COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

147212

COMPANY NAME

INTERNATIONAL CONTAINER TERMINAL SERVICES, INC. AND SUBSIDIARIES

PRINCIPAL OFFICE *(No. / Street / Barangay / City / Town / Province)*

ICTSI ADMINISTRATION BUILDING, MANILA INTERNATIONAL CONTAINER TERMINAL, SOUTH ACCESS ROAD, MANILA

Form Type	Department requiring the report	Secondary License Type, If Applicable
17-A	CRMD	N/A

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number	Mobile Number
ictsi.ir@ictsi.com	8245-4101	09285031362

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
1,338	04/15	12/31

CONTACT PERSON INFORMATION

The designated contact person ***MUST*** be an Officer of the Corporation

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Arlyn L. McDonald	alacanienta@ictsi.com	8245-4101	09178454608

CONTACT PERSON's ADDRESS

3F ICTSI Administration Building, Manila International Container Terminal, South Access Road, Manila

NOTE 1 : *In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.*

2 : *All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.*

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES

International Container Terminal Services, Inc.

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS

The management of International Container Terminal Services, Inc. (the Company) is responsible for the preparation and fair presentation of the consolidated financial statements including the schedules attached therein, as of and for the years ended December 31, 2021, 2022 and 2023, in accordance with Philippine Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

Enrique K. Razon, Jr. Chairman and President	**Emilio Manuel V. Pascua** Senior Vice President, Chief Financial Officer, and Chief Risk Officer	**Arlyn L. McDonald** Vice President, Global Financial Controller

Signed this 28th day of February 2024.

SUBSCRIBED AND SWORN to before me this 28th day of February 2024 affiants personally appeared before me, exhibiting to me their respective government issued identification cards with photographs as follows:

NAMES	PASSPORT NO.	DATE OF ISSUE	PLACE OF ISSUE
Enrique K. Razon, Jr.	P6820100A	19 April 2018	Manila
Emilio Manuel V. Pascua	P5670006A	18 January 2018	Manila
Arlyn L. McDonald	P9344651B	25 March 2022	Manila

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Page No. 2
Book No. 44
Series of 2024.

ATTY. MANUEL A. RODRIGUEZ II
Notary Public-Until Dec. 31, 2024
Notarial Commission No. 2023-062
2nd Floor Midland Plaza Hotel, Adriatico St., Ermita Mla
IBP No. 258143-Nov. 3, 2022 for 2023-Pasig City
PTR NO. 0822025 - Jan. 3, 2023-Manila
MCLE NO. VII-0005642- 12/3/2021-until 2025 Roll NO. 687??

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

Tel: (632) 8891 0307
Fax: (632) 8819 0872
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INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors
International Container Terminal Services, Inc.
ICTSI Administration Building, Manila International
Container Terminal South Access Road, Manila

Opinion

We have audited the consolidated financial statements of International Container Terminal Services, Inc. (ICTSI) and its subsidiaries (the Group), which comprise the consolidated balance sheets as at December 31, 2021, 2022 and 2023, and the consolidated statements of income, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2021, 2022 and 2023, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period then ended in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

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

Key Audit Matters

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

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

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Building a better working world

Impairment Testing of Goodwill and Nonfinancial Assets with Impairment Indicators

Under PFRSs, the Group is required to annually perform an impairment test of the carrying amounts of its goodwill. When indicators of impairment exist, the Group is also required to test for impairment its other nonfinancial assets. The impairment testing is significant to our audit because the carrying amount of goodwill and nonfinancial assets with impairment indicators of certain subsidiaries aggregating to US$168.1 million as of December 31, 2023 is material to the consolidated financial statements. In addition, management's assessment process involves significant judgment and estimation based on assumptions which are affected by market or economic conditions in the country where the cash-generating unit (CGU) operates. For value-in-use calculation of certain CGUs, the assumptions used in the forecasted free cash flows include forecasted revenue growth, earnings before interest, tax, depreciation and amortization (EBITDA) margins at the CGU level, capital expenditures and weighted average cost of capital.

The Group's disclosures about the impairment testing of goodwill and other nonfinancial assets are included in Notes 3, 10 and 11 to the consolidated financial statements.

Audit Response

We involved our internal specialist to assist us in evaluating the assumptions and methodologies used by the Group in determining recoverable amount, which is the higher of value-in-use and fair value less costs of disposal. For the value-in-use calculation of CGUs, the assumptions used in the forecasted free cash flows include revenue growth, EBITDA margins at the CGU level, capital expenditures and weighted average cost of capital. We reviewed the bases and assumptions for estimates of free cash flows, particularly those relating to the forecasted revenue growth and EBITDA margins at the CGU level, by comparing against historical performance of the CGU, or comparable country, regional or global market data or against the historical performance of other subsidiaries of the Group in the region. We tested the parameters used in the determination of the discount rate against market data. We also reviewed the Group's disclosures about those assumptions to which the outcome of the impairment test is most sensitive, specifically those that have the most significant effect on the determination of the recoverable amount of the goodwill and other nonfinancial assets. We also tested the mathematical accuracy of the calculation.

Recognition and Measurement of Deferred Income Taxes

The Group operates port terminals in nineteen (19) countries through several domestic and foreign subsidiaries that are governed by varying and complex income tax laws and regulations. Accordingly, management's assessment process for the recognition and measurement of deferred tax assets and liabilities involves the exercise of significant judgments and estimations using assumptions that are sensitive to future market or economic conditions as well as the forecasted performance of the relevant subsidiaries in the Group. As of December 31, 2023, the Group recognized deferred tax assets amounting to US$408.7 million and deferred tax liabilities amounting to US$273.5 million.

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

Audit Response

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

Other Information

Management is responsible for the other information. The other information comprises the SEC Form 17-A for the year ended December 31, 2023 but does not include the consolidated financial statements and our auditor's report thereon, which we obtained prior to the date of this auditor's report, and the SEC Form 20 IS (Definitive Information Statement) and Annual Report for the year ended December 31, 2023, which is expected to be made available to us after that date.

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

In connection with our audits of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

SYCIP GORRES VELAYO & CO.

Roel E. Lucas

Roel E. Lucas
Partner
CPA Certificate No. 98200
Tax Identification No. 191-180-015
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
BIR Accreditation No. 08-001998-095-2022, November 7, 2022, valid until November 6, 2025
PTR No. 10079958, January 6, 2024, Makati City

February 28, 2024

INTERNATIONAL CONTAINER TERMINAL SERVICES, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	As at December 31		
	2021	2022	**2023**
ASSETS			
Noncurrent Assets			
Intangibles (Notes 1, 5 and 25)	US$2,077,304,536	US$2,407,343,955	**US$2,389,063,462**
Property and equipment (Notes 1, 6, and 16)	1,510,840,297	1,655,697,582	**1,845,693,951**
Right-of-use assets (Notes 1, 7 and 25)	664,266,147	723,831,838	**916,366,357**
Investment properties (Note 8)	6,374,130	5,809,337	**5,633,749**
Investments in and advances to joint ventures and associate (Notes 1, 9 and 23)	449,201,522	250,265,699	**271,502,661**
Deferred tax assets (Note 22)	337,753,614	392,885,603	**408,653,279**
Other noncurrent assets (Notes 1, 10, 27 and 28)	323,172,170	352,988,089	**195,859,476**
Total Noncurrent Assets	5,368,912,416	5,788,822,103	**6,032,772,935**
Current Assets			
Cash and cash equivalents (Notes 1, 12, 27 and 28)	657,593,529	838,939,670	**716,104,043**
Receivables (Notes 1, 13, 27 and 28)	135,012,389	157,911,285	**182,507,225**
Spare parts and supplies (Note 1)	42,166,135	52,868,258	**55,822,377**
Prepaid expenses and other current assets (Notes 1, 14, 27 and 28)	62,775,308	207,450,090	**247,454,041**
Derivative assets (Notes 27 and 28)	–	7,628,298	**10,198,303**
Total Current Assets	897,547,361	1,264,797,601	**1,212,085,989**
	US$6,266,459,777	US$7,053,619,704	**US$7,244,858,924**
EQUITY AND LIABILITIES			
Equity Attributable to Equity Holders of the Parent			
Capital stock:			
Preferred stock (Note 15)	US$236,222	US$236,222	**US$236,222**
Common stock (Note 15)	67,330,188	67,330,188	**67,330,188**
Additional paid-in capital (Notes 15 and 20)	572,814,879	573,980,749	**577,430,605**
Cost of shares held by subsidiaries (Note 15)	(72,492,481)	(72,492,481)	**(72,492,481)**
Treasury shares (Notes 15 and 20)	(12,481,187)	(39,991,203)	**(38,330,159)**
Excess of consideration over the carrying value of non-controlling interests acquired or disposed (Notes 1 and 15)	(171,875,534)	(172,684,906)	**(169,922,520)**
Retained earnings (Note 15)	346,227,001	687,449,513	**799,685,565**
Perpetual capital securities (Note 15)	795,224,279	583,162,965	**583,162,965**
Other comprehensive loss - net (Notes 9, 10, 15, 24 and 27)	(203,295,485)	(198,410,686)	**(154,358,265)**
Total equity attributable to equity holders of the parent	1,321,687,882	1,428,580,361	**1,592,742,120**
Equity Attributable to Non-controlling Interests (Note 15)	189,891,121	298,091,602	**312,425,668**
Total Equity	1,511,579,003	1,726,671,963	**1,905,167,788**
Noncurrent Liabilities			
Long-term debt - net of current portion (Notes 1, 6, 16, 27 and 28)	2,068,771,450	1,693,953,701	**1,990,036,959**
Concession rights payable - net of current portion (Notes 1, 25, 27 and 28)	711,846,090	740,188,980	**742,334,740**
Lease liabilities - net of current portion (Notes 1, 7, 25 and 28)	1,253,371,229	1,328,112,398	**1,571,022,387**
Deferred tax liabilities (Notes 1 and 22)	182,930,636	262,345,660	**273,522,534**
Other noncurrent liabilities (Notes 1, 17, 24, 27 and 28)	41,844,164	36,517,230	**47,157,301**
Total Noncurrent Liabilities	4,258,763,569	4,061,117,969	**4,624,073,921**
Current Liabilities			
Loans payable (Notes 18, 27 and 28)	5,032,970	337,020,000	**139,562,649**
Accounts payable and other current liabilities (Notes 1, 19, 23, 27 and 28)	321,863,798	392,329,036	**412,135,523**
Current portion of long-term debt (Notes 1, 6, 16, 27 and 28)	76,836,083	439,893,717	**42,389,052**
Current portion of concession rights payable (Notes 1, 25, 27 and 28)	11,188,766	14,227,765	**14,682,499**
Current portion of lease liabilities (Notes 1, 7, 25 and 28)	29,223,519	25,585,758	**41,877,334**
Income tax payable (Notes 1 and 22)	46,411,741	56,773,496	**64,970,158**
Derivative liabilities (Notes 17, 27 and 28)	5,560,328	–	**–**
Total Current Liabilities	496,117,205	1,265,829,772	**715,617,215**
Total Liabilities	4,754,880,774	5,326,947,741	**5,339,691,136**
	US$6,266,459,777	US$7,053,619,704	**US$7,244,858,924**

See accompanying Notes to Consolidated Financial Statements.

INTERNATIONAL CONTAINER TERMINAL SERVICES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

	Years Ended December 31		
	2021	2022	**2023**
INCOME			
Gross revenues from port operations (Notes 4 and 25)	US$1,865,020,500	US$2,242,991,855	**US$2,388,326,383**
Interest income (Notes 12 and 23)	22,213,250	39,052,181	**57,976,544**
Foreign exchange gain (Note 28)	8,109,442	14,471,422	**10,489,189**
Equity in net profit of joint ventures and an associate - net (Note 9)	–	1,986,758	**–**
Other income (Notes 1 and 21)	29,834,168	18,995,870	**23,087,457**
	1,925,177,360	2,317,498,086	**2,479,879,573**
EXPENSES			
Port authorities' share in gross revenues (Notes 1, 7, 21 and 23)	202,638,705	221,604,018	**220,008,757**
Manpower costs (Notes 20, 23 and 24)	268,452,620	299,779,275	**329,115,205**
Equipment and facilities-related expenses (Notes 7 and 23)	127,624,643	166,227,979	**167,836,512**
Administrative and other operating expenses (Notes 7 and 23)	127,247,842	146,107,794	**165,752,389**
Depreciation and amortization (Notes 5, 6, 7 and 8)	246,993,685	266,717,816	**294,431,515**
Interest expense and financing charges on borrowings (Notes 16 and 18)	118,483,773	126,470,885	**140,332,636**
Interest expense on concession rights payable	58,255,441	62,698,820	**64,518,959**
Interest expense on lease liabilities (Note 7)	114,298,044	119,722,451	**133,793,311**
Equity in net loss of joint ventures and an associate - net (Note 9)	350	–	**9,808,724**
Foreign exchange loss (Note 28)	7,164,303	6,473,690	**17,186,101**
Impairment losses on goodwill and other nonfinancial assets (Notes 5, 10 and 11)	6,701,426	16,013,234	**165,303,485**
Other expenses (Notes 21 and 23)	45,357,429	55,557,666	**24,249,937**
	1,323,218,261	1,487,373,628	**1,732,337,531**
CONSTRUCTION REVENUE (EXPENSE) (Note 25)			
Construction revenue	61,944,312	61,520,936	**65,270,968**
Construction expense	(61,944,312)	(61,520,936)	**(65,270,968)**
	–	–	**–**
INCOME BEFORE INCOME TAX	601,959,099	830,124,458	**747,542,042**
PROVISION FOR (BENEFIT FROM) INCOME TAX (Note 22)			
Current	139,857,135	176,547,020	**176,007,041**
Deferred	(15,440,479)	(23,889,387)	**(9,591,354)**
	124,416,656	152,657,633	**166,415,687**
NET INCOME	US$477,542,443	US$677,466,825	**US$581,126,355**
Attributable To			
Equity holders of the parent	US$428,568,591	US$618,464,708	**US$511,529,938**
Non-controlling interests	48,973,852	59,002,117	**69,596,417**
	US$477,542,443	US$677,466,825	**US$581,126,355**
Earnings Per Share (Note 29)			
Basic	US$0.181	US$0.287	**US$0.238**
Diluted	0.181	0.287	**0.237**

See accompanying Notes to Consolidated Financial Statements.

INTERNATIONAL CONTAINER TERMINAL SERVICES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31		
	2021	2022	**2023**
NET INCOME FOR THE YEAR	US$477,542,443	US$677,466,825	**US$581,126,355**
OTHER COMPREHENSIVE INCOME (LOSS)			
Items to be reclassified to profit or loss in subsequent periods			
Exchange differences on translation of foreign operations' financial statements (Note 15)	(34,297,719)	(27,708,042)	**51,067,754**
Net change in unrealized mark-to-market values of derivatives (Notes 15 and 27)	24,289,950	29,412,771	**(12,109,652)**
Net unrealized mark-to-market gain on financial assets at FVOCI (Notes 10 and 15)	394,483	335,578	**396,624**
Net unrealized gain removed from equity and transferred to profit or loss (Note 27)	5,766,664	–	**91,721**
Share of other comprehensive income (loss) of joint ventures (Notes 9 and 15)	(8,972,613)	(14,686,719)	**1,876,729**
Income tax relating to components of other comprehensive loss (Note 27)	(4,861,888)	(4,145,874)	**3,033,798**
	(17,681,123)	(16,792,286)	**44,356,974**
Items not to be reclassified to profit or loss in subsequent periods			
Share of other comprehensive income of joint ventures (Notes 9 and 15)	46,764	124,037	**20,310**
Remeasurement gains (losses) on defined benefit plans - net of tax (Notes 15 and 24)	(420,211)	178,002	**(964,905)**
	(373,447)	302,039	**(944,595)**
	(18,054,570)	(16,490,247)	**43,412,379**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	US$459,487,873	US$660,976,578	**US$624,538,734**
Attributable To			
Equity holders of the parent	US$410,341,902	US$623,349,507	**US$555,582,359**
Non-controlling interests	49,145,971	37,627,071	**68,956,375**
	US$459,487,873	US$660,976,578	**US$624,538,734**

See accompanying Notes to Consolidated Financial Statements.

