currency risk on financials given denominated in a currency other than USD. The currencies giving rise to this risk is primarily Turkish Lira ("TL").

The Group is exposed to foreign currency risk on purchases and borrowings that are denominated in a currency other than USD. The currencies giving rise to this risk are primarily TL and Euro. At 31 December, the currency risk exposure of the Group in USD equivalents is as follows:

	31 December 2023			
	TL	EUR	Other	Total
Cash and cash equivalents	1,544	685	--	2,229
Trade and other receivable	2,522	4	--	2,526
Total foreign currency financial assets	127	689	--	4,755
Trade and other payables	2	(4,943)	(337)	(5,278)
Total foreign currency financial liabilities	2	(4,943)	(337)	(5,278)
Net exposure	129	(4,254)	(337)	(523)

	31 December 2022			
	TL	EUR	Other	Total
Cash and cash equivalents	319	2,590	--	2,909
Trade and other receivable	12,684	56	1	12,741
Total foreign currency financial assets	13,003	2,646	1	15,650
Trade and other payables	(4,431)	(1,687)	(506)	(6,623)
Total foreign currency financial liabilities	(4,431)	(1,687)	(506)	(6,623)
Net exposure	8,572	959	(505)	9,027

Sensitivity analysis

In managing currency risks the Group aims to reduce the impact of short-term fluctuations on the Group's earnings. Over the longer-term, however, permanent changes in foreign exchange rates will have an impact on profit.

A 10 percent weakening of USD against the following currencies at 31 December 2023 and 2022 would have increased / (decreased) profit or loss by the amount shown below. This analysis assumes that all other variables in particular interest rates, remain constant.

Mersin Uluslararası Liman İşletmeciliği Anonim Şirketi and its Subsidiaries

Notes to the Consolidated Financial Statements

As at and for the Year Ended 31 December 2023

(All amounts are expressed in thousands of US Dollars ("USD") unless otherwise stated.)

24 Financial instruments (continued)

Financial risk management (continued)

24.3 Market Risk (continued)

24.3.1 Currency Risk (continued)

	31 December 2023	31 December 2022
TL	407	857
Euro	(425)	96
Other	(34)	(51)
	(52)	902

A 10 percent strengthening of USD against the above currencies at 31 December 2023 and 2022 would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

24.3.2 Interest Rate Risk

The Group's exposure to changes in interest rates relates primarily to the Group's interest-earning financial assets and interest-bearing financial liabilities. The Group's objective is to maintain a balance of fixed and floating rate exposures as well as a balanced maturity period.

	31 December 2023	31 December 2022
Fixed rate instruments		
Financial assets	121,034	130,895
Financial liabilities	(593,031)	(601,243)

The tables below summarize average effective interest rates by major currencies for monetary financial instruments as at 31 December:

	31 December 2023	31 December 2022
Debt securities	8.25%	5.38%

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate of the reporting date would not affect profit or loss.

Mersin Uluslararası Liman İşletmeciliği Anonim Şirketi and its Subsidiaries

Notes to the Consolidated Financial Statements

As at and for the Year Ended 31 December 2023

(All amounts are expressed in thousands of US Dollars ("USD") unless otherwise stated.)

24 Financial instruments (*continued*)

Financial risk management (continued)

24.4 Capital management

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence; to sustain future development of the business and to maintain an optimal capital structure to reduce the cost of capital.

For the years ended 31 December, EBITDA margin of the Group is as below:

	31 December 2023	31 December 2022
Adjusted EBITDA (*)	273,124	249,440
Operating revenue	412,842	353,094
Adjusted EBITDA margin (%)	66.16	70.64

(*) Operating revenue - (Cost of operating revenues + General administrative expenses (including royalty paid to PSA)), all other expense/income figures are excluded from EBITDA calculation.

24.5 Fair values

Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation, and is best evidenced by a quoted market price.

The estimated fair values of financial instruments have been determined using available market information by the Group, and where it exists, using appropriate valuation methodologies. However, judgment is necessarily required to interpret market data to determine the estimated fair value. Turkey has shown signs of an emerging market and has experienced from time to time a significant decline in the volume of activity in its financial market. While the management of the Group has used available market information in estimating the fair values of financial instruments, the market information may not be fully reflective of the value that could be realized in the current circumstances.

The methods used in determining the fair values of financial instruments are discussed in Note 4.

The fair values of financial assets and liabilities, together with the carrying amounts shown in the consolidated statement of financial position, are as follows:

	31 December 2023	
	Carrying amount	Fair value
Cash and cash equivalents	125,343	125,343
Trade and other receivables	19,387	19,387
Debt securities non-current	(546,026)	(583,888)
Debt securities current	(47,005)	(50,264)
Trade and other payables	(22,049)	(22,049)
Lease liabilities	20,102	20,102
	(450,249)	(491,370)

Mersin Uluslararası Liman İşletmeciliği Anonim Şirketi and its Subsidiaries

Notes to the Consolidated Financial Statements

As at and for the Year Ended 31 December 2023

(All amounts are expressed in thousands of US Dollars ("USD") unless otherwise stated.)

24 Financial instruments (continued)

Financial risk management (continued)

24.5 Fair values (continued)

	31 December 2022	
	Carrying amount	Fair value
Cash and cash equivalents	133,438	133,438
Trade and other receivables	478,985	478,985
Debt securities non-current	(597,211)	(577,863)
Debt securities current	(4,390)	(4,390)
Trade and other payables	(13,942)	(13,942)
Lease liabilities	16,126	16,126
	13,006	32,355

(*) The fair values of debt securities are determined with reference to their quoted bid price at the reporting date.

25 Commitments and contingencies

The details of commitments and contingent liabilities arising in the ordinary course of business for the Group as at 31 December, is as follows:

Letters of guarantees given	31 December 2023	31 December 2022
Given to TCDD	22,881	22,881
Others	5,059	1,304
	27,940	24,185
Letters of bank guarantees ("LoG") obtained	31 December 2023	31 December 2022
LoG received from sub-contractors	1,833	4,635
LoG received from customers	16,648	13,914
LoG received from suppliers	71,656	6,076
	90,137	24,625

26 Subsequent events

None.