

**Mersin Uluslararası
Liman İşletmeciliği Anonim Şirketi
and its Subsidiaries**
Interim Condensed Consolidated
Financial Statements
As at and for the Six Months Period Ended
30 June 2024

16 September 2024
This report includes 23 pages of condensed consolidated
interim financial statements together with their
explanatory notes

Mersin Uluslararası Liman İşletmeciliği Anonim Şirketi and its Subsidiaries

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Mersin Uluslararası Liman İşletmeciliği Anonim Şirketi and its Subsidiaries

Interim Condensed Consolidated Statements of Financial Position as at 30 June 2024 and 31 December 2023
(Currency: Thousands of US Dollars (“USD”) unless otherwise stated)

	<i>Notes</i>	30 June 2024	31 December 2023
Assets			
Property and equipment	<i>11</i>	244,135	212,768
Intangible assets	<i>12</i>	445,446	458,116
Right-of-use assets	<i>11</i>	34,044	36,050
Trade and other receivables	<i>13</i>	63,036	54,712
Non-current assets		786,661	761,646
Inventories		10,602	9,428
Trade and other receivables	<i>13</i>	45,988	38,910
Prepaid expenses		3,947	3,396
Prepaid taxes	<i>10</i>	11,240	12,804
Cash and cash equivalents	<i>15</i>	171,126	125,343
Current assets		242,903	189,881
Total assets		1,029,564	951,527
Equity			
Share capital		100,000	100,000
Legal reserves		36,667	36,667
Retained earnings		71,808	3,736
Total equity		208,475	140,403
Liabilities			
Debt securities	<i>16</i>	547,792	546,026
Employee benefits		12,906	5,607
Deferred income		48,798	46,963
Lease liabilities (non-current)	<i>11</i>	18,406	14,585
Deferred tax liability	<i>14</i>	98,638	95,076
Non-current liabilities		726,540	708,257
Debt securities	<i>16</i>	46,999	47,005
Lease liabilities (current)	<i>11</i>	870	5,517
Trade and other payables	<i>17</i>	29,954	22,049
Provisions	<i>18</i>	11,110	22,690
Deferred income		5,616	5,606
Current liabilities		94,549	102,867
Total liabilities		821,089	811,124
Total equity and liabilities		1,029,564	951,527

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

Mersin Uluslararası Liman İşletmeciliği Anonim Şirketi and its Subsidiaries

Condensed Consolidated Interim Statement of Profit or Loss and Other Comprehensive Income as of and the six months period ended 30 June 2024
(Currency: Thousands of USD unless otherwise stated)

	<i>Notes</i>	1 January- 30 June 2024	1 January- 30 June 2023
Operating revenue	6	211,798	199,357
Construction revenue	12	753	1,707
Cost of operating revenue	7	(91,229)	(74,092)
Cost of construction	12	(753)	(1,707)
Gross profit		120,569	125,265
General administrative expense	7	(14,482)	(15,012)
Other income /(expense) -net		4,090	(6,744)
Results from operating activities		110,177	103,509
Finance income	8	5,647	3,336
Finance costs	8	(26,722)	(17,239)
Net finance costs		(21,075)	(13,903)
Profit before tax		89,102	89,606
Tax expense	10	(15,964)	3,118
Profit for the year		73,138	92,724
Other comprehensive income			
Actuarial loss		(6,430)	(1,086)
Income tax on other comprehensive income	10	1,364	217
Other comprehensive income for the year, net off tax		(5,066)	(869)
Total comprehensive income for the year		68,072	91,855

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

Mersin Uluslararası Liman İşletmeciliği Anonim Şirketi and its Subsidiaries

Condensed Consolidated Interim Statement of Changes in Equity

As at and for the Six Months Period Ended 30 June 2024

(Currency: Thousands of USD unless otherwise stated)

	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	--	--	92,724	92,724
Actuarial losses net off tax	--	--	(869)	(869)
Total comprehensive income for the period	--	--	91,855	91,855
Transactions with owners of the Group				
Dividend distribution	--	--	(104,750)	(104,750)
Reversal of upstream loan (*)	--	--	(487,875)	(487,875)
Total transactions with owners of the Group	--	--	(592,625)	(592,625)
Balances at 30 June 2023	100,000	36,667	(97,785)	38,882

	Paid-in capital	Legal reserve	Retained earnings	Total equity
Balances at 1 January 2024	100,000	36,667	3,736	140,403
Profit for the period	--	--	73,138	73,138
Actuarial losses net off tax	--	--	(5,066)	(5,066)
Total comprehensive income for the period	--	--	68,072	68,072
Balances at 30 June 2024	100,000	36,667	71,808	208,475

(*) The amount is related to the discount effect 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 13, with the derecognition of financial assets the initial discount effect on those assets have been reversed.