INTERNATIONAL CONTAINER TERMINAL SERVICES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2021, 2022 AND 2023

	Attributable to Equity Holders of the Parent (Note 15)												
	Preferred Stock	Common Stock	Additional Paid-in Capital	Preferred Shares Held by a Subsidiary	Common Shares Held by a Subsidiary	Treasury Shares	Excess of Consideration over the Carrying Value of Non-controlling Interests acquired or disposed	Retained Earnings	Perpetual Capital Securities	Other Comprehensive Loss – net	Total	Attributable to Non-controlling Interests	Total Equity
Balance at December 31, 2020	US$236,222	US$67,330,188	US$570,438,593	(US$72,492,481)	(US$11,182,979)	(US$4,431,257)	(US$147,925,144)	US$216,934,369	US$1,246,777,033	(US$185,068,796)	US$1,680,615,748	US$181,003,826	US$1,861,619,574
Net income for the year	–	–	–	–	–	–	–	428,568,591	–	–	428,568,591	48,973,852	477,542,443
Other comprehensive income (Note 15)	–	–	–	–	–	–	–	–	–	(18,226,689)	(18,226,689)	172,119	(18,054,570)
Total comprehensive income for the year	–	–	–	–	–	–	–	428,568,591	–	(18,226,689)	410,341,902	49,145,971	459,487,873
Cash dividends (Note 15)	–	–	–	–	–	–	–	(205,881,257)	–	–	(205,881,257)	(28,461,788)	(234,343,045)
Share-based payments (Note 20)	–	–	5,713,209	–	–	–	–	–	–	–	5,713,209	–	5,713,209
Issuance of treasury shares for share-based payments (Notes 15 and 20)	–	–	(3,336,923)	–	–	3,336,923	–	–	–	–	–	–	–
Acquisition of ICTSI shares held by a subsidiary (Note 15.3)	–	–	–	–	11,182,979	(11,386,853)	–	–	–	–	(203,874)	–	(203,874)
Acquisition/disposal of NCI (Note 15.4)	–	–	–	–	–	–	(23,950,390)	–	–	–	(23,950,390)	(11,796,888)	(35,747,278)
Redemption and repurchase of perpetual capital securities (Note 15)	–	–	–	–	–	–	–	(32,202,064)	(451,552,754)	–	(483,754,818)	–	(483,754,818)
Distributions on perpetual capital securities (Note 15)	–	–	–	–	–	–	–	(61,192,638)	–	–	(61,192,638)	–	(61,192,638)
Balance at December 31, 2021	US$236,222	US$67,330,188	US$572,814,879	(US$72,492,481)	US$–	(US$12,481,187)	(US$171,875,534)	US$346,227,001	US$795,224,279	(US$203,295,485)	US$1,321,687,882	US$189,891,121	US$1,511,579,003
Balance at December 31, 2021	US$236,222	US$67,330,188	US$572,814,879	(US$72,492,481)	US$–	(US$12,481,187)	(US$171,875,534)	US$346,227,001	US$795,224,279	(US$203,295,485)	US$1,321,687,882	US$189,891,121	US$1,511,579,003
Net income for the year	–	–	–	–	–	–	–	618,464,708	–	–	618,464,708	59,002,117	677,466,825
Other comprehensive income (Note 15)	–	–	–	–	–	–	–	–	–	4,884,799	4,884,799	(21,375,046)	(16,490,247)
Total comprehensive income for the year	–	–	–	–	–	–	–	618,464,708	–	4,884,799	623,349,507	37,627,071	660,976,578
Cash dividends (Note 15)	–	–	–	–	–	–	–	(237,686,841)	–	–	(237,686,841)	(62,666,114)	(300,352,955)
Share-based payments (Note 20)	–	–	5,466,020	–	–	–	–	–	–	–	5,466,020	–	5,466,020
Issuance of treasury shares for share-based payments (Notes 15 and 20)	–	–	(4,300,150)	–	–	4,300,150	–	–	–	–	–	–	–
Acquisition of treasury shares (Note 15)	–	–	–	–	–	(31,810,166)	–	–	–	–	(31,810,166)	–	(31,810,166)
Acquisition/disposal of NCI (Note 15.4)	–	–	–	–	–	–	(809,372)	–	–	–	(809,372)	(2,206,025)	(3,015,397)
Consolidation of MNHPI (Note 1.4)	–	–	–	–	–	–	–	–	–	–	–	136,123,613	136,123,613
Disposal of HIPS (Note 1.5)	–	–	–	–	–	–	–	–	–	–	–	(678,064)	(678,064)
Redemption of perpetual capital securities (Note 15)	–	–	–	–	–	–	–	(10,528,677)	(212,061,314)	–	(222,589,991)	–	(222,589,991)
Distributions on perpetual capital securities (Note 15)	–	–	–	–	–	–	–	(29,026,678)	–	–	(29,026,678)	–	(29,026,678)
Balance at December 31, 2022	US$236,222	US$67,330,188	US$573,980,749	(US$72,492,481)	US$–	(US$39,991,203)	(US$172,684,906)	US$687,449,513	US$583,162,965	(US$198,410,686)	US$1,428,580,361	US$298,091,602	US$1,726,671,963
Balance at December 31, 2022	**US$236,222**	**US$67,330,188**	**US$573,980,749**	**(US$72,492,481)**	**US$–**	**(US$39,991,203)**	**(US$172,684,906)**	**US$687,449,513**	**US$583,162,965**	**(US$198,410,686)**	**US$1,428,580,361**	**US$298,091,602**	**US$1,726,671,963**
Net income for the year	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**511,529,938**	**–**	**–**	**511,529,938**	**69,596,417**	**581,126,355**
Other comprehensive income (Note 15)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**44,052,421**	**44,052,421**	**(640,042)**	**43,412,379**
Total comprehensive income for the year	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**511,529,938**	**–**	**44,052,421**	**555,582,359**	**68,956,375**	**624,538,734**
Cash dividends (Note 15)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(370,267,208)**	**–**	**–**	**(370,267,208)**	**(59,387,555)**	**(429,654,763)**
Share-based payments (Note 20)	**–**	**–**	**6,175,103**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**6,175,103**	**–**	**6,175,103**
Issuance of treasury shares for share-based payments (Notes 15 and 20)	**–**	**–**	**(2,725,247)**	**–**	**–**	**2,725,247**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Acquisition of treasury shares (Note 15.1)	**–**	**–**	**–**	**–**	**–**	**(1,064,203)**	**–**	**–**	**–**	**–**	**(1,064,203)**	**–**	**(1,064,203)**
Acquisition/disposal of NCI (Note 15.4)	**–**	**–**	**–**	**–**	**–**	**–**	**2,762,386**	**–**	**–**	**–**	**2,762,386**	**(1,397,386)**	**1,365,000**
Acquisition of CLIA Pouso Alegre (Note 1.4)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**6,162,632**	**6,162,632**
Distributions on perpetual capital securities (Note 15)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(29,026,678)**	**–**	**–**	**(29,026,678)**	**–**	**(29,026,678)**
Balance at December 31, 2023	**US$236,222**	**US$67,330,188**	**US$577,430,605**	**(US$72,492,481)**	**US$–**	**(US$38,330,159)**	**(US$169,922,520)**	**US$799,685,565**	**US$583,162,965**	**(US$154,358,265)**	**US$1,592,742,120**	**US$312,425,668**	**US$1,905,167,788**

See accompanying Notes to Consolidated Financial Statements.

INTERNATIONAL CONTAINER TERMINAL SERVICES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended December 31		
	2021	2022	**2023**
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	US$601,959,099	US$830,124,458	**US$747,542,042**
Adjustments for:			
Depreciation and amortization (Notes 5, 6, 7 and 8)	246,993,685	266,717,816	**294,431,515**
Interest expense on:			
Borrowings (Notes 16 and 18)	118,483,773	126,470,885	**140,332,636**
Lease liabilities (Note 7)	114,298,044	119,722,451	**133,793,311**
Concession rights payable	58,255,441	62,698,820	**64,518,959**
Loss (gain) on:			
Sale of a subsidiary (Note 1.5)	–	(2,238,020)	**–**
Disposal of property and equipment – net	(1,140,608)	(174,928)	**1,628,370**
Write-off of debt issuance costs and other non-cash expenses (Notes 16 and 21)	4,127,604	13,382,990	**–**
Interest income (Notes 12 and 23)	(22,213,250)	(39,052,181)	**(57,976,544)**
Impairment losses on goodwill and nonfinancial assets (Notes 5, 10 and 11)	6,701,426	16,013,234	**165,303,485**
Share-based payments (Notes 15 and 20)	4,658,910	5,622,324	**6,268,329**
Unrealized foreign exchange loss (gain)	4,740,489	(2,551,806)	**6,606,006**
Equity in net loss (profit) of joint ventures and an associate - net (Note 9)	350	(1,986,758)	**9,808,724**
Dividend income	(4,619)	(3,774)	**(4,534)**
Unrealized mark-to-market gain on derivatives	–	(1,156,578)	**–**
Operating income before changes in working capital	1,136,860,344	1,393,588,933	**1,512,252,299**
Decrease (increase) in:			
Receivables	(18,836,365)	(8,442,106)	**(22,026,495)**
Spare parts and supplies	(4,669,614)	(6,164,644)	**(3,244,021)**
Prepaid expenses and other current assets	6,437,254	4,354,714	**(6,117,697)**
Increase (decrease) in:			
Accounts payable and other current liabilities	(23,845,493)	55,201,612	**(7,217,157)**
Retirement liabilities	135,221	1,550,747	**(571,643)**
Cash generated from operations	1,096,081,347	1,440,089,256	**1,473,075,286**
Income taxes paid	(148,893,744)	(164,992,158)	**(172,615,991)**
Net cash flows provided by operating activities	947,187,603	1,275,097,098	**1,300,459,295**
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisitions of:			
Property and equipment (Note 6)	(88,908,050)	(237,890,068)	**(207,678,271)**
Intangible assets, including upfront costs deposit (Notes 5 and 10)	(58,679,194)	(100,728,821)	**(74,930,298)**
Subsidiaries (Note 1)	(10,327,920)	–	**(13,881,550)**
Effect of business combination (Note 1.4)	–	18,795,894	**–**
Proceeds from disposal of:			
Property and equipment	2,304,206	2,515,926	**891,516**
A subsidiary (Note 1.5)	–	2,457,007	**–**
Interest received	13,170,151	26,487,794	**44,050,082**
Payments for concession rights	(15,852,803)	(15,242,339)	**(21,334,293)**
Dividends received	4,619	3,774	**4,434**
Decrease (increase) in:			
Other noncurrent assets	10,326,439	(85,325,040)	**(42,026,111)**
Short-term investments and restricted cash	(6,200,000)	(136,742,700)	**(3,475,332)**
Advances to a joint venture	7,778,416	7,326,135	**396,065**
Net cash flows used in investing activities	(146,384,136)	(518,342,438)	**(317,983,758)**

(Forward)

	Years Ended December 31		
	2021	2022	**2023**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from:			
Long-term borrowings (Note 16)	US$502,659,083	US$89,379,573	**US$432,839,358**
Short-term borrowings (Note 18)	20,089,437	475,336,862	**464,843,618**
Payments of:			
Dividends (Note 15)	(234,172,713)	(299,039,343)	**(428,241,674)**
Redemption and repurchase of perpetual capital securities (Note 15)	(483,754,818)	(222,589,991)	**–**
Interest on lease liabilities and concession rights payable	(165,380,039)	(178,360,627)	**(198,130,404)**
Short-term borrowings (Note 18)	(17,901,985)	(140,114,944)	**(666,842,000)**
Interest on borrowings	(112,491,661)	(115,156,889)	**(119,269,603)**
Long-term borrowings (Note 16)	(253,201,385)	(79,273,544)	**(543,985,586)**
Lease liabilities (Note 7)	(17,975,380)	(33,661,990)	**(32,031,514)**
Distributions on perpetual capital securities (Note 15)	(61,192,638)	(29,026,678)	**(29,026,678)**
Purchase of treasury shares (Note 15)	–	(31,810,166)	**(1,064,203)**
Acquisition of non-controlling interests (Note 15)	(35,747,278)	(3,015,397)	**–**
Decrease in other noncurrent liabilities	(7,794,813)	(1,923,385)	**696,260**
Cost of acquiring ICTSI shares from a subsidiary (Note 15)	(203,874)	–	**–**
Net cash flows used in financing activities	(867,068,064)	(569,256,519)	**(1,120,212,426)**
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(10,973,654)	(6,152,000)	**14,901,262**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(77,238,251)	181,346,141	**(122,835,627)**
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	734,831,780	657,593,529	**838,939,670**
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 12)	US$657,593,529	US$838,939,670	**US$716,104,043**

See accompanying Notes to Consolidated Financial Statements.

INTERNATIONAL CONTAINER TERMINAL SERVICES, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information

1.1 General

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

The consolidated financial statements were authorized for issue in accordance with a resolution of the Board of Directors (the Board) on February 28, 2024.

1.2 Port Operations

ICTSI and its subsidiaries (collectively referred to as "the Group") entered into various concessions of port operations which include development, management, and operation of container terminals and related facilities around the world. As at February 28, 2024, the Group is involved in 32 terminal operations, including concessions and port development projects, in 19 countries worldwide. There are nine terminal operations in the Philippines (including an inland container terminal, a barge terminal and combined terminal operations in Subic), four in Brazil (including an intermodal rail ramp terminal and a Customs-bonded facility), two in Papua New Guinea (PNG), one each in China, Indonesia, Ecuador, Poland, Georgia, Madagascar, Croatia, Mexico, Honduras, Iraq, Argentina, Colombia, Democratic Republic (DR) of Congo, Australia, Cameroon and Nigeria; and an existing concession to construct, develop and operate a port in Tuxpan, Mexico.

Concessions for port operations entered into, acquired, extended, disposed and expired during the last three years are summarized below:

<u>Acquisition and Extension of Concessions</u>

Port of Gdynia, Poland. In December 2022, ICTSI, through its subsidiary, Baltic Container Terminal (BCT), signed a new 30-year lease with the Port Authority of Gdynia S.A. (PAGSA). This new lease extends BCT's operation of the multipurpose terminal at Port of Gdynia in Poland from 2023 up to 2053.

Tanjung Pakis Lamongan Public Terminal, East Java, Indonesia. On July 27, 2022, ICTSI signed a Conditional Share Subscription and Purchase Agreement with Indo Port Holding Pte Ltd. and Eastlog Holding Pte Ltd. to acquire majority share ownership up to 66.67% in PT East Java Development (EJD) (see Note 1.4). EJD holds a concession right to operate a multi-purpose terminal in Lamongan Regency, East Java, Indonesia, effective until December 31, 2065.

Port of Toamasina, Madagascar. On December 10, 2021, Madagascar International Container Terminal Services, Ltd. (MICTSL), which operates the port of Toamasina in Madagascar, signed an amendment to its concession agreement with the Société du Port a gestion Autonome de Toamasina extending the term of the concession by 15 years or until October 2040. ICTSI has held the concession since 2005.

South Cotabato, Philippines. On February 20, 2006, the PPA granted South Cotabato Integrated Port Services, Inc. (SCIPSI) a ten-year contract for the exclusive management and operation of arrastre, stevedoring, and other cargo handling services, except porterage, at Makar Wharf, Port of General Santos, General Santos City in the Philippines that expired on February 19, 2016. Thereafter, the PPA granted SCIPSI a series of Hold-over-Authority (HOA) on a temporary basis over the cargo handling services at Makar Wharf, Port of General Santos. On June 19, 2023, the HOA was issued by the PPA with the validity of twelve months from January 1, 2023 up to December 31, 2023 or upon the award of a new contract by the PPA, whichever is earlier, unless cancelled or revoked for reason by the PPA during the validity of the HOA. As at February 28, 2024, SCIPSI continued to operate and has submitted the letter of intent including the requirements for the issuance of a new HOA.

Disposal and Expiration of Concessions

Jakarta, Indonesia. On January 22, 2024, ICTSI, through its wholly owned subsidiary, ICTSI Far East Pte. Ltd. (IFEL), signed a Conditional Share Sale and Purchase Agreement with PT Sarana Kelola Investa in connection with the sale of 80.19% shares of PT ICTSI Jasa Prima Tbk (IJP) for US$2.0 million, the Company's listed subsidiary in Indonesia which owns PT PBM Olah Jasa Andal (OJA), which in turn has an equipment supply cooperation agreement with PT Pelabuhan Indonesia II (Pelindo II) at the Port of Tanjung Priok in Jakarta, Indonesia. The sale of IJP shares closed on February 1, 2024.

Port of Karachi, Pakistan. The concession agreement between Pakistan International Container Terminal Ltd. (PICT) and Karachi Port Trust (KPT), for a period of 21 years, has expired. In June 2023, ICTSI was informed by KPT that PICT's container terminal concession in Karachi, Pakistan will revert to the port authority effective June 18, 2023. Thereafter, PICT has fully transitioned the terminal operations to the new port operator (see Note 5).

Port of Makassar, Indonesia. The extended term of the cooperation agreement between PT Makassar Terminal Services (MTS) and PT Pelabuhan Indonesia IV (Pelindo IV) for the procurement, installation and operation of container loading and unloading equipment at the Makassar Port Container Terminal, South Sulawesi, Indonesia expired on January 31, 2023. The parties mutually agreed not to renew the cooperation agreement. Immediately thereafter, MTS ceased its operations at the Makassar Port Container Terminal.

Hijo Port, Davao, Philippines. Abbotsford Holdings, Inc. (AHI) entered into a share purchase agreement (SPA) with Hijo Resources Corp. (HRC), with AHI selling all its 65% interest in Hijo International Port Services, Inc. (HIPS) to the latter subject to delivery of a bank guarantee, among other conditions. Effective August 31, 2022, the sale was finalized and concluded by both parties (see Note 1.5).

Port of Davao, Davao, Philippines. On April 21, 2006, the PPA granted Davao Integrated Port and Stevedoring Services Corporation (DIPSSCOR) a ten-year contract for cargo handling services at Sasa Wharf, Port of Davao in the Philippines that expired on April 20, 2016. Thereafter, the PPA granted DIPSSCOR a series of HOA on a temporary basis over the cargo handling services at Sasa Wharf, Port of Davao until the PPA has formally given the port terminal management contract for Port of Sasa to a new operator. In June 2022, ICTSI was informed that a notice was issued by the PPA to the new operator to commence with the work and perform the services under the newly awarded port terminal management contract for Port of Sasa. On June 30, 2022, DIPSSCOR has ceased its operations at Sasa Wharf. Immediately thereafter, DIPSSCOR has fully transitioned the operations at Sasa Wharf to the new operator in coordination with the PPA.

1.3 Subsidiaries, Joint Ventures and Associates

	Place of Incorporation	Nature of Business	Functional Currency	Percentage of Ownership 2021 Direct	2021 Indirect	2022 Direct	2022 Indirect	**2023 Direct**	**2023 Indirect**
Subsidiaries:									
Asia									
International Container Terminal Holdings, Inc. (ICTHI) and Subsidiaries	Cayman Islands	Holding Company	US Dollar	100.00	–	100.00	–	**100.00**	**–**
ICTSI Ltd.	Bermuda	Holding Company	US Dollar	–	100.00	–	100.00	**–**	**100.00**
ICTSI Mauritius Ltd.	Mauritius	Holding Company	US Dollar	–	100.00	–	100.00	**–**	**100.00**
Aeolina Investments Limited	British Virgin Islands	Holding Company	US Dollar	–	100.00	–	100.00	**–**	**100.00**
ICTSI Far East Pte. Ltd. (IFEL)	Singapore	Holding Company	US Dollar	–	100.00	–	100.00	**–**	**100.00**
New Muara Container Terminal Services Sdn Bhd (NMCTS)	Brunei	Port Management	Brunei Dollar	–	100.00	–	100.00	**–**	**100.00**
PT ICTSI Jasa Prima Tbk (IJP) and Subsidiaries	Indonesia	Maritime infrastructure and logistics	US Dollar	–	80.19	–	80.19	**–**	**80.19**
PT PBM Olah Jasa Andal (OJA) [(x)]	Indonesia	Port Management	US Dollar	–	80.19	–	80.19	**–**	**80.19**
PT Makassar Terminal Services (MTS)[(c)]	Indonesia	Port Management	Indonesian Rupiah	–	95.00	–	95.00	**–**	**95.00**
PT Container Terminal System Solutions, Inc.	Indonesia	Software Developer	US Dollar	–	100.00	–	100.00	**–**	**100.00**
ICTSI (Hong Kong) Limited (IHKL)	Hong Kong	Holding Company	US Dollar	–	100.00	–	100.00	**–**	**100.00**
Yantai International Container Terminal Ltd. (YICT)	China	Port Management	Renminbi	–	51.00	–	51.00	**–**	**51.00**
Pentland International Holdings, Ltd.	British Virgin Islands	Holding Company	US Dollar	–	100.00	–	100.00	**–**	**100.00**
ICTSI Georgia Corp. (IGC)	Cayman Islands	Holding Company	US Dollar	–	100.00	–	100.00	**–**	**100.00**
Global Procurement Ltd.	Bermuda	Holding Company	US Dollar	–	100.00	–	100.00	**–**	**100.00**
ICTSI Honduras Ltd.	Bermuda	Holding Company	US Dollar	–	100.00	–	100.00	**–**	**100.00**
ICTSI Ltd. Regional Headquarters	Philippines	Regional Headquarters	Philippine Peso	–	100.00	–	100.00	**–**	**100.00**
Container Terminal de Venezuela Conterven CA (CTVCC)	Venezuela	Holding Company	US Dollar	–	95.00	–	95.00	**–**	**95.00**
Mindanao International Container Terminal Services, Inc. (MICTSI)	Philippines	Port Management	Philippine Peso	100.00	–	100.00	–	**100.00**	**–**
Abbotsford Holdings, Inc. (AHI)	Philippines	Holding Company	Philippine Peso	100.00	–	100.00	–	**100.00**	**–**
Hijo International Port Services, Inc. (HIPS) [(j)]	Philippines	Port Management	Philippine Peso	–	65.00	–	–	**–**	**–**
Davao Integrated Port and Stevedoring Services Corp. (DIPSSCOR) [(m)]	Philippines	Port Management	Philippine Peso	–	96.95	–	96.95	**–**	**96.95**
IWI Container Terminal Holdings, Inc. (IWI CTHI)	Philippines	Warehousing	Philippine Peso	100.00	–	100.00	–	**100.00**	**–**
IW Cargo Handlers, Inc.	Philippines	Port Equipment Rental	US Dollar	–	100.00	–	100.00	**–**	**100.00**
Container Terminal Systems Solutions Philippines, Inc.	Philippines	Software Developer	US Dollar	–	100.00	–	100.00	**–**	**100.00**
Bauan International Port, Inc. (BIPI) [(d)]	Philippines	Port Management	Philippine Peso	–	80.00	–	100.00	**–**	**100.00**
ICTSI Subic, Inc. (ICTSI Subic)	Philippines	Port Management	US Dollar	–	90.50	–	90.50	**–**	**90.50**
Subic Bay International Terminal Holdings, Inc. (SBITHI)	Philippines	Holding Company	US Dollar	90.50	–	90.50	–	**90.50**	**–**
Subic Bay International Terminal Corporation (SBITC)	Philippines	Port Management	US Dollar	–	90.50	–	90.50	**–**	**90.50**
Cordilla Properties Holdings, Inc.	Philippines	Holding Company	Philippine Peso	100.00	–	100.00	–	**100.00**	**–**
South Cotabato Integrated Port Services, Inc. (SCIPSI)	Philippines	Port Management	Philippine Peso	35.82	14.41	35.82	14.41	**35.82**	**14.41**
Manila Harbor Center Port Services, Inc. (MHCPSI) [(e)]	Philippines	Port Management	Philippine Peso	100.00	–	100.00	–	**100.00**	**–**
ICTSI (M.E.) DMCC (ICTSI Dubai)	United Arab Emirates	BDO	US Dollar	100.00	–	100.00	–	**100.00**	**–**
ICTSI EMEA B.V. (IEBV) [formerly ICTSI Capital B.V.]	The Netherlands	Holding Company	US Dollar	–	100.00	–	100.00	**–**	**100.00**