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

Mersin Uluslararası Liman İşletmeciliği Anonim Şirketi and its Subsidiaries

Condensed Consolidated Interim Statement of Cash Flows as at and for the Six Months Period Ended 30 June 2024

(Currency: Thousands of USD unless otherwise stated)

	Notes	1 January- 30 June 2024	1 January- 30 June 2023
Cash flows from operating activities			
Profit for the period		73,138	92,724
Adjustments for :			
Depreciation and amortization expense	7	24,892	23,344
Provision expenses	18	6,471	12,376
Net finance cost	8	21,075	13,903
Current tax expense	10	11,037	5,991
Deferred tax expense/(income)	10	4,927	(9,109)
Realization of tax incentive	9	(4,342)	(5,947)
Loss on disposal of tangible assets		--	172
Provision for employee benefits		1,588	901
<i>Change in:</i>		138,786	134,355
Trade and other receivables		(15,953)	(13,943)
Inventories		(1,175)	(130)
Trade and other payables		7,914	14,074
Cash generated from operating activities		129,572	134,356
Taxes paid		(3,150)	(21,238)
Payments made for the prior period's provision	18	(18,051)	(12,578)
Employee benefits paid		(31)	(604)
Net cash from operating activities		108,356	99,936
Cash flows from investing activities			
Interest received		4,131	3,140
Acquisition of property and equipment	11	(40,557)	(13,024)
Acquisition of intangible assets	12	(1,026)	(1,717)
Proceeds from disposal of property, plant and equipment	9	--	14
Net cash used in investing activities		(37,452)	(11,587)
Cash flows from financing activities			
Interest paid-debt securities		(24,750)	(16,125)
Dividends paid		--	(104,750)
Other financing activities		(355)	(928)
Payments of lease liabilities		(25,105)	(121,803)
Net cash used in financing activities		45,783	(33,454)
Net change in cash and cash equivalents		125,343	133,438
Cash and cash equivalents at 1 January		171,126	99,984
Cash and cash equivalents at period end	15	(24,750)	(16,125)

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

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Mersin Uluslararası Liman İşletmeciliği Anonim Şirketi and its Subsidiaries

Notes to the Condensed Consolidated Interim Financial Statements

As at and for the Six Months Period Ended 30 June 2024

Currency: Thousands of US Dollars (“USD”) unless otherwise stated

1 Reporting entity

Mersin Uluslararası Liman İşletmeciliği Anonim Şirketi (“the Company”) is a company domiciled in Turkey. The address of the Company’s registered office is Cami Şerif Mahallesi İsmet İnönü Bulvarı No: 13A 33060 Mersin, Turkey. These condensed consolidated interim financial statements (‘interim financial statements’) as at and for the six months ended 30 June 2024 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 and consultancy fees. 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 October 2017, 40% shares of Akfen Holding has been transferred to Global Infracore SP Neum SLU. As of 30 June 2024, and 31 December 2023 shareholder structure of the Company is as follows:

Shareholders	%	30 June 2024	%	31 December 2023
		USD		USD
PSA Turkey Pte. Ltd.	51.00	51,000,000	51.00	51,000,000
Global Infracore 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 30 June 2024, 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 30 June 2024, 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

As at 31 December 2023 details of the subsidiary 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 of 30 June 2024 is 2,198 (31 December 2023: 2,225).

Mersin Uluslararası Liman İşletmeciliği Anonim Şirketi and its Subsidiaries

Notes to the Condensed Consolidated Interim Financial Statements As at and for the Six Months Period Ended 30 June 2024

Currency: Thousands of US Dollars (“USD”) unless otherwise stated

2 Basis of accounting

(a) Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34 Interim 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 2023 (‘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 measurement

The condensed consolidated interim 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 condensed consolidated interim financial statements are presented in US Dollar (“USD”), is the Company’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 Company 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 condensed consolidated interim 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.

3 Changes in Significant Accounting Policies

The accounting policies applied in these condensed consolidated interim financial statements are the same as those applied in the last annual consolidated financial statements. The changes in accounting policies are also expected to be reflected in the Group’s consolidated financial statements as at and for the six months period ended 30 June 2024.

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Notes to the Condensed Consolidated Interim Financial Statements

As at and for the Six Months Period Ended 30 June 2024

Currency: Thousands of US Dollars (“USD”) unless otherwise stated

4 New and Amended International Financial Reporting Standards

a) Amendments that are mandatorily effective from 2024

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>
IFRS S1	<i>General Requirements for Disclosure of Sustainability-related Financial Information</i>
IFRS S2	<i>Climate-related Disclosures</i>

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 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 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 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.

IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information*

IFRS S1 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.

IFRS S2 *Climate-related Disclosures*

IFRS S2 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.

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*Notes to the Condensed Consolidated Interim Financial Statements
As at and for the Six Months Period Ended 30 June 2024*

Currency: Thousands of US Dollars ("USD") unless otherwise stated

4 New and Amended 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:

Amendments to IAS 21	<i>Lack of Exchangeability</i>
Amendments IFRS 9 and IFRS 7	<i>Regarding the Classification and Measurement of Financial Instruments</i>
IFRS 18 <i>Statements</i>	<i>Presentation and Disclosures in Financial Statements</i>
IFRS 19 <i>Disclosures</i>	<i>Subsidiaries without Public Accountability:</i>

Amendments to IAS 21 *Lack of Exchangeability*

The amendments contain guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not. Amendments are effective from annual reporting periods beginning on or after 1 January 2025.

Amendments to IFRS 9 and IFRS 7 *Regarding the Classification and Measurement of Financial Instruments*

The amendments address matters identified during the post-implementation review of the classification and measurement requirements of IFRS 9 Financial Instruments. Amendments are effective from annual reporting periods beginning on or after 1 January 2026.

IFRS 18 *Presentation and Disclosures in Financial Statements*

IFRS 18 includes requirements for all entities applying IFRS for the presentation and disclosure of information in financial statements. Effective for annual reporting periods beginning on or after 1 January 2027.

IFRS 19 *Subsidiaries without Public Accountability: Disclosures*

IFRS 19 specifies the disclosure requirements an eligible subsidiary is permitted to apply instead of the disclosure requirements in other IFRS Accounting Standards. Effective for annual reporting periods beginning on or after 1 January 2027.

The Group evaluates the effects of these standards, amendments and improvements on the consolidated financial statements.

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Currency: 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).

6 Operating revenue

For the six months periods ended 30 June 2024, revenue comprised the following:

	1 January- 30 June 2024	1 January- 30 June 2023
Container	174,210	162,097
Conventional cargo	24,262	26,142
Marine services	13,326	11,118
	211,798	199,357

7 Expenses by nature

For the six months periods ended 30 June, cost of operating revenue and general administrative expense comprised the following:

	1 January- 30 June 2024	1 January- 30 June 2023
Personnel expenses and contract services	48,134	38,539
Amortization and depreciation expenses	24,892	23,344
Power, fuel and maintenance expenses	4,963	5,411
Royalty expenses	6,614	6,275
Other direct charges and overhead expenses	21,108	15,535
	105,711	89,104

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As at and for the Six Months Period Ended 30 June 2024

Currency: Thousands of US Dollars ("USD") unless otherwise stated

8 Net finance costs

For the six months periods ended 30 June, net finance costs comprised the following:

	1 January- 30 June 2024	1 January- 30 June 2023
Finance income		
Interest income on bank deposits	4,131	3,140
Foreign exchange gain, net	1,516	196
	5,647	3,336
Finance costs		
Interest expense on debt securities	(26,343)	(17,166)
Interest expense on bank borrowings	(91)	(73)
IFRS 16 interest expense	(288)	--
	(26,722)	(17,239)
Net finance costs recognised in profit or loss	(21,075)	(13,903)