(Forward)

	Place of Incorporation	Nature of Business	Functional Currency	Percentage of Ownership 2021 Direct	2021 Indirect	2022 Direct	2022 Indirect	**2023 Direct**	**2023 Indirect**
Royal Capital B.V. (RCBV)	The Netherlands	Holding Company	US Dollar	–	75.00	–	75.00	**–**	**75.00**
ICTSI Cooperatief U.A. (ICTSI Cooperatief) (n)	The Netherlands	Holding Company	US Dollar	1.00	99.00	–	–	**–**	**–**
ICTSI Treasury B.V. (ITBV)	The Netherlands	Holding Company	US Dollar	–	75.00	–	75.00	**–**	**75.00**
ICTSI Americas B.V.(IABV)	The Netherlands	Holding Company	US Dollar	–	100.00	–	100.00	**–**	**100.00**
ICTSI Africa B.V.	The Netherlands	Holding Company	US Dollar	–	100.00	–	100.00	**–**	**100.00**
CMSA B.V.	The Netherlands	Holding Company	US Dollar	–	100.00	–	100.00	**–**	**100.00**
SPIA Colombia B.V.	The Netherlands	Holding Company	US Dollar	–	100.00	–	100.00	**–**	**100.00**
CGSA B.V.	The Netherlands	Holding Company	US Dollar	–	100.00	–	100.00	**–**	**100.00**
SPIA Spain S.L.	Spain	Holding Company	US Dollar	–	100.00	–	100.00	**–**	**100.00**
CGSA Transportadora S.L.	Spain	Holding Company	US Dollar	–	100.00	–	100.00	**–**	**100.00**
Crixus Limited	British Virgin Islands	Holding Company	US Dollar	–	100.00	–	100.00	**–**	**100.00**
VICT	Australia	Port Management	Australian Dollar	–	100.00	–	100.00	**–**	**100.00**
ICTSI Tuxpan B.V.	The Netherlands	Holding Company	US Dollar	–	100.00	–	100.00	**–**	**100.00**
ICTSI Global Finance B.V. (IGFBV)	The Netherlands	Holding Company	US Dollar	–	75.00	–	75.00	**–**	**75.00**
ICTSI Oceania B.V. (IOBV)	The Netherlands	Holding Company	US Dollar	–	100.00	–	100.00	**–**	**100.00**
ICTSI Asia Pacific Business Services, Inc. (APBS)	Philippines	Business Process Outsourcing	US Dollar	–	100.00	–	100.00	**–**	**100.00**
ICTSI Ltd. Regional Operating Headquarters (ROHQ)	Philippines	Regional Operating Headquarters	US Dollar	–	100.00	–	100.00	**–**	**100.00**
ICTSI Project Delivery Services Co. Pte. Ltd. (y)	Singapore	Port Equipment Sale and Rental	US Dollar	–	100.00	–	100.00	**–**	**–**
ICTSI QFC LLC	Qatar	Holding Company	US Dollar	–	100.00	–	100.00	**–**	**100.00**
ICTSI South Asia Pte. Ltd. (g)	Singapore	Holding Company	US Dollar	–	100.00	–	–	**–**	**–**
Laguna Gateway Inland Container Terminal, Inc. (LGICT)	Philippines	Port Management	Philippine Peso	–	60.00	–	60.00	**–**	**60.00**
ICTSI Middle East DMCC	United Arab Emirates	Holding Company	US Dollar	100.00	–	100.00	–	**100.00**	**–**
ICTSI Global Holdings B.V. (formerly ICTSI Global Cooperatief U.A.) (n)	The Netherlands	Holding Company	US Dollar	99.00	1.00	99.00	1.00	**100.00**	**–**
Consultports S.A. de C.V.	Mexico	BDO	Mexican Peso	–	100.00	–	100.00	**–**	**100.00**
Asiastar Consultants Limited	Hong Kong	Management Services	US Dollar	–	100.00	–	100.00	**–**	**100.00**
Cavite Gateway Terminal (CGT)	Philippines	Port Management	Philippine Peso	–	100.00	–	100.00	**–**	**100.00**
Intermodal Terminal Holdings, Inc. (ITH)	Philippines	Holding Company	Philippine Peso	100.00	–	100.00	–	**100.00**	**–**
ICTSI Americas B.V. (Multinational Headquarters)	Panama	BDO	US Dollar	–	100.00	–	100.00	**–**	**100.00**
International South Pacific, Ltd. (ISPL)	Papua New Guinea	Holding Company	Papua New Guinean Kina	–	100.00	–	100.00	**–**	**100.00**
Motukea International Terminal Ltd. (MITL)	Papua New Guinea	Port Management	Papua New Guinean Kina	–	70.00	–	70.00	**–**	**70.00**
South Pacific International Container Terminal Ltd. (SPICTL)	Papua New Guinea	Port Management	Papua New Guinean Kina	–	70.00	–	70.00	**–**	**70.00**
Tungsten RE Ltd.	Bermuda	Insurance Company	US Dollar	–	100.00	–	100.00	**–**	**100.00**
PT East Java Development (EJD) (q)	Indonesia	Port Management	Indonesian Rupiah	–	–	66.67	–	**66.67**	**–**
Manila North Harbour Port, Inc. (MNHPI) (r) *(Subsidiary starting September 8, 2022)*	Philippines	Port Management	Philippine Peso	–	–	50.00	–	**50.00**	**–**
Sevilla Brokerage Incorporated (SBI)(s)	Philippines	Customs Broker	Philippine Peso	–	–	–	80.00	**–**	**80.00**

(Forward)

	Place of Incorporation	Nature of Business	Functional Currency	Percentage of Ownership 2021 Direct	2021 Indirect	2022 Direct	2022 Indirect	**2023 Direct**	**2023 Indirect**
Catalyst Logistics Incorporated (CLI) [f]	Philippines	Freight Forwarder	Philippine Peso	–	–	–	51.00	**–**	**51.00**
ICTSI Africa Headquarters (Pty) Ltd [o]	South Africa	Holding Company	US Dollar	–	–	–	100.00	**–**	**100.00**
ICTSI Durban DMCC [z]	United Arab Emirates	Holding Company	US Dollar	–	–	–	–	**100.00**	**–**
ICTSI Santos DMCC [z]	United Arab Emirates	Holding Company	US Dollar	–	–	–	–	**100.00**	**–**
Europe, Middle East and Africa (EMEA)									
Tartous International Container Terminal, Inc. (TICT)	Syria	Port Management	US Dollar	100.00	–	100.00	–	**100.00**	**–**
Madagascar International Container Terminal Services, Ltd. (MICTSL)	Madagascar	Port Management	Euro	–	100.00	–	100.00	**–**	**100.00**
Baltic Container Terminal Ltd. (BCT)	Poland	Port Management	US Dollar	–	100.00	–	100.00	**–**	**100.00**
Adriatic Gate Container Terminal (AGCT)	Croatia	Port Management	Euro	–	51.00	–	51.00	**–**	**51.00**
Batumi International Container Terminal LLC (BICTL)	Georgia	Port Management	US Dollar	–	100.00	–	100.00	**–**	**100.00**
ICTSI DR Congo S.A. (IDRC) [f]	DR Congo	Port Management	US Dollar	–	62.00	–	58.00	**–**	**58.00**
ICTSI (M.E.) DMCC Iraq Branch (ICTSI Iraq)	Iraq	Port Management	US Dollar	–	100.00	–	100.00	**–**	**100.00**
Africa Gateway Terminal (AGT) [a]	Sudan	Port Management	Euro	–	100.00	–	100.00	**–**	**100.00**
Kribi Multipurpose Terminal (KMT)	Cameroon	Port Management	XAF	–	75.00	–	75.00	**–**	**75.00**
International Container Terminal Services Nigeria Ltd. [b]	Nigeria	Port Management	US Dollar	–	75.00	–	75.00	**–**	**75.00**
Pakistan International Container Terminal Ltd. (PICT) [i]	Pakistan	Port Management	Pakistani Rupee	–	80.41	–	80.41	**–**	**80.41**
International Container Terminal Services (FZE)	Nigeria	Port Management	Nigerian Naira	–	75.00	–	75.00	**–**	**75.00**
Americas									
Contecon Guayaquil, S.A. (CGSA)	Ecuador	Port Management	US Dollar	51.00	49.00	51.00	49.00	**51.00**	**49.00**
Contecon Manzanillo S.A. (CMSA)	Mexico	Port Management	Mexican Peso	1.00	99.00	1.00	99.00	**1.00**	**99.00**
Tecon Suape, S.A. (TSSA)	Brazil	Port Management	Brazilian Real	51.00	49.00	51.00	49.00	**51.00**	**49.00**
ICTSI Oregon, Inc.	U.S.A.	Port Management	US Dollar	–	100.00	–	100.00	**–**	**100.00**
C. Ultramar, S.A.	Panama	Holding Company	US Dollar	–	100.00	–	100.00	**–**	**100.00**
Future Water, S.A.	Panama	Holding Company	US Dollar	–	100.00	–	100.00	**–**	**100.00**
Kinston Enterprise, Inc.	Panama	Holding Company	US Dollar	–	100.00	–	100.00	**–**	**100.00**
International Ports of South America and Logistics SA	Uruguay	Holding Company	US Dollar	–	100.00	–	100.00	**–**	**100.00**
Tecplata S.A. (Tecplata)	Argentina	Port Management	US Dollar	–	100.00	–	100.00	**–**	**100.00**
Nuevos Puertos S. A.	Argentina	Holding Company	US Dollar	4.00	96.00	4.00	96.00	**4.00**	**96.00**
Operadora Portuaria Centroamericana, S.A. (OPC)	Honduras	Port Management	US Dollar	30.00	70.00	30.00	70.00	**30.00**	**70.00**
Terminal Maritima de Tuxpan S.A. de C.V. (TMT)	Mexico	Port Management	Mexican Peso	–	100.00	–	100.00	**–**	**100.00**
CMSA Servicios Portuarios SA De CV (CMSA SP)	Mexico	Manpower Services	Mexican Peso	–	100.00	–	100.00	**–**	**100.00**
CMSA Servicios Profesionales Y De Especialistas SA De CV (CMSA SP Especialistas	Mexico	Manpower Services	Mexican Peso	–	100.00	–	100.00	**–**	**100.00**
Logipuerto S.A.	Ecuador	Logistics Solutions Provider	US Dollar	–	100.00	–	100.00	**–**	**100.00**
ICTSI Rio Brasil Terminal 1 S.A. (ICTSI Rio)	Brazil	Port Management	Brazilian Real	–	100.00	–	100.00	**–**	**100.00**
IRB Logistica S.A. (previously IRB Logistica Ltda) [w]	Brazil	Rail Ramp Terminal Management	Brazilian Real	–	100.00	–	100.00	**–**	**70.00**
Contecon Manzanillo Logista SA de CV [k]	Mexico	Logistics Solutions Provider	Mexican Peso	–	–	–	100.00	**–**	**100.00**

(Forward)

	Place of Incorporation	Nature of Business	Functional Currency	Percentage of Ownership 2021 Direct	2021 Indirect	2022 Direct	2022 Indirect	**2023 Direct**	**2023 Indirect**
DF3 Empreendimento S.A (DF3) [l] [w]	Brazil	Real Estate	Brazilian Real	–	–	–	100.00	**–**	**70.00**
IRB Holding Ltda [p]	Brazil	Holding Company	Brazilian Real	–	–	–	100.00	**–**	**100.00**
Armazéns Gerais Sul das Gerais S.A. (CLIA Pouso Alegre) [v]	Brazil	Logistics Solutions Provider	Brazilian Real	–	–	–	–	**–**	**60.00**
Rio Logística Multimodal e Participações Ltda (RLMP) [u]	Brazil	Holding Company	Brazilian Real	–	–	–	–	**–**	**100.00**
Rio Logística e Participações Ltda [u]	Brazil	Holding Company	Brazilian Real	–	–	–	–	**–**	**100.00**
Joint Ventures:									
Sociedad Puerto Industrial Aguadulce SA (SPIA)	Colombia	Port Management	US Dollar	–	49.79	–	49.79	**–**	**49.79**
Falconer Aircraft Management, Inc. (FAMI)	Philippines	Aircraft Management	Philippine Peso	–	49.00	–	49.00	**–**	**49.00**
Aviation Concepts Technical Services, Inc.	Philippines	Aircraft Management	US Dollar	–	49.00	–	49.00	**–**	**49.00**
MNHPI [r] *(Joint venture until September 7, 2022)*	Philippines	Port Management	Philippine Peso	50.00	–	–	–	**–**	**–**
Associate:									
Asiaview Realty and Development Corporation (ARDC)	Philippines	Realty	Philippine Peso	–	49.00	–	49.00	**–**	**49.00**

[a] *Established in February 2019 and has not yet started commercial operations as at February 28, 2024*
[b] *Established in June 2020 and started commercial operations in May 2021; sold 10% stake to minority effective December 31, 2021*
[c] *Ceased commercial operations effective January 31, 2023*
[d] *Acquired additional 20% stake on December 23, 2022*
[e] *Acquired on June 4, 2021*
[f] *Acquired additional 10% stake in May 2021; sold 4% stake in November 2022*
[g] *Deregistered from Singapore Accounting and Corporate Regulatory Authority (ACRA) on December 5, 2022*
[h] *Dissolved effective March 19, 2021*
[i] *Concession agreement ended on June 17, 2023*
[j] *Disposed on August 31, 2022*
[k] *Established in December 2021 and has started commercial operations in August 2022*
[l] *Acquired on March 10, 2022*
[m] *Ceased commercial operations effective June 30, 2022.*
[n] *Effective June 18, 2022, ICTSI Global Cooperatief U.A. was merged with ICTSI Cooperatief U.A, with ICTSI Global Cooperatief U.A. as the surviving entity, and was renamed to ICTSI Global Holdings B.V. effective September 22, 2022*
[o] *Organized on May 30, 2022*
[p] *Established on June 21, 2022*
[q] *Acquired on August 16, 2022*
[r] *Accounted for as a joint venture until September 7, 2022, and thereafter, as a subsidiary (see Note 1.2)*
[s] *Acquired 80% shareholdings last October 21, 2022*
[t] *Incorporated on October 14, 2022 with ICTSI having 51% of the shareholding; started commercial operations in July 2023*
[u] *Established in September 2023*
[v] *Acquired 60% shareholdings on September 5, 2023*
[w] *In July 2023, IRB Holding acquired 70% stake in iTracker Logistica Inteligente Ltda. (iTracker). Effective August 31, 2023, iTracker was merged with IRB Logistica, with IRB Logistica as the surviving entity. On the same date, IRB Logistica disposed 30% stake to noncontrolling interest.*
Consequently, as a result of IRB Logistica's disposal of 30% stake to noncontrolling interest, ICTSI's effective ownership stake in DF3 also decreased by 30%.
[x] *Disposed effective February 1, 2024*
[y] *Deregistered from Singapore ACRA on November 6, 2023*
[z] *Established in October 2023*

1.4 Purchase Price Allocation

CLIA Pouso Alegre. On September 5, 2023, ICTSI through its newly incorporated wholly-owned subsidiary in Brazil, Rio Logística e Participações Ltda, completed the acquisition of 60% ownership stake in Armazéns Gerais Sul das Gerais S.A. (CLIA Pouso Alegre), an Integrated Customs Logistics Center entity located in the state of Minas Gerais, Brazil.

The provisional fair values of the identifiable assets and liabilities of CLIA Pouso Alegre at the date of acquisition were:

Assets	
Property and equipment	US$1,724,363
Intangible assets	21,588,414
Other noncurrent assets	2,716
Cash and cash equivalents	600,600
Receivables	240,531
Spare parts and supplies	14,112
Prepaid expenses and other current assets	296,719
	US$24,467,455
Liabilities	
Deferred tax liabilities	US$7,437,143
Borrowings	869,267
Other noncurrent liabilities	191,598
Accounts payable and other current liabilities	414,358
Income tax payable	148,508
	US$9,060,874
Total identifiable net assets at fair value	US$15,406,581
Noncontrolling interests at 40% proportionate share	(6,162,632)
The Group's share in identifiable net assets	9,243,949
Goodwill arising on acquisition	4,809,151
Adjusted purchase consideration satisfied in cash	US$14,053,100
Cash paid at acquisition date	US$14,483,425
Less: Receivable from the seller*	430,325
Adjusted purchase consideration	US$14,053,100
Cash paid at acquisition date	US$14,483,425
Less: Cash and cash equivalents of CLIA Pouso Alegre	600,600
Net cash outflow	US$13,882,825

**Under the Share Purchase Agreement, the purchase consideration will be increased by the final cash and working capital balances exceeding minimum agreed amount and decreased by any loans existing as at the date of acquisition. Accordingly, the Group is entitled to receive BRL2.1 million (US$430 thousand) from the selling stockholder of CLIA Pouso Alegre.*

CLIA Pouso Alegre operates as a bonded facility, providing various integrated logistics services such as storage and transportation of bonded cargo and pharmaceutical inputs. Currently, its operations are conducted on a site spanning 28,000 square meters, including a 4,000 square meter warehouse. CLIA Pouso Alegre is already in the process of expanding its facilities, constructing a new site on a 150,000 square meter area with a 12,000 square meter warehouse.

From the date of business combination until December 31, 2023, CLIA Pouso Alegre contributed US$1.2 million (BRL5.8 million) of gross revenues and US$71.8 thousand (BRL358.7 thousand) net income attributable to equity holders of the Parent. Had the business combination took place on January 1, 2023, the CLIA Pouso Alegre would have contributed US$2.8 million (BRL13.9 million) of gross revenues and US$325.5 thousand (BRL1.7 million) of net income attributable to equity holders of the Parent.