9 Other Income/ Expense

For the six months periods ended 30 June, net other income/ expense comprised the following:

	1 January- 30 June 2024	1 January- 30 June 2023
Other Income		
Income from Tax incentive realization	4,342	5,947
Gain on sale of tangible fixed assets	--	14
Other	356	1,032
	4,698	6,993
Other Expense		
Tax amnesty charge (Note 13)	--	(11,594)
Director fees expenses	(356)	(356)
Loss on sale of tangible fixed assets	--	(186)
Legal provision expenses	41	(68)
Retrospective withholding payment	(293)	(1,533)
Other	(608)	(13,737)
Net other income/ (expense) recognised in profit or loss	4,090	(6,744)

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10 Income tax

As of 30 June 2024, the rate of Corporate Tax applied in Turkey is 25% (2023: 25%).

According to the Law No. 7524 on Amendment of the Law on Collection Procedures of Public Receivables and Other Certain Laws has been promulgated in the Official Gazette dated July 28, 2023, and numbered 32620. The corporate income tax rate will be applied at the rate of 25% for the 2024 fiscal year.

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 taxpayer 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.

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.

Tax recognized in profit or loss

For the years ended 30 June, income tax expense comprised the following items:

	1 January- 30 June 2024	1 January- 30 June 2023
Current tax expense		
Current period	(11,037)	(5,991)
	(11,037)	(5,991)
Deferred tax (expense)/income		
Originating and reversal of temporary differences	(4,927)	9,109
	(4,927)	9,109
Total tax expense	(15,964)	3,118

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.

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Currency: Thousands of US Dollars ("USD") unless otherwise stated

10 Income tax (continued)

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.

Reconciliation of effective tax rate

The reported taxation charge for the six months periods 30 June 2024 and 2023 is different than the amounts computed by applying statutory tax rate to profit before tax as shown in the following reconciliation:

	2024	2023
Profit for the year	73,138	92,724
Total income tax	(15,964)	3,118
Profit before income tax	89,102	89,607
Income tax using the Group's domestic tax rate	(22,276)	(17,921)
Disallowable expenses	(1,910)	(7,822)
Translation effect of non-monetary equity items	8,222	28,861
	(15,964)	3,118

Income tax recognized directly in other comprehensive income:

	1 January- 30 June 2024	1 January- 30 June 2023
Actuarial gain/loss	1,364	217
Total income tax recognized in equity	1,364	217

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Currency: Thousands of US Dollars ("USD") unless otherwise stated

11 Property, equipment and right of use assets

Movements in property and equipment during the periods ended 30 June 2024 and 2023 are as follows:

	Machinery and equipment	Furniture and fixtures	Vehicles	Leasehold improvement	Construction in progress	Total
Cost						
Balance at 1 January 2023	140,227	14,914	21,291	109,450	17,041	302,923
Additions (*)	1,198	1,060	--	506	10,260	13,024
Disposals	(948)	(29)	(34)	--	--	(1,011)
Transfers	20	613	--	--	(633)	--
Balance at 30 June 2023	140,497	16,558	21,257	109,956	26,668	314,936
Balance at 1 January 2024	146,054	17,141	21,593	110,311	53,595	348,695
Additions (*)	6,972	1,541	7,235	2,060	22,749	40,557
Disposals	(408)	(91)	--	(4)	--	(503)
Transfers	--	--	--	--	--	--
Balance at 30 June 2024	152,618	18,591	28,828	112,367	76,344	388,748
Accumulated depreciation						
Balance at 1 January 2023	64,861	11,393	18,442	25,942	--	120,638
Additions (*)	4,251	827	607	2,771	--	8,456
Disposals	(767)	(24)	(34)	--	--	(825)
Balance at 30 June 2023	68,345	12,196	19,015	28,713	--	128,269
Balance at 1 January 2024	72,705	13,035	19,600	30,587	--	135,927
Additions (*)	4,836	1,010	982	2,361	--	9,190
Disposals	(408)	(91)	--	(4)	--	(503)
Transfers	--	--	--	--	--	--
Balance at 30 June 2024	77,133	13,954	20,582	32,944	--	144,613
Carrying amounts						
At 1 January 2023	75,366	3,521	2,849	83,508	17,041	182,285
At 30 June 2023	72,152	4,362	2,242	81,243	26,668	186,667
At 1 January 2024	73,348	4,107	1,993	79,724	53,595	212,768
At 30 June 2024	75,485	4,637	8,245	79,423	76,344	244,135

(*) 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.

The Group recognized USD 33,044 thousands of right-of-use assets and USD 19,276 thousands of lease liabilities (31 December 2023: USD 32,605 and USD 15,289 respectively). As of 30 June 2024, depreciation expense amounting to USD 2,006 is related with right of use assets and recognized in cost of operating revenues (30 June 2023: USD 1,636)

As of 30 June 2024, total tangible depreciation expense recognized in cost of operating revenues and in general administrative expenses are amounted to USD 8,180 and USD 1,009 respectively (30 June 2023: USD 7,630 and USD 826).

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12 Intangible assets

Movements in intangible assets during the periods ended 30 June 2024 and 2023 are as follows:

Cost	Rights	Port operation right	Total
Balance at 1 January 2023	5,456	876,785	882,241
Additions	10	1,707	1,717
Balance at 30 June 2023	5,466	878,492	883,958
Balance at 1 January 2024	5,839	879,649	885,488
Additions	273	753	1,026
Balance at 30 June 2024	6,112	880,402	886,514
Accumulated Amortization	Rights	Port operation right	Total
Balance at 1 January 2023	5,446	395,692	401,138
Additions	1	13,251	13,252
Balance at 30 June 2023	5,447	408,943	414,390
Balance at 1 January 2024	5,592	421,780	427,372
Additions	110	13,587	13,697
Balance at 30 June 2024	5,702	435,367	441,069
Carrying amounts	Rights	Port operation right	Total
At 1 January 2023	10	481,092	481,102
At 30 June 2023	19	469,549	469,568
At 1 January 2024	247	457,869	458,116
At 30 June 2024	411	445,035	445,446

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 753 (30 June 2023: USD 1,707).

As of 30 June 2024, amortization expense recognized in cost of operating revenues and in general administrative expenses are amounted to USD 13,393 and USD 304, respectively (30 June 2023: USD 13,137 and USD 115).

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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 against 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.

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13 Trade and other receivables

Trade and other receivables as at 30 June 2024 and 31 December 2023 are as follows:

Non-current:	30 June 2024	31 December 2023
Prepaid expenses	63,036	54,712
VAT receivable (*)	5,343	5,343
Allowance for VAT receivable	(5,343)	(5,343)
	63,036	54,712

Current:	30 June 2024	31 December 2023
Trade receivables	22,406	19,808
VAT receivable	22,327	18,244
Prepaid expenses	3,947	3,396
Income accruals	1,352	1,104
Due from related parties (Note: 19)	139	52
Allowance for doubtful receivables (-)	(484)	(484)
Other	248	186
	49,935	42,306

* 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.

Therefore, for the period between May 2007 and June 2024, the Company management has recognized a provision amounting to USD 5,343 (31 December 2023: USD 5,343).

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14 Deferred tax assets and liabilities

Recognized deferred tax assets and liabilities

Deferred tax assets and deferred tax liabilities as at 30 June 2024 and 31 December 2023 are attributable to the items detailed in the table below:

30 June 2024	Assets	Liabilities	Net
Property and equipment	--	(37,064)	(37,064)
Intangible assets	--	(100,329)	(100,329)
Loans and borrowings	--	3,283	3,283
Trade and other receivables	--	15,994	15,994
Trade and other payables	4,665	--	4,665
Tax losses carried forward	--	--	--
Others	14,812	--	14,812
Deferred tax asset / (liability)	19,477	(118,116)	(98,638)

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)

Movements in temporary differences during the periods ended 30 June:

	1 January 2024	Recognised in profit or loss	Recognised in other comprehensive income	30 June 2024
Property and equipment	(28,215)	(8,849)	--	(37,064)
Intangible assets	(101,377)	1,048	--	(100,329)
Loans and borrowings	3,283	--	--	3,283
Trade and other receivables	13,102	2,892	--	15,994
Trade and other payables	6,095	(1,430)	--	4,665
Others	12,036	1,412	1,364	14,812
	(95,076)	(4,927)	1,364	(98,638)