IRB Logistica (iTracker Logistica Inteligente Ltda (iTracker)). In July 2022, ICTSI, through its wholly-owned subsidiaries, IRB Logistica, ICTSI Rio, IABV and IRB Holding, entered into definitive agreements with a local Brazilian logistic operator, Tracker Logistica, to constitute a new logistics and warehousing operation, the "iTracker Project". As part of the Project, in July 2023, IRB Holding acquired 70% stake in iTracker Logistica Inteligente Ltda (iTracker), through offsetting of advances, for a consideration of US$2.7 million.

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

Assets	
Property and equipment	US$122,191
Intangible assets	342
Cash and cash equivalents	1,275
	US$123,808
Liabilities	
Accounts payable and other current liabilities	US$173
Total identifiable net assets at fair value	US$123,635
Noncontrolling interests at 30% proportionate share	(37,090)
The Group's share in identifiable net assets	86,545
Goodwill arising on acquisition	2,644,474
Purchase consideration by way of offsetting	US$2,731,019

Thereafter, on August 31, 2023, iTracker was merged with IRB Logistica, with IRB Logistica as the surviving entity. On the same date, IRB Logistica disposed 30% stake to noncontrolling interest resulting to a recognition of a negative equity attributable to non-controlling interest of US$0.6 million. Consequently, as a result of IRB Logistica's disposal of 30% stake to noncontrolling interest, ICTSI's effective ownership stake in DF3 also decreased by 30% resulting to a recognition of a negative equity attributable to non-controlling interest of US$0.8 million. In September 2023, IRB Holding transferred all its ownership stake in IRB Logistica to RLMP.

EJD. On July 27, 2022, ICTSI signed a Conditional Share Subscription and Purchase Agreement (CSSPA) with Indo Port Holding Pte Ltd. (IPH) and Eastlog Holding Pte Ltd. to acquire majority share ownership up to 66.67% in EJD, subject to fulfillment of certain conditions.

Upon fulfillment of certain conditions under the CSSPA, ICTSI acquired control over EJD on August 16, 2022. ICTSI held 65% ownership stake in EJD on the said date. In November 2022, ICTSI purchased additional shares from a noncontrolling shareholder representing 1.67% stake in EJD and was accounted for as an equity transaction (see Note 15.4).

The following are the fair values of the identifiable assets and liabilities of EJD as at the date of acquisition:

Assets	
Concession assets	US$8,449,779
Property and equipment	2,240,494
Cash and cash equivalents	4,104,682
Receivables	1,576,253
Prepaid expenses and other current assets	515,142
	US$16,886,350
Liabilities	
Payables	US$12,816,638
Total identifiable net assets at fair value	US$4,069,712
Noncontrolling interests at 35% proportionate share	(1,443,758)
The Group's share in identifiable net assets	2,625,954
Goodwill arising on acquisition	2,549,046
Purchase consideration by way of subscription of shares	US$5,175,000

No adjustments were made to the provisional fair values of the identifiable assets and liabilities of EJD as at the date of business combination.

From the date of acquisition until December 31, 2022, EJD contributed US$0.3 million (IDR5.2 billion) of gross revenues and US$0.3 million (IDR5.0 billion) net loss attributable to equity holders of the Group. Had the business combination took place on January 1, 2022, the Group's gross revenues from port operations would have increased by US$1.2 million (IDR17.8 billion) and net income attributable to equity holders would have decreased by US$0.4 million (IDR5.9 billion).

MNHPI. On September 21, 2017, ICTSI signed an SPA with Petron Corporation for the acquisition of shares representing 34.83% stake in MNHPI. The completion of the SPA was subject to several conditions, one of which was the approval of the acquisition by the PPA. The SPA was completed on October 30, 2017. On September 5, 2018, ICTSI signed an SPA with Harbour Centre Port Terminal, Inc. (HCPTI) for the acquisition of shares representing 15.17% stake in MNHPI. The Philippine Competition Commission and the PPA approved the acquisition of additional shares on March 15, 2019 and April 26, 2019, respectively. With the approval of the PPA, the increase of ICTSI shareholdings in MNHPI from 34.83% to 50% became effective on April 26, 2019.

On September 8, 2022, ICTSI and San Miguel Holdings Corporation (SMHC), co-shareholders in MNHPI, agreed that MNHPI shall be consolidated under ICTSI in accordance with the Philippine Financial Reporting Standards (PFRS). SMHC recognizes that ICTSI is the shareholder who has the ability to direct the relevant operational activities in view of its technical and port management expertise to affect increased returns to the shareholders. SMHC, directly or through its Affiliates, shall provide financial management expertise and support to the operations of the Company.

With ICTSI acquiring control over MNHPI, this transaction was accounted for using the acquisition method under PFRS 3, *Business Combinations,* beginning September 8, 2022. Prior to the business combination, MNHPI was accounted for as a joint venture.

The following are the fair values of the identifiable assets and liabilities of MNHPI as at the date of business combination:

Assets	
Concession assets	US$348,333,531
Right of use assets	2,600,268
Property and equipment	407,001
Other noncurrent assets	8,409,847
Cash and cash equivalents	19,209,905
Receivables	3,630,973
Spare parts and supplies	5,262,308
Prepaid expenses and other current assets	4,933,539
	US$392,787,372
Liabilities	
Concession payable	US$46,739,669
Lease liability	3,470,900
Deferred tax liabilities	48,236,459
Other noncurrent liabilities	3,594,968
Accounts payable and other current liabilities	18,498,150
	US$120,540,146

Fair value of identifiable net assets	US$272,247,226
Noncontrolling interest at 50% proportionate share	(136,123,613)
Goodwill arising on business combination	23,024,841
Fair value of previously held interest	US$159,148,454

There was no consideration transferred on business combination date. Cash and cash equivalents held by MNHPI at date of consolidation was included in cash flow from business combination under investing activities.

No adjustments were made to the provisional fair values of the identifiable assets and liabilities of MNHPI as at the date of business combination.

From the date of business combination until December 31, 2022, MNHPI contributed US$33.2 million (Php1,809.7 million) of gross revenues. Had the business combination took place on January 1, 2022, the Group's gross revenues from operations would have increased by US$61.9 million (Php3,373.3 million).

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

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

Assets	
Property and equipment	US$190,652,008
Cash and cash equivalents	40,911,920
Receivables	1,916,784
Spare parts and supplies	192,339
Prepaid expenses and other current assets	2,400,097
	US$236,073,148
Liabilities	
Long-term debt	US$144,424,108
Deferred tax liabilities	33,121,263
Other noncurrent liabilities	10,623,363
Accounts payable and other current liabilities	8,054,978
Income tax payable	774,000
	US$196,997,712
Total identifiable net assets at fair value	US$39,075,436
Goodwill arising on acquisition	54,040,451
Purchase consideration satisfied in cash and additional consideration* contingent at date of acquisition	US$93,115,887
Cash paid at acquisition date	US$51,239,840
Less cash and cash equivalents of MHCPSI	40,911,920
Net cash outflow	US$10,327,920

**Settled in 2021*

From the date of acquisition until December 31, 2021, MHCPSI contributed US$17.4 million (Php857.8 million) of gross revenues and US$5.7 million (Php282.8 million) net income attributable to equity holders of the Group. Had the business combination took place on January 1, 2021, the Group's gross revenues from operations would have increased by US$12.9 million (Php634.0 million) and the net income attributable to equity holders would have increased by US$3.3 million (Php160.8 million).

1.5 Sale of Interest in HIPS

AHI entered into an SPA with HRC, with AHI selling all its 162,500 shares or 65% interest in HIPS for a total consideration of Php325.0 million (US$5.8 million) to the latter subject to delivery of a bank guarantee, among other conditions. Effective August 31, 2022, the sale was finalized and concluded by both parties.

Below are the carrying values of assets and liabilities of HIPS at the date of sale:

Assets	
Property and equipment	US$408,913
Cash and cash equivalents	2,611,716
Receivables	46,943
Spare parts and supplies	13,932
Prepaid expenses and other current assets	43,621
	US$3,125,125

(Forward)

Liabilities	
Accounts payable and other current liabilities	US$177,972
Income tax payable	62,083
	US$240,055
Net book value of assets	US$2,885,070
Cumulative translation adjustment	1,343,557
Non-controlling interest	(678,064)
Total book value of net assets attributable to controlling interests	US$3,550,563
Total consideration [(a)]	US$5,788,583
Gain on sale of investment in HIPS, net of tax [(b)]	US$2,238,020

(a) Php325,000,000 translated using the closing rate at the date of sale
(b) Net of capital gains tax amounting to US$474,346

The net gain on the sale of investment in HIPS was included as part of other income (see Note 21.1).

2. Basis of Preparation and Consolidation and Statement of Compliance

2.1 Basis of Preparation

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

2.2 Basis of Consolidation

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

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

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:
- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

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

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

Non-controlling Interests. Non-controlling interests represent the portion of profit or loss and net assets in subsidiaries not wholly-owned by the Group (see Note 1.3). An acquisition, transfer or sale of a non-controlling interest is accounted for as an equity transaction (i.e. no gain or loss is recognized in consolidated statements of income).

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

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

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

2.3 Statement of Compliance

The consolidated financial statements of the Group have been prepared in compliance with PFRSs.

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

3.1 Changes in Accounting Policies

The accounting policies adopted are consistent with those of the previous financial year except that the Group has adopted the following amended standards as at January 1, 2023. The Group has not early adopted any other pronouncement that has been issued but is not yet effective. Unless otherwise indicated, the adoption of the amended standards do not have an impact on the consolidated financial statements of the Group.

- Amendments to PAS 1 and PFRS Practice Statement 2, *Disclosure of Accounting Policies*

  The amendments provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by:

  - Replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies, and
  - Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures

  The amendments have had an impact on the Group's disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the consolidated financial statements.

- Amendments to PAS 8, *Definition of Accounting Estimates*

  The amendments to PAS 8 clarify the distinction between changes in accounting estimates, changes in accounting policies and the correction of errors. They also clarify how entities use measurement techniques and inputs to develop accounting estimates.

  The amendments had no impact on the Group's consolidated financial statements because the Group's accounting policies are aligned with the amendments to PAS 8.

- Amendments to PAS 12, *International Tax Reform—Pillar Two Model Rules*

  The amendments introduce a mandatory exception in PAS 12 from recognizing and disclosing deferred tax assets and liabilities related to Pillar Two income taxes.

  The amendments also clarify that PAS 12 applies to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two Model Rules published by the Organization for Economic Cooperation and Development (OECD), including tax law that implements qualified domestic minimum top-up taxes. Such tax legislation, and the income taxes arising from it, are referred to as 'Pillar Two legislation' and 'Pillar Two income taxes', respectively.

  The temporary exception from recognition and disclosure of information about deferred taxes and the requirement to disclose the application of the exception, apply immediately and retrospectively upon adoption of the amendments in June 2023.

  Meanwhile, the disclosure of the current tax expense related to Pillar Two income taxes and the disclosures in relation to periods before the legislation is effective are required for annual reporting periods beginning on or after January 1, 2023.

  The Group adopted and applied the exceptions introduced by PAS 12. Current income tax expense related to Pillar Two income taxes amounted to nil in 2023.

  Pillar Two legislation has been enacted or substantively enacted in certain jurisdictions where the Group operates. As at February 28, 2024, the Group is in the process of gathering information and assessing the potential exposure arising from the Pillar Two legislation.

- Amendments to PAS 12, *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

  The amendments narrow the scope of the initial recognition exception under PAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

  The amendments also clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognized in the financial statements (and interest expense) or to the related asset component (and interest expense).

  The amendments had no impact on the Group's consolidated financial statements because the Group's accounting policies are aligned with the amendments to PAS 12.

3.2 Significant Accounting Judgments, Estimates and Assumptions

Judgments

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

Determination of Control over an Investee Company. Control is presumed to exist when an investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The Group has determined that it has the ability to direct the relevant operational activities of MNHPI in view of its technical and port management expertise to affect increased returns to the shareholders (see Note 1.4).

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

Functional Currency. Management uses judgment in assessing the functional currency of the Parent Company and its subsidiaries. Each entity in the Group determines its own functional currency, which is the currency that best reflects the economic substance of the underlying events and circumstances relevant to that entity.

Determining the Incremental Borrowing Rate for Lease Liabilities. The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. Observable inputs such as market interest rates are used as applicable.

Deferred Tax Liabilities. Deferred tax liabilities are recognized for undistributed earnings of subsidiaries in retained earnings position from which the Parent Company projects to receive distributions in the foreseeable future and where these distributions are subject to tax. Deferred taxes were not provided for undistributed earnings of subsidiaries in retained earnings position that are not taxable upon distribution or where the Parent Company has control over the distribution of such earnings in the foreseeable future, as these may be earmarked for reinvestment in foreign port projects or for other reasons. As at December 31, 2021, 2022 and 2023, the Group recognized deferred tax liability relating to the undistributed earnings of subsidiaries amounting to nil, US$10.1 million and US$15.0 million, respectively (see Note 22).

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

Contingencies. The Group is currently a party in a number of legal cases and negotiations involving cargo, labor, tax, contracts and other issues. The Group's estimate of the probable costs for the resolution of these cases and negotiations has been developed in consultation with outside counsels handling the defense for these matters and is based upon an analysis of probable results. Management and its legal counsels believe that the Group has substantial legal and factual bases for its position and is of the opinion that losses arising from these actions, if any, will not have a material adverse impact on the Group's consolidated financial position and results of operations. It is possible, however, that future results of operations could be materially affected by changes in estimates or in the effectiveness of strategies relating to these proceedings. Provision for claims and losses amounted to US$18.5 million, US$19.7 million and US$21.3 million as at December 31, 2021, 2022 and 2023, respectively (see Notes 19 and 26).

Estimates and Assumptions
The key estimates and assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Recognition of Construction Revenue. The Group's revenue from construction services relating to IFRIC 12 service concession arrangement is recognized over time using an input method based on actual costs incurred to date relative to the total estimated costs to complete the construction. The estimated costs to complete the construction are mainly based on committed investments for each port development or project as provided in the concession agreement.

The carrying amount of contract assets arising from construction services and included as part of concession rights amounted to US$126.5 million, US$136.2 million and US$63.2 million as of December 31, 2021, 2022 and 2023, respectively.

Impairment of Nonfinancial Assets. Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset. The value-in-use calculation is based on a discounted cash flow (DCF) model and requires the Group to make an estimate of the expected future cash flows from the asset or cash-generating unit and also to choose a suitable discount rate to calculate the present value of those cash flows. The recoverable amount is sensitive to the discount rate used for the DCF model.

The carrying amounts of intangible assets, goodwill, property and equipment, right-of-use assets, investment properties, investments in joint ventures and associates, and other noncurrent assets are disclosed in Notes 5, 6, 7, 8, 9, and 10 to the consolidated financial statements, respectively.

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

Management will increase the depreciation and amortization charges where useful lives are less than what have previously been estimated**.** A reduction in the estimated useful lives of these assets will increase recorded expenses and decrease noncurrent assets. The carrying values of computer software, property and equipment, and investment properties are disclosed in Notes 5, 6 and 8 to the consolidated financial statements, respectively.

Defined Benefit Obligation. The determination of the present value of the defined benefit obligation is dependent on the selection of certain assumptions provided by the Group to its actuaries in calculating such amounts. Those assumptions include, discount rate and future salary increases.

Due to its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions.

The carrying values of defined benefit obligation are disclosed in Note 24 to the consolidated financial statements.

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

Deferred tax assets are disclosed in Note 22 to the consolidated financial statements. Unrecognized deferred tax assets on net operating loss carry-over (NOLCO) and other losses of certain subsidiaries amounted to US$8.2 million, US$9.5 million, and US$9.0 million as at December 31, 2021, 2022 and 2023, respectively. These losses relate to subsidiaries that have a history of losses and may not be used to offset taxable income elsewhere in the Group. The subsidiaries neither have any taxable temporary difference nor any tax planning opportunities available that could partly support the recognition of these losses as deferred tax assets. On this basis, the Group has determined that it cannot recognize deferred tax assets on these tax losses carried forward.

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

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

The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions.

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

3.3 Material Accounting Policies

Intangibles
Separately acquired intangible assets are initially recognized at cost.

The Group classifies concession right as an intangible asset when it entitles the Group to charge users in exchange for cargo handling services the Group provides. Such right arises from service concession arrangement within the scope of IFRIC 12, *Service Concession Arrangements*, whereby the grantor (a government entity), controls or regulates the services provided to the customers as well as the prices charged to them. The grantor controls any significant residual interest in the infrastructure at the end of the term of the arrangement. The cost of concession right comprises of upfront fees, present value of the fixed concession fees payable to the port authorities, construction cost of port infrastructure and purchase price of port equipment committed to be invested by the Group under the concession contract and borrowing costs, if the concession right takes a substantial time to get ready for its intended use, and adjusted for any subsequent remeasurement of concession rights payable.

Concession rights are subject to impairment assessment. Concession rights are amortized on a straight-line basis over the term of the concession arrangements ranging from 13 to 43 years.

Computer software is amortized on a straight-line basis over five years.

Intangible asset acquired in a business combination is measured at fair value on the acquisition date. Goodwill is measured as described in the accounting policy on *Business Combinations and Goodwill*.

Goodwill and intangible assets not yet brought into use are not amortized but are tested for impairment at least annually or more frequently should impairment indicators exist.

Business Combinations and Goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects to measure the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed and included as part of "Administrative and other operating expenses" account in the consolidated statement of income.

The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organized workforce with the necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

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

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interest and any previously held interest over the net identifiable assets acquired and liabilities assumed.

For purposes of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units (CGUs), or groups of CGUs, that are expected to benefit from the synergies of the combination.

Where goodwill has been allocated to a CGU and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the CGU retained.

Property and Equipment
Land is measured at cost net of accumulated impairment losses, if any. All other property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost of property and equipment includes borrowing cost if the asset takes a substantial time to get ready for its intended use.

Depreciation and amortization of property and equipment is computed on a straight-line basis over the estimated useful lives of the assets, as follows:

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

Construction in progress is not depreciated until such time the relevant asset is completed and available for operational use.

Leases
The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a Lessee
The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use Assets. The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the lease term ranging from 2 to 48 years. Right-of-use assets are subject to impairment assessment.

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

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

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

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

Investments in Joint Ventures and in an Associate

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The Group's investments in joint ventures and in an associate are accounted for using the equity method. Under the equity method, the investment is initially recognized at cost. The carrying amount of the investment is then adjusted to recognize changes in the Group's share of net assets of the investee since the acquisition date. The consolidated statement of income reflects the Group's share of the results of operations of the investee. Unrealized gains and losses resulting from transactions between the Group and the investee are eliminated to the extent of the interest in the investee.

Impairment of Non-financial Assets

The Group assesses, at each balance sheet date, whether there is an indication that an asset (e.g., property and equipment, investment properties, concession rights, computer software, right-of-use assets, investments in joint ventures, and certain other noncurrent assets) may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or a CGU's fair value less costs of disposal and its value-in-use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, recoverable amount is determined for the CGU to which the asset belongs. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are considered. If no such transactions can be identified, an appropriate valuation model is used.

The Group bases its impairment calculation on most recent budgets, which generally cover a period of five years. A long-term growth rate is applied to project future cash flows after the fifth year.

Goodwill and intangible assets not yet brought into use are tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Initial Recognition and Measurement of Financial Assets

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of the Group's trade receivables, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables are measured at the transaction price, i.e., the amount of consideration the Group is entitled to collect from the customers in exchange for services rendered.