	1 January 2023	Recognised in profit or loss	Recognised in other comprehensive income	30 June 2023
Property and equipment	(9,733)	(24)	--	(9,757)
Intangible assets	(105,802)	327	--	(105,475)
Loans and borrowings	(1,740)	(118)	--	(1,858)
Trade and other receivables	(5,065)	(504)	--	(5,569)
Trade and other payables	8,848	(950)	--	7,898
Due from related parties	25,573	--	(25,573)	--
Tax losses carried forward	--	10,505	--	10,505
Others	1,818	(127)	217	1,907
	(86,101)	9,109	(25,356)	(102,349)

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15 Cash and cash equivalents

Cash and cash equivalents as at 30 June 2024 and 31 December 2023 are as follows:

	<u>30 June 2024</u>	<u>31 December 2023</u>
Cash at banks	171,119	125,338
Time deposits (*)	164,065	121,034
Demand deposits	7,054	4,304
Cash on hand	7	5
Cash and cash equivalents	<u>171,126</u>	<u>125,343</u>

(*)As at 30 June 2024, the time deposits are comprised USD bank placements amounting to USD 159,737 (31 December 2023: USD 119,282) having interest rate of between 0.01 percent and 5.46 percent (31 December 2023: between 0.01 percent and 5.68 percent) with an original maturity up to one month (31 December 2023: up to one month), TL bank placement amounting to USD 3,912 (31 December 2023: USD 1,322) having interest rate between 32 percent and 35 percent with an original maturity up to one month (31 December 2023: between 11.00 percent and 24.00 percent) and EUR bank placement amounting to USD 416 (31 December 2023: USD 430) having interest rate around 0.01 percent with an original maturity up to one month (31 December 2023: interest rate around 0.01 percent with an original maturity up to one month).

As at 30 June 2024, there is no restriction on bank deposits.

16 Debt securities

As at 30 June 2024 and 31 December 2023, debt securities are as follows:

Non-current:	<u>30 June 2024</u>	<u>31 December 2023</u>
Debt securities	547,792	546,026
	<u>547,792</u>	<u>546,026</u>
Current:	<u>30 June 2024</u>	<u>31 December 2023</u>
Debt securities-interest payable	46,999	47,005
	<u>46,999</u>	<u>47,005</u>

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 5,255 and prepaid transaction costs of USD 6,742 of debt securities is netted from the balance (31 December 2023: USD 6,066 and USD 7,560 respectively).

Finance costs	<u>1 January 2024</u>	<u>Cash Flow In</u>	<u>Cash Flow Out</u>	<u>Non-Cash Flow</u>	<u>30 June 2024</u>
Debt securities	593,031	--	(24,750)	26,510	594,791
Total	<u>593,031</u>	<u>--</u>	<u>(24,750)</u>	<u>26,510</u>	<u>594,791</u>
Finance costs	<u>1 January 2023</u>	<u>Cash Flow In</u>	<u>Cash Flow Out</u>	<u>Non-Cash Flow</u>	<u>31 December 2023</u>
Debt securities	601,242	600,000	(645,817)	37,606	593,031
Total	<u>601,242</u>	<u>600,000</u>	<u>(645,817)</u>	<u>37,606</u>	<u>593,031</u>

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17 Trade and other payables

Trade and other payables as of 30 June 2024 and 31 December 2023 is as follows:

	30 June 2024	31 December 2023
Trade payables	13,460	8,067
Due to related parties (Note 19)	2,677	2,762
Other payables	13,817	11,220
	29,954	22,049

As of 30 June 2024, current trade payables mainly comprised of payables to suppliers for sub-contracting services and operating expenses.

18 Provisions

For the years ended 30 June 2024 and 2023 movements of provision are as below:

	1 January - 30 June 2024				
	Sales				
	Bonus	discounts	Litigations	Others	Total
Balance at 1 January	406	11,222	380	10,683	22,690
Payment during the period	(504)	(10,567)	--	(6,981)	(18,051)
Addition during the period	248	4,411	11	1,945	6,615
Release during the period	--	--	(144)	--	(144)
	150	5,067	247	5,647	11,110
	1 January - 30 June 2023				
	Sales				
	Bonus	discounts	Litigations	Others	Total
Balance at 1 January	770	10,490	466	2,802	14,528
Payment during the period	(267)	(9,296)	--	(3,015)	(12,578)
Addition during the period	220	6,465	69	6,279	13,033
Release during the period	(513)	--	(144)	--	(657)
	210	7,659	391	6,066	14,326

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19 Related parties

For the purpose of the consolidated interim 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.

19.1 Related party balances

As at 30 June 2024 and 31 December 2023, due from related parties comprised the following:

Due from related parties – current	30 June 2024	31 December 2023
PSA Antwerp NV	139	52
PSA Panama Pte. Ltd.	--	10
	139	62

As at 30 June 2024 and 31 December 2023, due to related parties comprised the following:

Due to related parties	30 June 2024	31 December 2023
PSA International Pte Ltd	2,677	1,143
Computer Software, Management, Operations and Services NV	--	1,619
	2,677	2,762

19.2 Related party transactions

For the six months period ended 30 June 2024 and 30 June 2023 transactions with related parties are summarized below:

Cost of operating revenues	1 January- 30 June 2024	1 January- 30 June 2023
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	--	9

For the six months period ended 30 June 2024 and 30 June 2023 transactions with related parties are summarized below:

Administrative and other expenses	1 January- 30 June 2024	1 January- 30 June 2023
PSA International Pte Ltd (*)	6,614	6,275
PSA Antwerp NV	5	197
Meander Mersin Services.S.L.U.	47	47
PSA Invest E PTE. Ltd	38	38
PSA Invest T PTE. Ltd	38	38
PSA Invest K PTE. Ltd	38	38
PSA Invest R PTE. Ltd	38	38
PSA Invest U PTE. Ltd	38	38
Kestros Mersin Services.S.L.U.	38	38
Sarus Mersin Services.S.L.U.	38	38
Hamdi Akın	46	46
	6,978	6,831

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

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20 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.

20.1 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.

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:

	30 June 2024						
	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	594,791	847,500	24,750	24,750	49,500	748,500	--
Trade and other payables (*)	29,954	29,954	8,986	5,991	14,977	--	--
Lease liabilities	19,276	13,715	--	631	784	2,342	9,958
Non-derivative financial liabilities	644,021	891,169	33,736	31,372	65,261	750,842	9,958
	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

(*) Non-financial instruments such as provision, advances received, and accruals are excluded from trade and other payables.

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20 Financial instruments (continued)

Financial risk management (continued)

20.2 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 periods ended 30 June, Adjusted EBITDA margins of the Group are as below:

	30 June 2024	30 June 2023
Adjusted EBITDA (*)	130,979	133,597
Operating revenue	211,798	199,357
Adjusted EBITDA margin (%)	61.84	67.01

(*) The Company defines Adjusted EBITDA as profit for the period before net finance costs, income tax expense, amortization, and depreciation charges (including depreciation expenses of operating leases in the scope of IFRS 16 for 2024 period) and other expense/income. Management believes Adjusted EBITDA facilitates operating performance comparisons from period to period and company to company by eliminating potential differences caused by currency fluctuations (affecting exchange gains and losses), variations in capital structures (affecting interest income and expense), tax positions (such as the impact on periods or companies of change in effective tax rates or net operating losses) and the age and book value of tangible and intangible assets (affecting related depreciation and amortization expense).

(*) While the presentation of these non-IFRS measures is helpful to investors because these and other similar measures are widely used by certain investors, security analysts and other interested parties as supplemental measures of performance and liquidity, investors should not construe these non-IFRS measures as an alternative to profit or to cash flows from operations. In addition, the EBITDA of the Company may not be comparable to similarly titled measures used by other companies.

Adjusted EBITDA reconciliation, for the periods ended 30 June:

	1 January- 30 June 2024	1 January- 30 June 2023
Profit for the year	73,138	92,724
Net finance costs	21,075	13,903
Income tax expense/ (income)	15,964	(3,118)
Amortization and depreciation charges	24,892	23,344
Other expense /(income)	(4,090)	6,744
Adjusted EBITDA	130,979	133,597

21 Subsequent events

None.