Subsequent Measurement of Financial Assets

For purposes of subsequent measurement, financial assets are classified in four categories:
- Financial assets measured at amortized cost (debt instruments)
- Financial assets measured at fair value through other comprehensive income, where cumulative gains or losses previously recognized are reclassified to profit or loss (debt instruments)
- Financial assets measured at fair value through other comprehensive income, where cumulative gains or losses previously recognized are not reclassified to profit or loss
- Financial assets measured at fair value through profit or loss

The Group classifies debt financial asset as at amortized cost only if the asset gives rise to cash flows that are 'solely payments of principal and interest' on the principal amount outstanding and that such asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows.

The Group does not have debt instruments at FVOCI.

Financial Assets at Amortized Cost. Financial assets at amortized cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

The Group's financial assets at amortized cost include cash in banks, cash equivalents, trade receivables, advances and nontrade receivables, receivable from port authorities and short-term investments.

Equity Instruments at FVOCI. The Group has irrevocably elected to measure equity instruments not held for trading at FVOCI. Dividends on such investments are recognized in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment, in which case, such gain is recognized in OCI. Equity investments at FVOCI are not subject to impairment assessment.

Financial Assets at Fair Value Through Profit or Loss (FVTPL). The Group's financial assets at FVTPL consist of derivative instruments not designated as hedging instruments.

Impairment of Financial Assets
The Group recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at FVTPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For debt instruments that meet the investment grade criteria, the Group applies the low credit risk simplification. At every balance sheet date, the Group evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort.

The Group considers a financial asset in default when contractual payments are 120 days past due. In certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Initial Recognition and Measurement of Financial Liabilities
Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, or payables.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

Subsequent Measurement of Financial Liabilities
For purposes of subsequent measurement, financial liabilities are classified in two categories:
- Financial liabilities at amortized cost (loans and borrowings)
- Financial liabilities at fair value through profit or loss

Financial Liabilities at Amortized Cost. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on initial recognition and fees or costs that are an integral part of the EIR. The EIR amortization is included as interest expense in the consolidated statement of income.

The Group's financial liabilities at amortized cost include long-term debt, loans payable, concession rights payable and lease liabilities.

Financial Liabilities at FVTPL. The Group's financial liabilities at FVTPL consist of derivative instruments not designated as hedging instruments.

Hedge Accounting

The Group uses derivative financial instruments, such as forward currency contracts and interest rate swaps, to hedge its foreign currency risks and interest rate risks, respectively. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. For the purpose of hedge accounting, hedges are classified as:

- Fair value hedges when hedging the exposure to changes in the fair value of a recognized asset or liability or an unrecognized firm commitment
- Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognized firm commitment
- Hedges of a net investment in a foreign operation

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined).

Hedges that meet all the qualifying criteria for hedge accounting are accounted for, as described below:

Fair Value Hedges. The change in the fair value of a hedging instrument is recognized in the profit or loss. The change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item and is also recognized in the profit or loss.

Cash Flow Hedges. The effective portion of the gain or loss on the hedging instrument is recognized in OCI, whereas any ineffective portion is recognized immediately in the profit or loss. The amount taken to OCI is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

The amounts accumulated in OCI are accounted for, depending on the nature of the underlying hedged transaction. If the hedged transaction subsequently results in the recognition of a non-financial item, the amount accumulated in equity is removed from the separate component of equity and included in the initial cost or other carrying amount of the hedged asset or liability. For any other cash flow hedges, the amount accumulated in OCI is reclassified to profit or loss as a reclassification adjustment in the same period or periods during which the hedged cash flows affect profit or loss.

If cash flow hedge accounting is discontinued, the amount that has been accumulated in OCI must remain in accumulated OCI if the hedged future cash flows are still expected to occur. Otherwise, the amount will be immediately reclassified to profit or loss as a reclassification adjustment. After discontinuation, once the hedged cash flow occurs, any amount remaining in accumulated OCI must be accounted for depending on the nature of the underlying transaction as described above.

Hedges of a Net Investment. Hedges of a net investment in a foreign operation, including a hedge of a monetary item that is accounted for as part of the net investment, are accounted for in a way similar to cash flow hedges. Gains or losses on the hedging instrument relating to the effective portion of the hedge are recognized as OCI whereas any gains or losses relating to the ineffective portion are recognized in profit or loss. On disposal of the foreign operation, the cumulative value of any such gains or losses recorded in equity is transferred to profit or loss.

Cash and Cash Equivalents

Cash includes cash on hand and in banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less and are subject to an insignificant risk of change in value.

Cash does not include restricted cash, which is classified in the consolidated balance sheet either as a current or noncurrent asset depending on the relationship to the asset for which the funds are restricted.

Concession Rights Payable

At the commencement date of the service concession arrangement within the scope of IFRIC 12, the Group recognizes as concession rights payable the present value of concession fee payments to be made over the term of the concession. The concession fee payments include fixed payments and variable payments that depend on an index or a rate. The variable concession payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of the concession fee payments, the Group estimates the discount rate that reflects time value of money and risk assumptions such as own credit risk. Observable inputs such as market interest rates are used as applicable.

The carrying amount of concession rights payable is remeasured if there is a change in future concession fee payments resulting from a change in an index or a rate used to determine those payments.

Accounts Payable and Other Current Liabilities

This account classification includes the following:

Trade Payable. Trade payable represents payable to port authorities other than concession rights pertaining to upfront fees payable in installments and fixed fees, such as accrual of variable portion of port fees and those payable to suppliers and vendors of goods and services.

Accrued Expenses. Accrued expenses are comprised of accruals relating to interest, salaries and benefits, and output and other taxes, among others.

Provisions for Claims and Losses. Provisions for claims and losses pertain to estimated probable losses on cargo, labor-related and other claims from third parties. Provision not settled at the balance sheet date is re-assessed and adjusted, if necessary.

Customers' Deposits. Customers' deposits represent advance payment of customers subject to refund or for future billing applications.

Spare Parts and Supplies
Spare parts and supplies inventories are valued at the lower of cost and net realizable value. Net realizable value is the current replacement cost.

Cost is determined by using the first-in, first-out method. If the cost of spare parts and supplies inventories exceeds its net realizable value, write-downs are made for the differences between the cost and the net realizable value.

Foreign Currencies
Transactions and Balances. Transactions in foreign currencies are initially recorded by each entity at its functional currency ruling at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are retranslated at the entity's functional currency rate of exchange at the balance sheet date.

Foreign currency translation adjustments arising from monetary items are taken to consolidated statement of income and recognized in OCI if they are attributable to the Group's net investment in a foreign operation. An item for which settlement is neither planned nor likely to occur in the foreseeable future is, in substance, a part of the Group's net investment in that foreign operation.

Nonmonetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Nonmonetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

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

Upon disposal of a foreign operation, the deferred cumulative translation amount relating to the disposed foreign operation is reclassified from OCI to profit or loss.

Any goodwill arising from the acquisition of a foreign operation and any fair value adjustments made to the carrying amounts of assets and liabilities arising from the acquisition are treated as assets and liabilities of the foreign operations and translated at the closing exchange rate at the balance sheet date.

Year-end Exchange Rates

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

	2021		2022		**2023**	
	Closing	Average	Closing	Average	**Closing**	**Average**
Foreign currency to 1 unit of US dollar (USD or US$):						
Argentine peso (AR$)	102.736	95.133	177.132	130.845	**808.475**	**294.709**
Australian dollar (AUD)	1.377	1.331	1.468	1.439	**1.468**	**1.505**
Brazilian real (BRL or R$)	5.571	5.397	5.286	5.168	**4.852**	**4.996**
Central African franc (XAF)	576.501	554.947	612.760	623.925	**594.229**	**606.628**
Chinese renminbi (RMB)	6.356	6.450	6.899	6.737	**7.100**	**7.086**
Colombian peso (COP)	4,064.920	3,749.723	4,850.830	4,256.870	**3,875.340**	**4,319.410**
Croatian kuna (HRK)	6.610	6.368	7.038	7.167	**–**	**–**
Euro (EUR or €)	0.880	0.845	0.934	0.949	**0.906**	**0.925**
Georgian lari (GEL)	3.089	3.217	2.699	2.911	**2.688**	**2.624**
Honduran lempira (HNL)	24.490	24.077	24.675	24.611	**24.741**	**24.662**
Hong Kong dollar (HKD)	7.797	7.773	7.802	7.831	**7.812**	**7.829**
Indonesian rupiah (IDR or Rp)	14,263.000	14,297.000	15,573.000	14,853.000	**15,399.000**	**15,245.000**
Iraqi dinar (IQD)	1,460.000	1,460.000	1,460.000	1,460.000	**1,320.000**	**1,337.165**
Malagasy ariary (MGA)	3,971.610	3,848.260	4,465.690	4,125.060	**4,585.100**	**4,451.860**
Mexican peso (MXN)	20.529	20.286	19.5	20.110	**16.972**	**17.744**
Nigerian naira (NGN)	424.830	407.600	460.820	426.390	**911.680**	**638.740**
Pakistani rupee (PKR or Rs)	176.500	163.048	226.655	205.049	**281.563**	**279.524**
Papua New Guinean kina (PGK)	3.510	3.514	3.524	3.519	**3.730**	**3.589**
Philippine peso (PHP or ₱)	50.999	49.280	55.755	54.488	**55.370**	**55.633**
Polish zloty (PLN)	4.035	3.863	4.375	4.458	**3.936**	**4.200**
Singaporean dollar (SGD)	1.349	1.344	1.340	1.379	**1.320**	**1.343**
United Arab Emirates dirham (AED)	3.673	3.673	3.673	3.673	**3.673**	**3.673**

Starting 2018, Argentina's economy has been considered as hyperinflationary. Accordingly, companies in Argentina whose functional currency is AR$ are required to apply PAS 29, *Financial Reporting in Hyperinflationary Economies*. As at December 31, 2023, the functional currency of Tecplata remains to be US$.

Post-Employment Benefits

Defined Benefit Plans. The liability or asset recognized in the consolidated balance sheet in respect of defined benefit plans is the present value of the defined benefit obligation less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. This method sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation. In countries where there is no deep market in such bonds, the market rates on government bonds are used.

The Group recognizes the following changes in the net defined benefit obligation under Manpower Costs in the consolidated income statement:

- Service costs comprising current service costs, past service costs, gains and losses on curtailments and non-routine settlements

- Net interest expense or income, which is calculated by applying the discount rate to the net defined benefit liability or asset

Remeasurements gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized immediately in other comprehensive income in the period in which they arise. Such gains and losses are not reclassified to profit or loss in subsequent periods.

Defined Contribution Plans. Payments to defined contribution plans are recorded as expense in the consolidated statement of income when employees have rendered services entitling them to the contributions. The Group has no further obligations once the contributions have been paid.

Share-based Payments
Certain qualified officers and employees of the Parent Company and subsidiaries receive remuneration for their services in the form of equity shares of the Parent Company (equity-settled transactions).

The cost of equity-settled transactions with officers and employees is measured by reference to the fair value of the equity shares of the Parent Company at the date on which these are granted.

The cost of equity-settled transactions is recognized, together with a corresponding increase in equity, over the period in which the service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the vesting date). The cumulative expense recognized for equity-settled transactions at each balance sheet date until the vesting date reflects the extent to which the vesting period has transpired and the Group's best estimate of the number of equity instruments that will ultimately vest. No expense is recognized for awards that do not ultimately vest because service conditions have not been met.

Revenue Recognition
Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services, which could be based on tariff rates published by port authorities in certain jurisdictions or contractually agreed rates with the customer. The measurement of revenue takes into account contractually defined terms of payment, excluding incentives and output taxes. The Group has concluded that it is the principal in its revenue arrangements because it is the primary obligor who is responsible for providing the services to the customers.

The following specific recognition criteria must also be met before revenue is recognized:

Gross Revenues from Port Operations. Revenue from port operations (stevedoring, arrastre and other cargo handling services) is recognized when the services are rendered. Payment is generally due once services are rendered.

Construction Revenue. Revenue from construction services relating to IFRIC 12 service concession arrangements is recognized over time using an input method based on actual costs incurred to date relative to the total estimated costs to complete the construction. The estimated costs to complete the construction are mainly based on committed investments for each port development or project as provided in the concession agreement. Such revenue is measured at the fair value of the construction services provided.

Expenses
Expenses are recognized as incurred. Expenses constitute the following:

Port Authorities' Share in Gross Revenues. Port authorities' share in gross revenues includes variable fees paid to port authorities as stipulated in the concession agreements.

Manpower Costs. Manpower costs include remunerations and benefits provided by the Group to its officers and employees such as salaries, wages, allowances, and bonuses, among others.

Equipment and Facilities-related Expenses. Equipment and facilities-related expenses include expenses incurred for general repairs and maintenance of the Group's port facilities and other equipment such as consumption of fuel, oil and lubricants, contracted services, power, light and water, and technology and systems development expenses.

Administrative and Other Operating Expenses. Administrative and other operating expenses include costs of administering the business as incurred by administrative and corporate departments such as professional fees, transportation and travel, taxes and licenses, security and janitorial services, insurance and bonds, representation, utilities and general office expenses. This account also includes costs of business development offices in relation to the acquisition of new terminals or projects under exploratory stage.

Income Taxes
Provision for income tax represents the sum of tax currently payable and deferred tax. The tax currently payable is based on taxable profit for the year.

Deferred Tax. Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the balance sheet date.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither the accounting income nor taxable income or loss and does not give rise to equal taxable and deductible temporary differences; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences and carryforward benefits of unused tax credits and unused tax losses or NOLCO, to the extent that it is probable that sufficient future taxable income will be available against which the deductible temporary differences, and the carryforward benefits of unused tax credits and NOLCO can be utilized.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each balance sheet date and are recognized to the extent that it has become probable that future taxable income will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date to the extent that such tax rates and tax laws are not based on the Pillar Two model rules published by the OECD.

Earnings Per Share
Basic earnings per common share is computed by dividing the adjusted net income attributable to equity holders of the Parent Company by the weighted average number of common shares outstanding during each year after giving retroactive effect to stock dividends declared during the year. The effect of cumulative distributions on subordinated perpetual capital securities classified as equity in accordance with PAS 32, *Financial Instruments: Presentation*, is deducted from net income attributable to equity holders of the Parent Company to arrive at the adjusted amount.

Diluted earnings per common share is computed in the same manner, adjusted for the effect of the shares issuable to qualified officers and employees under the Parent Company's stock incentive plan which are assumed to be exercised at the date of grant.

Where the effect of the vesting of stock under the stock incentive plan is anti-dilutive, basic and diluted earnings per share are stated at the same amount.

Geographical Segments
The Group operates principally in one industry segment which is cargo handling and related services. The Group's operating business is organized and managed separately according to location, namely Asia, Europe, the Middle East and Africa (EMEA), and Americas. Financial information on geographical segments is presented in Note 4 to the consolidated financial statements.

Provisions
Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the consolidated statement of income, net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as an interest expense.

Contingencies
Contingent assets and liabilities are not recognized in the consolidated financial statements. Contingent assets are disclosed in the notes to consolidated financial statements when an inflow of economic benefits is probable and recognized in the consolidated balance sheet and the related income in the consolidated statement of income when an inflow of economic benefits is virtually certain. On the other hand, contingent liabilities are disclosed in the notes to consolidated financial statements unless the possibility of an outflow of resources embodying economic benefits is remote.

Events after the Balance Sheet Date
Post year-end events that provide additional information about the Group's position at the balance sheet date (adjusting events) are reflected in the consolidated financial statements. Post year-end events that are not adjusting events are disclosed in the notes to consolidated financial statements when material.

3.4 Future Changes in Accounting Policies

Pronouncements issued but not yet effective as at December 31, 2023 are listed below. The Group intends to adopt the following pronouncements when they become effective. Unless otherwise indicated, adoption of these pronouncements is not expected to have a significant impact on the consolidated financial statements of the Group.

Effective beginning on or after January 1, 2024

- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current*

  The amendments clarify:
  - That only covenants with which an entity must comply on or before reporting date will affect a liability's classification as current or non-current.
  - That classification is unaffected by the likelihood that an entity will exercise its deferral right.
  - That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

  The amendments must be applied retrospectively.

- Amendments to PFRS 16, *Lease Liability in a Sale and Leaseback*

  The amendments specify how a seller-lessee measures the lease liability arising in a sale and leaseback transaction in a way that it does not recognize any amount of the gain or loss that relates to the right of use retained.

  The amendments must be applied retrospectively.

- Amendments to PAS 7 and PFRS 7, *Disclosures: Supplier Finance Arrangements*

  The amendments specify disclosure requirements to enhance the current requirements, which are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

Effective beginning on or after January 1, 2025

- PFRS 17, *Insurance Contracts*

  PFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, PFRS 17 will replace PFRS 4, *Insurance Contracts*. This new standard on insurance contracts applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply.

- Amendments to PAS 21, *Lack of Exchangeability*

  The amendments specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking.

When applying the amendments, an entity cannot restate comparative information.

Deferred effectivity

- Amendments to PFRS 10, *Consolidated Financial Statements*, and PAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

  The amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

  On January 13, 2016, the Financial and Sustainability Reporting Standards Council deferred the original effective date of January 1, 2016 of the said amendments until the International Accounting Standards Board completes its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

4. Segment Information

A segment is a distinguishable component of the Group that is engaged either in providing types of services (business segment) or in providing the services within a particular economic environment (geographic segment).

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

- Asia - includes Manila International Container Terminal (MICT), BIPI, DIPSSCOR (ceased commercial operations on June 30, 2022), SCIPSI, SBITC, ICTSI Subic, HIPS (until August 31, 2022), MICTSI, LGICT, CGT, MHCPSI, MNHPI (obtained control on September 8, 2022), SBI and CLI in the Philippines; YICT in China; OJA, IJP, MTS (ceased commercial operations on January 31, 2023) and EJD (acquired on August 16, 2022) in Indonesia; VICT in Australia; MITL and SPICTL in PNG; and ICTHI, ICTSI Ltd. and other holding companies and those companies incorporated in The Netherlands for the purpose of supporting the funding requirements of the Group;
- EMEA - includes BCT in Poland, BICTL in Georgia, AGCT in Croatia, MICTSL in Madagascar, PICT in Pakistan (concession contract ended on June 17, 2023), ICTSI Nigeria in Nigeria, IDRC in DR Congo, ICTSI Iraq in Iraq, AGT in Sudan; and KMT in Cameroon; and
- Americas - includes TSSA, ICTSI Rio, IRB Logistica and CLIA Pouso Alegre in Brazil (acquired on September 5, 2023), CGSA in Ecuador, SPIA in Colombia, Tecplata in Argentina, CMSA and TMT in Mexico, OPC in Honduras and ICTSI Oregon in Oregon, U.S.A.

Management monitors the operating results of each operating unit separately for making decisions about resource allocation and performance assessment. The Group evaluates segment performance based on contributions to gross revenues, which is measured consistently with gross revenues from port operations in the consolidated statement of income.

Financing is managed on a group basis and centralized at the Parent Company level or at the entities created solely for the purpose of obtaining funds for the Group. Funding requirements that are secured through debt are recognized as liabilities of the Parent Company or of the entity issuing the debt instrument, classified under the geographical region of Asia and are not allocated to other geographical segments where funds are eventually transferred and used.

The tables below present financial information on geographical segments as at and for the years ended December 31:

	2021			
	Asia	EMEA	Americas	Consolidated
Volume [a]	5,128,783	2,657,555	3,377,135	11,163,473
Gross revenues	US$836,614,273	US$425,897,273	US$602,508,954	US$1,865,020,500
Capital expenditures [b]	80,663,259	55,553,786	28,766,221	164,983,266
Other information:				
Segment assets [c]	3,366,794,654	888,367,997	1,673,543,512	5,928,706,163
Segment liabilities [d]	3,411,248,115	179,313,581	934,976,701	4,525,538,397

	2022			
	Asia	EMEA	Americas	Consolidated
Volume [a]	6,129,900	2,657,288	3,429,002	12,216,190
Gross revenues	US$1,015,533,199	US$467,634,016	US$759,824,640	US$2,242,991,855
Capital expenditures [b]	229,986,141	92,433,772	63,929,170	386,349,083
Other information:				
Segment assets [c]	3,890,617,420	906,610,853	1,863,505,828	6,660,734,101
Segment liabilities [d]	3,775,232,252	180,682,362	1,051,913,971	5,007,828,585

	2023			
	Asia	**EMEA**	**Americas**	**Consolidated**
Volume [a]	**6,570,833**	**2,524,865**	**3,653,516**	**12,749,214**
Gross revenues	**US$1,042,431,959**	**US$490,279,582**	**US$855,614,842**	**US$2,388,326,383**
Capital expenditures [b]	**145,793,115**	**74,157,814**	**116,369,620**	**336,320,549**
Other information:				
Segment assets [c]	**3,781,442,003**	**907,754,784**	**2,147,008,858**	**6,836,205,645**
Segment liabilities [d]	**3,504,606,968**	**317,853,875**	**1,178,737,601**	**5,001,198,444**

[a] *Measured in TEUs.*

[b] *Capital expenditures consist of amount disbursed for the acquisition of port facilities and equipment classified as intangible assets under IFRIC 12 amounting to US$58.7 million, US$100.7 million, and US$74.9 million in 2021, 2022, and 2023, respectively, property and equipment amounting to US$88.9 million, US$237.9 million, and US$207.7 million in 2021, 2022, and 2023, respectively, as shown in the consolidated statements of cash flows, and noncurrent advances to suppliers and contractors amounting to US$17.4 million, US$47.7 million, and US$53.7 million in 2021, 2022, and 2023, respectively.*

[c] *Segment assets do not include deferred tax assets amounting to US$337.8 million, US$392.9 million, and US$408.7 million as at December 31, 2021, 2022 and 2023, respectively.*

[d] *Segment liabilities do not include income tax payable amounting to US$46.4 million, US$56.8 million, and US$65.0 million and, deferred tax liabilities amounting to US$182.9 million, US$262.3 million, and US$273.5 million as at December 31, 2021, 2022 and 2023, respectively.*

Moreover, management monitors the Group's earnings before interest, taxes, depreciation and amortization (EBITDA) on a consolidated basis for decision-making purposes. The following table shows the computation of EBITDA as derived from the consolidated net income attributable to equity holders of the parent for the years ended December 31:

	2021	2022	**2023**
Net income attributable to equity holders of the parent	US$428,568,591	US$618,464,708	**US$511,529,938**
Non-controlling interests	48,973,852	59,002,117	**69,596,417**
Provision for income tax	124,416,656	152,657,633	**166,415,687**
Income before income tax	601,959,099	830,124,458	**747,542,042**
Add (deduct):			
Depreciation and amortization	246,993,685	266,717,816	**294,431,515**
Interest and other expenses [a]	350,260,766	386,936,746	**555,193,153**
Interest and other income [b]	(60,156,860)	(74,506,231)	**(91,553,190)**
EBITDA [c]	US$1,139,056,690	US$1,409,272,789	**US$1,505,613,520**

[a] *Interest and other expenses include the following as shown in the consolidated statements of income: foreign exchange loss; interest expense on concession rights payable and lease liabilities; interest expense and financing charges on borrowings; impairment losses on goodwill and nonfinancial assets; equity in net loss of joint ventures and an associate; and other expenses.*

[b] *Interest and other income include the following as shown in the consolidated statements of income: foreign exchange gain; equity in net profit of joint ventures and an associate; interest income; and other income.*

[c] *EBITDA is not a uniform or legally defined financial measure. EBITDA is presented because the Group believes it is an important measure of its performance and liquidity. EBITDA is also frequently used by securities analysts, investors and other interested parties in the evaluation of companies in the industry.*

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

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

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

All segment revenues are from external customers. Gross revenues from port operations of ICTSI and other Philippine-based subsidiaries comprised 32.4 percent, 33.3 percent and 33.9 percent of the consolidated gross revenues from port operations for the years ended December 31, 2021, 2022 and 2023, respectively. Gross revenues from port operations outside the Republic of the Philippines comprised 67.6 percent, 66.7 percent and 66.1 percent of the consolidated gross revenues from port operations for the years ended December 31, 2021, 2022 and 2023, respectively.

5. **Intangibles**

This account consists of:

	2021						
	Concession Rights (Note 25)				Computer		
	Upfront Fees	Fixed Fees	Port Infrastructure	Subtotal	Software and Others	Goodwill	Total
Cost							
Balance at beginning of year	US$332,714,087	US$858,022,207	US$1,950,226,024	US$3,140,962,318	US$74,556,788	US$167,784,832	US$3,383,303,938
Additions	–	18,737,593	57,693,367	76,430,960	1,041,885	–	77,472,845
Disposals	–	–	–	–	(38,126)	–	(38,126)
Transfers from other accounts (Notes 6 and 10)	–	–	4,961,490	4,961,490	3,529,921	–	8,491,411
Effect of business combination (Note 1.4)	–	–	–	–	1,290	54,617,233	54,618,523
Remeasurement	–	27,023,445	–	27,023,445	–	–	27,023,445
Translation adjustments	(1,999,397)	(14,390,528)	(12,626,600)	(29,016,525)	(1,289,108)	(9,791,891)	(40,097,524)
Balance at end of year	330,714,690	889,392,717	2,000,254,281	3,220,361,688	77,802,650	212,610,174	3,510,774,512
Accumulated Amortization and Impairment Losses							
Balance at beginning of year	129,374,599	233,411,406	848,295,806	1,211,081,811	57,622,096	71,332,653	1,340,036,560
Amortization for the year	10,101,228	31,640,834	53,460,544	95,202,606	9,697,510	–	104,900,116
Translation adjustments	(921,478)	(3,115,117)	(5,915,765)	(9,952,360)	(1,143,965)	(370,375)	(11,466,700)
Balance at end of year	138,554,349	261,937,123	895,840,585	1,296,332,057	66,175,641	70,962,278	1,433,469,976
Net Book Value	US$192,160,341	US$627,455,594	US$1,104,413,696	US$1,924,029,631	US$11,627,009	US$141,647,896	US$2,077,304,536

	2022						
	Concession Rights (Note 25)				Computer		
	Upfront Fees	Fixed Fees	Port Infrastructure	Subtotal	Software and Others	Goodwill	Total
Cost							
Balance at beginning of year	US$330,714,690	US$889,392,717	US$2,000,254,281	US$3,220,361,688	US$77,802,650	US$212,610,174	US$3,510,774,512
Additions	–	–	67,452,758	67,452,758	9,538,601	–	76,991,359
Disposals	–	–	–	–	(118,256)	–	(118,256)
Transfers from (to) other accounts (Notes 6 and 10)	–	–	(2,939,015)	(2,939,015)	4,689,497	–	1,750,482
Effect of business combination (Note 1.4)	220,033,453	48,266,651	215,914,637	484,214,741	–	25,436,993	509,651,734
Remeasurement	–	(2,960,184)	–	(2,960,184)	–	–	(2,960,184)
Translation adjustments	(10,272,111)	(1,289,942)	(9,035,229)	(20,597,282)	278,228	(8,834,064)	(29,153,118)
Balance at end of year	540,476,032	933,409,242	2,271,647,432	3,745,532,706	92,190,720	229,213,103	4,066,936,529
Accumulated Amortization and Impairment Losses							
Balance at beginning of year	138,554,349	261,937,123	895,840,585	1,296,332,057	66,175,641	70,962,278	1,433,469,976
Amortization for the year	14,815,298	33,626,532	59,835,079	108,276,909	6,720,976	–	114,997,885
Disposals	–	–	–	–	(115,875)	–	(115,875)
Effect of business combination	36,698,024	18,751,664	71,981,743	127,431,431	–	–	127,431,431
Translation adjustments	(5,836,504)	(4,949,998)	(4,228,069)	(15,014,571)	(666,488)	(509,784)	(16,190,843)
Balance at end of year	184,231,167	309,365,321	1,023,429,338	1,517,025,826	72,114,254	70,452,494	1,659,592,574
Net Book Value	US$356,244,865	US$624,043,921	US$1,248,218,094	US$2,228,506,880	US$20,076,466	US$158,760,609	US$2,407,343,955

	2023						
	Concession Rights (Note 25)				**Computer**		
	Upfront Fees	**Fixed Fees**	**Port Infrastructure**	**Subtotal**	**Software and Others**	**Goodwill**	**Total**
Cost							
Balance at beginning of year	US$540,476,032	US$933,409,242	US$2,271,647,432	US$3,745,532,706	US$92,190,720	US$229,213,103	US$4,066,936,529
Additions	–	–	67,602,689	67,602,689	2,135,640	–	69,738,329
Disposals	–	–	–	–	(784,532)	–	(784,532)
Remeasurement	–	16,029,069	–	16,029,069	–	–	16,029,069
Transfers from other accounts (Notes 6 and 10)	–	–	820,340	820,340	545,948	–	1,366,288
Effect of business combination (Note 1.4)	–	–	–	–	21,613,713	7,453,625	29,067,338
Translation adjustments	(1,133,773)	3,979,435	4,065,909	6,911,571	2,258,274	2,848,334	12,018,179
Balance at end of year	539,342,259	953,417,746	2,344,136,370	3,836,896,375	117,959,763	239,515,062	4,194,371,200
Accumulated Amortization and Impairment Losses							
Balance at beginning of year	184,231,167	309,365,321	1,023,429,338	1,517,025,826	72,114,254	70,452,494	1,659,592,574
Amortization for the year	22,702,594	35,084,150	72,814,716	130,601,460	6,625,888	–	137,227,348
Disposals	–	–	–	–	(782,402)	–	(782,402)
Impairment loss for the year	–	–	–	–	–	10,614,546	10,614,546
Effect of business combination (Note 1.4)	–	–	–	–	24,957	–	24,957
Translation adjustments	(1,804,731)	(29,933)	(1,473,007)	(3,307,671)	1,900,379	38,007	(1,369,285)
Balance at end of year	205,129,030	344,419,538	1,094,771,047	1,644,319,615	79,883,076	81,105,047	1,805,307,738
Net Book Value	US$334,213,229	US$608,998,208	US$1,249,365,323	US$2,192,576,760	US$38,076,687	US$158,410,015	US$2,389,063,462

Concession Rights

Additions to concession rights in 2021 mainly pertain to the capitalized fixed fees due to extension of concession contract at MICTSL and construction of various civil works and acquisitions of port facilities and equipment in existing terminals in ICTSI, CGSA, ICTSI Iraq, and SPICTL. In 2022, additions to concession rights mainly pertain to the construction of various civil works and acquisitions of port facilities and equipment in ICTSI, CGSA and ICTSI Iraq and additions through consolidation of MNHPI. In 2023, additions to concession rights mainly pertain to construction of various civil works and acquisitions of port facilities and equipment in ICTSI, SPICTL, OPC and CGSA.

Concession rights have remaining amortization periods ranging from 7 to 42 years as of December 31, 2023.

Goodwill

Goodwill arises from the excess of acquisition costs over the share in fair values of net assets at acquisition dates of the following subsidiaries:

	2021	2022	**2023**
ICTSI Rio	US$44,912,241	US$47,337,137	**US$51,565,999**
MHCPSI	51,148,363	46,291,281	**46,613,128**
MNHPI	–	23,185,916	**23,347,120**
AGCT	16,607,827	15,597,202	**16,083,837**
YICT	10,373,074	9,557,340	**9,286,239**
CLIA Pouso Alegre	–	–	**4,926,789**
IRB Logistica	–	–	**2,709,162**
EJD	–	2,426,583	**2,453,041**
PICT	17,224,354	13,412,967	**–**
SBI	–	439,887	**468,248**
Others	1,382,037	512,296	**956,452**
	US$141,647,896	US$158,760,609	**US$158,410,015**

In 2023, the goodwill attributed to PICT’s business amounting to US$10.6 million (PKR3.0 billion) was fully impaired and charged to profit or loss as a result of the expiry of PICT’s concession effective June 17, 2023 (see Note 1).

6. **Property and Equipment**

This account consists of:

	2021								
	Land and Land Improvements	Leasehold Rights and Improvements	Port Facilities and Equipment	Transportation Equipment	Office Equipment, Furniture and Fixtures	Miscellaneous Equipment	Port Equipment Spare Parts	Construction in Progress	Total
Cost									
Balance at beginning of year	US$143,455,197	US$724,796,089	US$954,473,924	US$73,399,675	US$61,981,721	US$47,647,716	US$4,369,002	US$38,379,708	US$2,048,503,032
Additions	6,315,126	7,524,617	22,826,493	2,183,887	2,545,309	1,262,057	27,386	56,975,810	99,660,685
Disposals	–	(531,066)	(2,932,768)	(10,141,988)	(522,146)	(728,396)	(212,135)	–	(15,068,499)
Effect of business combination	158,291,457	–	–	–	64,964	1,095	–	157,035	158,514,551
Translation adjustments	(14,950,243)	(21,052,479)	(28,929,956)	(405,450)	(1,174,885)	(510,791)	(30,443)	(1,714,963)	(68,769,210)
Transfers from (to) other accounts (Notes 5 and 10)	–	48,066,983	2,568,234	621,822	692,086	(122,493)	(1,172)	(58,992,959)	(7,167,499)
Balance at end of year	293,111,537	758,804,144	948,005,927	65,657,946	63,587,049	47,549,188	4,152,638	34,804,631	2,215,673,060
Accumulated Depreciation and Amortization									
Balance at beginning of year	8,220,003	194,486,239	310,228,563	44,870,286	54,519,536	20,332,915	1,774,549	–	634,432,091
Depreciation and amortization for the year	2,920,849	33,136,386	48,137,910	5,879,277	4,854,829	3,620,779	100,953	–	98,650,983
Disposals	–	(181,824)	(2,414,993)	(10,105,217)	(512,681)	(690,186)	–	–	(13,904,901)
Effect of business combination	–	–	–	–	3,260	71	–	–	3,331
Translation adjustments	(339,331)	(3,625,136)	(9,134,437)	(229,879)	(1,171,718)	260,862	(8,749)	–	(14,248,388)
Transfers from (to) other accounts (Notes 5 and 10)	–	550,255	(321,645)	–	155,579	(484,542)	–	–	(100,353)
Balance at end of year	10,801,521	224,365,920	346,495,398	40,414,467	57,848,805	23,039,899	1,866,753	–	704,832,763
Net Book Value	US$282,310,016	US$534,438,224	US$601,510,529	US$25,243,479	US$5,738,244	US$24,509,289	US$2,285,885	US$34,804,631	US$1,510,840,297

	2022								
	Land and Land Improvements	Leasehold Rights and Improvements	Port Facilities and Equipment	Transportation Equipment	Office Equipment, Furniture and Fixtures	Miscellaneous Equipment	Port Equipment Spare Parts	Construction in Progress	Total
Cost									
Balance at beginning of year	US$293,111,537	US$758,804,144	US$948,005,927	US$65,657,946	US$63,587,049	US$47,549,188	US$4,152,638	US$34,804,631	US$2,215,673,060
Additions	123,048,319	5,183,483	12,552,839	3,287,329	2,242,751	1,709,310	24,649	115,145,774	263,194,454
Disposals	(36,707)	(480,845)	(9,493,500)	(1,727,002)	(1,981,622)	(394,166)	(175,776)	–	(14,289,618)
Effect of business combination	–	–	–	879,487	2,082,378	–	–	2,229,542	5,191,407
Disposal of a subsidiary	–	(51,759)	(2,684,955)	–	(8,317)	(35,900)	–	(256,024)	(3,036,955)
Translation adjustments	(16,537,138)	(28,477,993)	(15,865,413)	(126,508)	(642,429)	(769,698)	(45,199)	(3,201,072)	(65,665,450)
Transfers from (to) other accounts (Notes 5 and 10)	22,063,635	5,716,753	36,987,597	327,536	1,927,479	(174,253)	(38,681)	(38,282,398)	28,527,668
Balance at end of year	421,649,646	740,693,783	969,502,495	68,298,788	67,207,289	47,884,481	3,917,631	110,440,453	2,429,594,566
Accumulated Depreciation and Amortization									
Balance at beginning of year	10,801,521	224,365,920	346,495,398	40,414,467	57,848,805	23,039,899	1,866,753	–	704,832,763
Depreciation and amortization for the year	4,196,729	34,644,127	48,542,254	6,155,000	4,700,134	3,172,175	130,202	–	101,540,621
Disposals	(2,128)	(480,845)	(7,909,459)	(1,652,576)	(1,673,870)	(229,742)	–	–	(11,948,620)
Effect of business combination	–	–	–	720,748	1,823,163	–	–	–	2,543,911
Disposal of a subsidiary	–	(24,001)	(2,584,239)	–	(8,317)	(11,485)	–	–	(2,628,042)
Translation adjustments	(625,474)	(8,535,925)	(10,854,283)	(99,224)	(564,800)	(73,293)	(48,532)	–	(20,801,531)
Transfers from (to) other accounts (Notes 5 and 10)	858,785	153,316	176,205	(335,777)	12,532	(507,179)	–	–	357,882
Balance at end of year	15,229,433	250,122,592	373,865,876	45,202,638	62,137,647	25,390,375	1,948,423	–	773,896,984
Net Book Value	US$406,420,213	US$490,571,191	US$595,636,619	US$23,096,150	US$5,069,642	US$22,494,106	US$1,969,208	US$110,440,453	US$1,655,697,582

	2023								
	Land and Land Improvements	**Leasehold Rights and Improvements**	**Port Facilities and Equipment**	**Transportation Equipment**	**Office Equipment, Furniture and Fixtures**	**Miscellaneous Equipment**	**Port Equipment Spare Parts**	**Construction in Progress**	**Total**
Cost									
Balance at beginning of year	**US$421,649,646**	**US$740,693,783**	**US$969,502,495**	**US$68,298,788**	**US$67,207,289**	**US$47,884,481**	**US$3,917,631**	**US$110,440,453**	**US$2,429,594,566**
Additions	**58,734**	**14,701,797**	**54,588,297**	**6,108,870**	**5,544,582**	**3,490,443**	**–**	**161,244,832**	**245,737,555**
Disposals	**–**	**(6,893,245)**	**(22,032,250)**	**(1,419,457)**	**(2,066,794)**	**(72,437)**	**(44,329)**	**(82,965)**	**(32,611,477)**
Effect of business combination	**–**	**116,380**	**1,846,561**	**140,555**	**106,535**	**–**	**–**	**–**	**2,210,031**
Translation adjustments	**8,353,907**	**9,751,163**	**37,359,086**	**192,687**	**666,540**	**363,140**	**12,132**	**4,632,454**	**61,331,109**
Transfers from (to) other accounts (Notes 5, 8 and 10)	**–**	**4,951,098**	**7,070,531**	**–**	**–**	**–**	**–**	**(13,226,934)**	**(1,205,305)**
Balance at end of year	**430,062,287**	**763,320,976**	**1,048,334,720**	**73,321,443**	**71,458,152**	**51,665,627**	**3,885,434**	**263,007,840**	**2,705,056,479**
Accumulated Depreciation and Amortization									
Balance at beginning of year	**15,229,433**	**250,122,592**	**373,865,876**	**45,202,638**	**62,137,647**	**25,390,375**	**1,948,423**	**–**	**773,896,984**
Depreciation and amortization for the year	**4,063,276**	**33,793,252**	**49,505,384**	**6,585,513**	**4,189,066**	**2,970,181**	**–**	**–**	**101,106,672**
Disposals	**–**	**(6,893,245)**	**(19,987,243)**	**(1,111,392)**	**(2,036,864)**	**(62,847)**	**–**	**–**	**(30,091,591)**
Effect of business combination	**–**	**22,312**	**259,318**	**66,297**	**15,550**	**–**	**–**	**–**	**363,477**
Translation adjustments	**81,369**	**3,266,111**	**9,616,673**	**102,689**	**1,004,381**	**34,274**	**(18,511)**	**–**	**14,086,986**
Balance at end of year	**19,374,078**	**280,311,022**	**413,260,008**	**50,845,745**	**65,309,780**	**28,331,983**	**1,929,912**	**–**	**859,362,528**
Net Book Value	**US$410,688,209**	**US$483,009,954**	**US$635,074,712**	**US$22,475,698**	**US$6,148,372**	**US$23,333,644**	**US$1,955,522**	**US$263,007,840**	**US$1,845,693,951**

Capitalized borrowing costs amounted to US$0.6 million at a capitalization rate of 8.00 percent in 2021, US$0.3 million at a capitalization rate of 8.00 percent in 2022, and US$2.9 million at a capitalization rate of 4.27 percent in 2023. Additions to land and land improvements in 2022 pertain mainly to acquisition of land in the Philippines and in Brazil for new projects. Additions to port facilities and equipment in 2023 mainly pertain to expansion works and/or acquisition of terminal equipment at VICT and IDRC.

Construction in progress is mainly composed of ongoing port development and expansion projects in CMSA and IDRC as at December 31, 2021, IDRC, VICT and CMSA as at December 31, 2022, and CMSA, IDRC and VICT as at December 31, 2023.

Certain property and equipment of VICT with total carrying value of AUD279.2 million (US$202.8 million), and AUD360.8 million (US$246.1 million), and AUD428.6 million (US$292.0 million) as at December 31, 2021, 2022, and 2023, respectively, were pledged as securities for its Senior Secured Notes; parcels of land of IDRC with total carrying value of US$10.2 million as at December 31, 2021, 2022, and 2023, was pledged as collateral for its outstanding loan (see Note 16.2.3).

7. Right-of-use Assets and Lease Liabilities

The concession agreements of CMSA, TSSA, VICT, BCT, BICTL, MICTSI, ICTSI Nigeria, and TMT (until May 2021) lease of terminal facilities in IRB Logistica and lease of a portion of land for use in the operations of Tecplata were accounted for by the Group in accordance with PFRS 16, *Leases*. The Group recognized lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets. Right-of-use assets are amortized over the term of the concession agreements and have remaining amortization periods ranging from 1 to 32 years.

Amounts Recognized in the Consolidated Balance Sheets
Set-out below are the reconciliation of the Group's right-of-use assets and lease liabilities during the period:

Right-of-use Assets

	2021	2022	**2023**
Balance at beginning of year	US$612,137,861	US$664,266,147	**US$723,831,838**
Additions	4,455,424	11,288	**164,218,518**
Remeasurement	119,476,968	106,404,486	**28,658,474**
Amortization	(43,062,616)	(49,798,358)	**(56,056,912)**
Effect of business combination (Note 1.4)	–	2,600,268	**–**
Cumulative translation adjustments	(28,741,490)	348,007	**55,714,439**
Balance at end of year	US$664,266,147	US$723,831,838	**US$916,366,357**

Lease Liabilities

	2021	2022	**2023**
Balance at beginning of year	US$1,234,777,473	US$1,282,594,748	**US$1,353,698,156**
Interest expense	114,298,044	119,722,451	**133,793,311**
Payments	(125,099,978)	(145,320,011)	**(165,642,959)**
Additions	4,455,424	11,288	**164,218,518**
Remeasurement	119,476,968	106,404,486	**28,658,474**
Foreign exchange differences	(1,869,629)	(1,819,265)	**11,887,153**
Cumulative translation adjustments	(63,443,554)	(11,366,441)	**86,287,068**
Effect of business combination (Note 1.4)	–	3,470,900	**–**
Balance at end of year	US$1,282,594,748	US$1,353,698,156	**US$1,612,899,721**
Current portion of lease liabilities	US$29,223,519	US$25,585,758	**US$41,877,334**
Lease liabilities - net of current portion	1,253,371,229	1,328,112,398	**1,571,022,387**
Balance at end of year	US$1,282,594,748	US$1,353,698,156	**US$1,612,899,721**

Additions to right-of-use assets and lease liabilities during 2023 mainly pertain to renewal of concession contract at BCT and lease of additional berth space at VICT.

Summarized below are the amounts recognized in the consolidated profit or loss:

	2021	2022	**2023**
Amortization of right-of-use assets	US$43,062,616	US$49,798,358	**US$56,056,912**
Interest expense on lease liabilities	114,298,044	119,722,451	**133,793,311**
Lease expense not included in the measurement of lease liabilities (under Port Authorities' share in gross revenues)	25,570,400	29,094,552	**27,752,083**
Lease expense on short-term leases exempted from PFRS 16 classified under:			
Equipment and facilities-related expenses	1,112,666	1,738,021	**3,121,398**
Administrative and other operating expenses	122,633	55,314	**136,902**
Lease expense on low value assets exempted from PFRS 16 classified under:			
Equipment and facilities-related expenses	–	2,535	**15,874**
Administrative and other operating expenses	–	12,277	**7,459**

Maturity Profile

The undiscounted minimum payments pertaining to lease liabilities as at December 31, 2023 are as follows:

	Amount
2024	US$182,279,326
2025	185,739,766
2026	186,624,488
2027	188,000,106
2028 onwards	2,594,126,848
Total	US$3,336,770,534

Lease Commitments of the Group that are Not Reflected in the Measurement of Lease Liabilities

The Group is exposed to future cash outflows that are not yet reflected in the measurement of the lease liabilities as of December 31, 2023 since the leases have not yet commenced:

	Amount
2024	US$18,309,921
2025	18,776,292
2026	19,247,301
2027	19,723,015
2028 onwards	72,783,907
Total	US$148,840,436

8. Investment Properties

The details of investment properties are as follows:

	2021		
	Land and Improvements	Building and Others	Total
Cost			
Balance at beginning of year	US$12,908,839	US$1,002,069	US$13,910,908
Translation adjustments	(248,664)	(7,717)	(256,381)
Balance at end of year	12,660,175	994,352	13,654,527
Accumulated Depreciation and Amortization			
Balance at beginning of year	6,449,240	457,032	6,906,272
Amortization during the year	373,526	6,444	379,970
Translation adjustments	–	(5,845)	(5,845)
Balance at end of year	6,822,766	457,631	7,280,397
Net Book Value	US$5,837,409	US$536,721	US$6,374,130

	2022		
	Land and Improvements	Building and Others	Total
Cost			
Balance at beginning of year	US$12,660,175	US$994,352	US$13,654,527
Effect of business combination	–	151,951	151,951
Translation adjustments	(342,259)	(1,941)	(344,200)
Balance at end of year	12,317,916	1,144,362	13,462,278
Accumulated Depreciation and Amortization			
Balance at beginning of year	6,822,766	457,631	7,280,397
Amortization during the year	375,124	5,828	380,952
Translation adjustments	(8,408)	–	(8,408)
Balance at end of year	7,189,482	463,459	7,652,941
Net Book Value	US$5,128,434	US$680,903	US$5,809,337

	2023		
	Land and Improvements	**Building and Others**	**Total**
Cost			
Balance at beginning of year	**US$12,317,916**	**US$1,144,362**	**US$13,462,278**
Reclassifications (Note 5)	**114,141**	**(275,124)**	**(160,983)**
Translation adjustments	**26,058**	**602**	**26,660**
Balance at end of year	**12,458,115**	**869,840**	**13,327,955**
Accumulated Depreciation and Amortization			
Balance at beginning of year	**7,189,482**	**463,459**	**7,652,941**
Amortization during the year	**34,876**	**5,707**	**40,583**
Translation adjustments	**682**	**–**	**682**
Balance at end of year	**7,225,040**	**469,166**	**7,694,206**
Net Book Value	**US$5,233,075**	**US$400,674**	**US$5,633,749**

Land and improvements mainly include land held for capital appreciation and land improvements subject to operating leases.

Investment properties of MICT and IWI CTHI located in Laguna, Philippines with a carrying value of US$4.4 million, US$3.7 million and US$3.7 million as of December 31, 2021, 2022 and 2023 have a fair value of ₱2.1 billion (US$37.3 million) as at March 15, 2023 based on a valuation performed by a qualified independent appraiser whose report was dated March 25, 2023.

Fair value of the investment properties was determined using the sales comparison approach. This means that valuations performed by qualified independent appraisers are based on sales of similar or substitute properties, significantly adjusted for differences in the nature, location or condition of the specific property. This valuation approach is categorized as *Level 3* in the fair value hierarchy as at December 31, 2021, 2022 and 2023. The significant unobservable input to the valuation is the price per square meter which ranges from ₱3,900 (US$70.4) to ₱4,200 (US$75.9).

Significant increases or decreases in estimated price per square meter in isolation would result in a significantly higher or lower fair value on a linear basis.

Rental income derived from rental-earning investment properties presented as part of "Other income" account in the consolidated statements of income amounted to US$1.5 million in 2021 and 2022, and US$1.2 million in 2023 (see Note 21.1). There were no restrictions on realizability of investment properties and no significant repairs and maintenance were made to maintain the Group's investment properties in 2021, 2022 and 2023. The rent agreement covering rental-earning investment properties is renewable at the option of the transacting parties yearly.

Operating expenses related to the investment property amounted to US$0.2 million in 2021, 2022 and US$0.4 million in 2023, which pertains mainly to real property taxes.

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

This account consists of:

	2021	2022	**2023**
Investments in and advances to joint ventures:			
SPIA	US$259,264,388	US$240,208,234	**US$242,974,846**
MNHPI	176,813,651	–	–
Others	13,123,483	10,057,465	**28,527,815**
Investment in an associate:			
ARDC	7,474,994	7,474,994	**7,474,994**
	456,676,516	257,740,693	**278,977,655**
Less allowance for probable losses	7,474,994	7,474,994	**7,474,994**
	US$449,201,522	US$250,265,699	**US$271,502,661**

Investment in and Advances to Joint Ventures

As at December 31, 2023, investments in joint ventures pertain to the Group's 49.8 percent ownership interest in SPIA and 49.0 percent investment in FAMI. FAMI was established in March 2018. The advances to joint ventures mainly represent interest-bearing loans used by SPIA to finance the construction of its terminal and its start-up operations in Colombia (see Note 23.1). SPIA started commercial operations in the fourth quarter of 2016.

The movements and details of this account are as follows:

	2021	2022	**2023**
Investment in joint ventures:			
Balance at beginning of year	US$219,296,063	US$200,565,942	**US$29,548,523**
Consolidation of MNHPI (Note 1.4)	–	(158,441,495)	**–**
Share in other comprehensive income (loss)	(8,925,849)	(14,562,682)	**1,897,039**
Conversion of advances to investment	–	–	**9,161,996**
Equity in net (losses) gains during the year	(350)	1,986,758	**(9,808,724)**
Dividends declared by MNHPI	(9,803,922)	–	**–**
Balance at end of year	200,565,942	29,548,523	**30,798,834**
Advances to a joint venture (Note 23.1)	248,635,580	220,717,176	**240,703,827**
	US$449,201,522	US$250,265,699	**US$271,502,661**

The summarized financial information of SPIA as at and for the years ended December 31 follows:

	2021	2022	**2023**
Current assets [(a)]	US$29,893,111	US$23,721,184	**US$55,117,226**
Noncurrent assets	512,309,969	478,921,922	**463,865,946**
Current liabilities	231,914,825	216,023,433	**236,141,871**
Noncurrent liabilities [(b)]	241,209,994	223,181,532	**232,573,280**

(a) Current assets include cash and cash equivalents amounting to US$9.5 million, US$6.3 million, and US$30.4 million as at December 31, 2021, 2022 and 2023, respectively.
(b) Noncurrent liabilities include deferred tax liabilities amounting to US$5.6 million, US$5.2 million, and US$4.9 million as at December 31, 2021, 2022 and 2023, respectively.

	2021	2022	**2023**
Gross revenues from port operations	US$76,341,098	US$91,979,473	**US$81,386,226**
Operating expenses	(27,535,812)	(30,546,133)	**(35,975,475)**
Depreciation and amortization	(35,572,900)	(32,383,878)	**(31,835,816)**
Other income	8,490,187	9,803,236	**8,850,524**
Other expenses [(c)]	(39,059,852)	(37,157,907)	**(34,133,463)**
Provision for income tax	(3,886,999)	(7,334,912)	**(1,462,115)**
Net loss	(US$21,224,278)	(US$5,640,121)	**(US$13,170,119)**

(c) Other expenses include interest expense on concession rights payable amounting to US$1.2 million in 2021, 2022, and 2023 and interest expense on advances from IEBV and PSA amounting to US$26.3 million in 2021, US$12.5 million in 2022, and US$12.3 million in 2023.

The difference between the carrying value of investment in SPIA against the share in net assets of SPIA represents the excess of fair value over the carrying value of the concession rights of SPIA.

ICTSI acquired control over MNHPI beginning September 8, 2022 (see Note 1.4). Prior to the business combination, MNHPI was accounted for as a joint venture.

Investment in an Associate
The Group has 49% stake in ARDC that had already ceased commercial operations. The investment in ARDC was covered with a full allowance for probable losses amounting to US$7.5 million.

10. Other Noncurrent Assets

This account consists of:

	2021	2022	**2023**
Advances to suppliers, contractors and others - net	US$249,136,440	US$285,340,649	**US$125,611,366**
Input tax	15,990,544	6,625,610	**4,705,820**
Derivative assets (Note 27)	–	8,457,515	**4,186,513**
Financial assets at FVOCI	3,298,382	3,601,546	**3,999,892**
Restricted cash (Note 16)	12,524,678	243,271	**290,066**
Receivable from port authority - noncurrent portion	2,873,191	–	–
Prepayments and others	39,348,935	48,719,498	**57,065,819**
	US$323,172,170	US$352,988,089	**US$195,859,476**

Advances to Suppliers, Contractors and Others
Advances to suppliers, contractors and others mainly pertain to advance payments for the acquisition of transportation equipment and construction of port facilities, advance payments for future rentals and deposits for acquisitions of investments. As at December 31, 2021, 2022 and 2023, this account includes advances and deposits to suppliers and contractors and for the acquisition of investments amounting to US$64.7 million, US$127.7 million and US$125.6 million, respectively (see Note 1.2).

This also includes the upfront fee that ICTSI was required to pay pursuant to the Concession Agreement signed with the Sea Ports Corporation (SPC) of Sudan to operate, manage and develop the South Port Container Terminal (SPCT) at Port of Sudan, Republic of the Sudan for 20 years. The Port of Sudan is the only major modern port in the country and serves as the international gateway for more than 95% of Sudan's cargo flows. Pursuant to the Agreement, ICTSI is required to pay: (a) an upfront fee of EUR530.0 million in installments of EUR410.0 million (US$467.2 million) and five other installments each in the amount of EUR24.0 million (US$27.3 million) from the third to the seventh operation year; (b) fixed monthly fee; and (c) royalty fee during the concession period. The Agreement is secured by a sovereign guarantee by the Republic of the Sudan.

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

On January 13, 2019, ICTSI paid the initial installment of Upfront Fee of EUR410.0 million (US$470.2 million). In February 2019, ICTSI established Africa Gateway Terminal (AGT), a Sudanese entity, to operate the container terminal.

On July 3, 2019, December 14, 2019, November 30, 2022 and February 6, 2023, ICTSI received partial repayments of the Upfront Fee in the amount of EUR195.2 million (US$219.1 million), AED110.2 million (EUR26.8 million or US$29.8 million), EUR1.0 million (US$1.0 million) and EUR0.5 million (US$0.5 million) respectively, based on terms of the Refund Bond.

ICTSI strived to reach out to the Sudanese Government but failed to have a productive discussion since the Sudan war broke out in April 2023. As such, the Group recognized full impairment charge on the remaining balance of the Upfront Fee and other noncurrent assets totaling US$154.7 million as at December 31, 2023.

Notwithstanding the prudence in the accounting impairment charge, ICTSI will continue to pursue the Sudanese government on the remaining balance of the Upfront Fee under the terms of the Refund Bond and the UK High Court ruling in favor of ICTSI.

Input Tax
This account includes prepaid input tax and is expected to be applied against output tax after 12 months from the balance sheet date.

Restricted Cash
Restricted cash pertains mainly to cash deposits placed by the Group as required by concession agreements and special purpose debt service reserves.

Receivable from Port Authority
In 2021, this account pertains to ICTSI Rio's receivable from port authority representing the amount recoverable from Companhia Docas do Rio de Janeiro (CDRJ or the port authority) for the reimbursement of costs disbursed for the expansion works on Terminal 1 of the port of Rio de Janeiro, through offsetting against the monthly fixed and variable fees and/or payments by CDRJ.

Financial Assets at FVOCI
The net movement in unrealized mark-to-market gain on financial assets at FVOCI is as follows:

	2021	2022	**2023**
Balance at beginning of year	US$1,051,323	US$1,445,806	**US$1,781,384**
Change in fair value of financial assets at FVOCI	394,483	335,578	**396,624**
Balance at end of year (Note 15.7)	US$1,445,806	US$1,781,384	**US$2,178,008**

Prepayments and Others
As at December 31, 2022, this account increased mainly due to payment of deposits and/or fees in relation to the concession and lease agreements of MICTSL and BCT, respectively, and will be appropriately reclassified as part of intangibles and right-of-use asset once certain requirements within the concession agreement was met and upon the effectivity of renewal of contract, respectively. As at December 31, 2023, this account further increased mainly due to additional payment made at MICTSL, whereas BCT's deposits/fees were already reclassified to right-of-use assets in 2023.

11. Impairment Testing on Nonfinancial Assets

The Group reviews all assets annually or more frequently to look for any indication that an asset may be impaired. These assets include property and equipment, intangible assets, right-of-use assets, investment property, investments in joint ventures and associates, intangible assets not yet available for use and goodwill, and certain other noncurrent assets. If any such indication exists, or when the annual impairment testing for an asset is required, the Group calculates the asset's recoverable amount. Irrespective of whether there is any indication of impairment, intangible assets not yet available for use and goodwill acquired in a business combination are tested for impairment annually. ICTSI and its subsidiaries used a discounted cash flow analysis to determine value-in-use.

Value-in-use reflects an estimate of the future cash flows the Group expects to derive from the cash-generating unit, expectations about possible variations in the amount or timing of those future cash flows, the time value of money, the price for bearing the uncertainty inherent in the asset and other factors such as illiquidity that market participants would reflect in pricing the future cash flows the Group expects to derive from the cash-generating unit. The calculation of the value-in-use is based on reasonable and supportable assumptions, the most recent budgets and forecasts and extrapolation for periods beyond budgeted projections. These represent management's best estimate of the economic conditions that will exist over the remaining useful life of the asset.

The recoverable amount of nonfinancial assets of the Group subject to impairment testing has been determined based on value-in-use calculation using cash flow projections based on financial budgets approved by senior management covering a five-year period or remaining concession period, taking into consideration effect of significant events on the macroeconomic factors used in developing the assumptions. Projections beyond five years were used for the newly established terminals and/or greenfield projects.

Key assumptions used to determine the value-in-use are discount rates including cost of debt and cost of capital, growth rates, EBITDA margins, working capital and capital expenditure.

Discount Rates

The discount rate used is the pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the asset. The Group used discount rates based on the industry's WACC. The rates used to discount the future cash flows are based on risk-free interest rates in the relevant markets where the subsidiaries are domiciled taking into consideration the debt premium, market risk premium, gearing, corporate tax rate and asset betas of these subsidiaries. Management assumed discount rates of 5.22 percent to 23.92 percent in 2021, 8.60 to 25.50 percent in 2022, and 7.04 percent to 17.00 percent in 2023.

Growth Rates

Average growth rates in revenues are based on ICTSI's expectation of market developments and the changes in the environment in which it operates. ICTSI uses revenue growth rates ranging from 0.14 percent to 5.88 percent in 2023, based on past historical performance as well as expectations on the results of its strategies. On the other hand, the perpetual growth rate used to compute for the terminal value is based on the forecasted long-term growth of real gross domestic product (GDP) of the economy in which the business operates.

EBITDA Margin

The EBITDA margin represents the operating margin before depreciation and amortization and is estimated based on the margin achieved in the period immediately before the budget period and on estimated future development and growth in the industry and market. Committed operational efficiency programs are taken into consideration. Changes in the outcome of these initiatives may affect future estimated EBITDA margin.

Capital Expenditure

In computing the value-in-use, estimates of future cash flows include future cash outflows necessary to maintain the level of economic benefits expected to arise from the asset in its current condition. Capital expenditures that improve or enhance the asset's performance therefore are not included. However, for the newly established terminals and/or greenfield projects, management takes into consideration the capital expenditures necessary to meet the expected growth in volume and revenues. These expansionary capital expenditures of which the Group has incurred cash outflows, for the newly established terminals are deducted from the future cash flows.

Impairment of Nonfinancial Assets

Loss in respect of the impairment in value of the Group's nonfinancial assets amounting to US$6.7 million, US$16.0 million and US$165.3 million, were recognized in 2021, 2022 and 2023, respectively (see Notes 5 and 10). The impairment charge was a result of lower projected cash inflows arising from the current unfavorable economic conditions.

12. Cash and Cash Equivalents

This account consists of:

	2021	2022	**2023**
Cash on hand and in banks	US$211,046,884	US$398,625,788	**US$422,117,997**
Cash equivalents	446,546,645	440,313,882	**293,986,046**
	US$657,593,529	US$838,939,670	**US$716,104,043**

Cash in banks earns interest at the prevailing bank deposit rates. Cash equivalents are short-term investments, which are made for varying periods of up to three months depending on the immediate cash requirements of the Group and earn interest at the prevailing short-term investment rates.

Interest income derived from interest-earning bank deposits, short-term investments and restricted cash amounted to US$9.0 million, US$26.6 million, and US$44.3 million for the years ended December 31, 2021, 2022, and 2023, respectively.

13. **Receivables**

This account consists of:

	2021	2022	**2023**
Trade	US$112,635,882	US$131,865,507	**US$155,420,425**
Advances and nontrade	30,328,862	37,488,005	**38,203,929**
	142,964,744	169,353,512	**193,624,354**
Less allowance for doubtful accounts	7,952,355	11,442,227	**11,117,129**
	US$135,012,389	US$157,911,285	**US$182,507,225**

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

Advances and nontrade receivables mainly include noninterest-bearing advances to suppliers and vendors that may be applied against payable or collectible within 12 months.

Movements in the allowance for doubtful accounts are summarized below:

		2021	
	Trade	Advances and Nontrade	Total
Balance at beginning of year	US$8,315,298	US$280,622	US$8,595,920
Provision during the year	241,376	21,865	263,241
Write-off	(215,095)	–	(215,095)
Translation adjustments	(691,711)	–	(691,711)
Balance at end of year	US$7,649,868	US$302,487	US$7,952,355

		2022	
	Trade	Advances and Nontrade	Total
Balance at beginning of year	US$7,649,868	US$302,487	US$7,952,355
Provision during the year	51,066	3,365,000	3,416,066
Write-off	(1,501,014)	–	(1,501,014)
Translation adjustments	(239,434)	(210,433)	(449,867)
Effect of business combination	40,214	1,984,473	2,024,687
Balance at end of year	US$6,000,700	US$5,441,527	US$11,442,227

		2023	
	Trade	**Advances and Nontrade**	**Total**
Balance at beginning of year	**US$6,000,700**	**US$5,441,527**	**US$11,442,227**
Provision during the year	**578,980**	**638,250**	**1,217,230**
Write-off	**(250,399)**	**(1,301,726)**	**(1,552,125)**
Translation adjustments	**235,655**	**(225,858)**	**9,797**
Balance at end of year	**US$6,564,936**	**US$4,552,193**	**US$11,117,129**

14. **Prepaid Expenses and Other Current Assets**

This account consists of:

	2021	2022	**2023**
Short-term investments (Note 18)	US$410,418	US$122,248,975	**US$155,639,325**
Restricted cash (Note 16)	6,200,000	24,794,700	**13,406,894**
Prepaid taxes	12,123,690	14,100,226	**29,801,278**
Input tax	21,910,622	24,958,611	**21,744,192**
Prepaid port fees, insurance, bonds and other expenses and deposits	17,828,497	14,611,938	**21,341,848**
Receivable from port authorities	1,804,893	2,207,647	**2,322,489**
Others	2,497,188	4,527,993	**3,198,015**
	US$62,775,308	US$207,450,090	**US$247,454,041**

Short-term Investments
The maturity dates of short-term investments range from more than three months to 12 months.

Restricted Cash
Restricted cash in as at December 31, 2021 pertains mainly to cash deposits placed by ICTSI Iraq as a security to the availment of overdraft facility. Restricted cash as at December 31, 2022 and 2023 pertains to deposits placed as required by special purpose debt service reserves of VICT.

Prepaid Taxes
This account consists of credits granted by the tax authorities, business taxes, and creditable tax withheld which can be applied against tax liabilities in the future. This account increased in 2023 mainly due to prepaid taxes in EJD, MICTSL, and TSSA.

Input Tax
This account includes input tax recognized mainly from the acquisition of terminal equipment and payments of civil works in relation to the construction activities. Such input tax is expected to be applied against output tax within 12 months from the balance sheet date.

Receivable from Port Authorities
This account represents the Group's share in fees collected by the port authorities.

15. **Equity**

The Group was listed with the PSE on March 23, 1992. In its initial public offering, the Parent Company offered its common shares at a price of ₱6.70. As at December 31, 2021, 2022 and 2023, the Parent Company had 1,359, 1,350 and 1,338 shareholders on record, respectively.

15.1 Capital Stock and Treasury Shares

The Parent Company's common shares are listed and traded in the PSE.

The details and movements of ICTSI's capital stock and treasury shares as at December 31 were as follows:

	Number of Shares					
	Authorized			Issued and Subscribed		
	2021	2022	**2023**	2021	2022	**2023**
Preferred A Shares - nonvoting, non-cumulative, ₱1.00 (US$0.048) par value	993,000,000	993,000,000	**993,000,000**	3,800,000	3,800,000	**3,800,000**
Preferred B Shares - voting, non-cumulative, ₱0.01 (US$0.0002) par value	700,000,000	700,000,000	**700,000,000**	700,000,000	700,000,000	**700,000,000**
Common Stock - ₱1.00 (US$0.048) par value	4,227,397,381	4,227,397,381	**4,227,397,381**	2,045,177,671	2,045,177,671	**2,045,177,671**

	Number of Shares		
	Issued and Subscribed		
	2021	2022	**2023**
Treasury Shares			
Balance at beginning of year	(2,406,962)	(6,567,889)	**(14,836,722)**
Acquisitions during the year	(5,970,990)	(10,039,250)	**(306,230)**
Issuance for share-based payments (Note 20)	1,810,063	1,770,417	**1,953,884**
Balance at end of year	(6,567,889)	(14,836,722)	**(13,189,068)**

	Amount Issued and Subscribed		
	2021	2022	**2023**
Preferred Stock	US$236,222	US$236,222	**US$236,222**
Common Stock	US$67,781,529	US$67,781,529	**US$67,781,529**
Subscription Receivable	(451,341)	(451,341)	**(451,341)**
	US$67,330,188	US$67,330,188	**US$67,330,188**
Treasury Shares			
Balance at beginning of year	(US$4,431,257)	(US$12,481,187)	**(US$39,991,203)**
Acquisitions during the year	(11,386,853)	(31,810,166)	**(1,064,203)**
Issuance for share-based payments (Note 20)	3,336,923	4,300,150	**2,725,247**
Balance at end of year	(US$12,481,187)	(US$39,991,203)	**(US$38,330,159)**

Preferred Shares

The Preferred A shares, which were subscribed by ICTHI, are nonvoting, entitled to dividend at rates to be fixed by the Board, non-cumulative, convertible to common shares under such terms to be provided by the Board, redeemable at such price and terms determined by the Board and have preference over common shares in the distribution of the assets of the Parent Company. As at February 28, 2024, the Board has not fixed the dividend rate and terms of conversion of Preferred A shares.

The Preferred B shares were issued to Achillion Holdings, Inc. (Achillion). Preferred B shares have the following features: voting; issued only to Philippine Nationals; not convertible into common shares; earn no dividend and redeemable at the option of the Board.

Achillion is a Philippine corporation owned and controlled by ICTSI's Chairman and President and controlling stockholder, Mr. Enrique K. Razon, Jr. The ICTSI contract with PPA on the operation, management and development of the MICT requires the Razon Group to retain control of ICTSI.

Treasury Shares

Treasury shares came from the acquisition of ICTSI common shares or transfer of ICTSI common shares held by subsidiaries. Part of the treasury shares are subsequently reissued upon vesting of stock awards under the Stock Incentive Plan (SIP) (see Note 20).

On November 26, 2018, the Board of ICTSI approved and authorized the re-purchase from the open market of up to 30 million ICTSI shares, in addition to the number of shares approved and ratified by the BOD on September 16, 2015 initially at 10 million shares and on November 17, 2016 for an additional 20 million shares. The purpose of the said authorizations is to provide management the flexibility to acquire shares from the open market either for the SIP or as and when management deems the price of the shares to be undervalued.

On September 17, 2021, ICTSI acquired 5,970,990 ICTSI shares held by IWI CTHI. The acquisition of ICTSI shares resulted to a decrease in common shares held by subsidiaries by US$11.2 million, and an increase in treasury shares by US$11.4 million, including transaction costs. In 2022, the Company acquired additional 10,039,250 treasury shares totaling US$31.8 million.

ICTSI acquired additional 306,230 shares totaling US$1.1 million in May 2023. As at December 31, 2023, the total number of treasury shares is 13,189,068.

15.2 Additional Paid-in Capital

Additional paid-in capital is increased when ICTSI grants stock awards and these stock awards vest under the SIP. Aggregate increase in additional paid-in capital amounted to US$2.4 million, US$1.2 million, and US$3.4 million in 2021, 2022, and 2023, respectively, as a result of granting and vesting of stock awards (see Note 20).

15.3 Cost of Shares Held by Subsidiaries

Details and movements in preferred and common shares held by subsidiaries as at December 31 are as follows:

	2021		2022		**2023**	
	Number of Shares	Amount	Number of Shares	Amount	**Number of Shares**	**Amount**
Preferred Shares	3,800,000	US$72,492,481	3,800,000	US$72,492,481	**3,800,000**	**US$72,492,481**
Common Shares						
Balance at beginning of year	5,970,990	11,182,979	–	–	–	–
Acquisitions during the year	–	–	–	–	–	–
Sale of shares held by a subsidiary	(5,970,990)	(11,182,979)	–	–	–	–
Balance at end of year	–	–	–	–	–	–
	3,800,000	US$72,492,481	3,800,000	US$72,492,481	**3,800,000**	**US$72,492,481**

As at December 31, 2021, 2022 and 2023, cost of preferred shares held by a subsidiary pertains to preference A shares held by ICTHI.

On September 17, 2021, ICTSI acquired 5,970,990 ICTSI shares held by IWI CTHI. The acquisition of ICTSI shares resulted to a decrease in common shares held by subsidiaries by US$11.2 million, and an increase in treasury shares by US$11.4 million, including transaction costs.

15.4 Non-controlling Interests

On May 25, 2021, ICTSI, through its wholly-owned subsidiary IABV, acquired an additional stake in IDRC increasing ICTSI's effective ownership from 52% to 62%. The difference between the purchase price and carrying value of the non-controlling interest of US$12.0 million was recognized in equity as "Excess of consideration over the carrying value of non-controlling interests acquired or disposed" in the 2021 consolidated balance sheet.

In October 2021, ICTSI, through IML, acquired additional 15.88% equity interest in PICT for PKR2.7 billion (US$15.8 million) and further increased its ownership to 80.41%. The excess of the acquisition costs over the carrying value of the additional interest acquired amounting to US$11.5 million was recognized at transaction date in equity as “Excess of consideration over the carrying value of non-controlling interests acquired or disposed” in the 2021 consolidated balance sheet.

In November 2022, ICTSI, through its wholly-owned subsidiary IAHQ, sold a portion of its stake in IDRC decreasing ICTSI’s effective ownership from 62% to 58%. The difference between the purchase price and carrying value of the non-controlling interest of US$2.9 million was recognized in equity as “Excess of consideration over the carrying value of non-controlling interests acquired or disposed” in the 2022 consolidated balance sheet.

In November 2022, ICTSI acquired 25,000 common shares of EJD, representing 1.67% non-controlling interest, from IPH. This transaction increased ICTSI’s ownership in EJD from 65% to 66.67% (see Note 1.4). The difference between the purchase price and carrying value of the non-controlling interest of US$1.7 million (IDR27.3 billion) was recognized in equity as “Excess of consideration over the carrying value of non-controlling interests acquired or disposed” in the 2022 consolidated balance sheet.

In December 2022, ICTSI through its wholly-owned subsidiary, IWI CTHI, acquired the remaining 20% non-controlling interest in BIPI, from Marubeni Corporation for US$9.2 million (Php507.4 million). After the transaction, BIPI became a wholly-owned subsidiary of IWI CTHI. The difference amounting to US$2.0 million (Php227.9 million), between the purchase price and carrying value of the non-controlling interest, was recognized in equity as “Excess of consideration over the carrying value of non-controlling interests acquired or disposed” in the 2022 consolidated balance sheet.

The significant portion of non-controlling interests pertains to MNHPI, YICT and IDRC representing 85%, 94% and 90% of the total as at December 31, 2021, 2022 and 2023, respectively.

The dividends distributed to non-controlling shareholders are as follows:

	2021	2022	**2023**
IDRC	US$16,800,000	US$28,500,000	**US$27,300,000**
MNHPI	–	10,761,360	**20,317,837**
YICT	2,775,354	3,307,599	**2,769,950**
SPICTL	1,254,586	3,730,119	**2,740,781**
SBITHI	1,577,000	1,643,500	**1,814,500**
PICT	4,592,572	3,169,108	**1,485,967**
MITL	116,580	1,559,203	**1,090,910**
SCIPSI	858,683	858,758	**717,431**
LGICT	–	538,800	**650,172**
ICTSI Nigeria	–	250,000	**500,000**
CMSA	–	59	**7**
AGCT	–	7,882,658	**–**
BIPI	487,013	464,950	**–**
	US$28,461,788	US$62,666,114	**US$59,387,555**

15.5 Retained Earnings

The details of ICTSI's declaration of cash dividends are as follows:

	2021	2022	**2023**
Date of Board approval	March 15, 2021; August 6, 2021	March 3, 2022	**March 6, 2023**
Cash dividends (regular) per share	US$0.069 (₱3.38)	US$0.106 (₱5.56)	**US$0.156 (₱8.56)**
Cash dividends (special) per share	US$0.032 (₱1.62)	US$0.008 (₱0.44)	**US$0.026 (₱1.44)**
Record date	March 30, 2021; August 20, 2021	March 18, 2022	**March 20, 2023**
Payment date	April 12. 2021; September 1, 2021	March 28, 2022	**March 28, 2023**

Retained earnings were reduced by distributions paid out by RCBV to holders of Perpetual Capital Securities discussed in Note 15.6 below aggregating US$67.3 million in 2021, US$35.4 million in 2022 and US$29.0 million in 2023.

Of the net consolidated retained earnings of US$346.2 million, US$687.4 million and US$799.7 million as at December 31, 2021, 2022, 2023, respectively, undistributed earnings of subsidiaries in retained earnings position amounting to US$1,310.4 million, US$1,455.3 million, and US$1,842.7 million as at December 31, 2021, 2022 and 2023, respectively, were not available for dividend distribution. As at December 31, 2023, the retained earnings is restricted for dividend declaration to the extent of the cost of treasury shares held amounting to US$43.8 million.

Total appropriated retained earnings of the Parent Company amounted to nil in 2021, 2022 and 2023. As at December 31, 2023, the unappropriated retained earnings of the Parent Company that is available for dividend declaration amounted to US$471.6 million.

15.6 Perpetual Capital Securities

RCBV engaged in a series of financial transactions involving the issuance, redemption, and consolidation of Senior Guaranteed Perpetual Capital Securities ("Securities") with interest rates ranging from 4.875 percent to 6.25 percent. These Securities are unconditionally and irrevocably guaranteed by ICTSI and were used to refinance existing debts, fund capital expenditures, and support general corporate purposes. Differences between the redemption prices and the carrying values of the Securities were charged to retained earnings.

The Securities are treated as a liability in the financial statements of the Issuer or RCBV since it has the obligation to pay the accumulated distributions should the Guarantor declare dividends to its common stockholders. On the other hand, the Securities are treated as part of equity attributable to equity holders of the parent in the consolidated financial statements of the Group nothing in the terms and conditions of the Securities gives rise to an obligation of the Group to deliver cash or another financial asset in the future as defined by PAS 32. However, should the Issuer decide to exercise its option to redeem the Securities, the Securities shall be treated as a financial liability from the date the redemption option is exercised. Should the Issuer also opt to not defer payment of distributions on a Distribution Payment Date, all distributions in arrears as at that date will be recognized as a financial liability until payment is made.

The Securities were not registered with the Philippine SEC. The Securities were offered in offshore transactions outside the United States in accordance with Regulation S under the U.S. Securities Act of 1933, as amended, and, subject to certain exceptions, may not be offered or sold within the United States. The Securities are traded and listed in the Singapore Stock Exchange.

RCBV paid distributions totaling US$67.3 million, US$35.4 million and US$29.0 million to the holders of the Securities in 2021, 2022 and 2023, respectively. Interest expense on Perpetual Capital Securities, which represents cumulative distributions to holders of Perpetual Capital Securities, amounted to US$58.8 million, US$33.4 million and US$29.0 million for the years ended December 31, 2021, 2022 and 2023. However, the interest expense has not been recognized in the consolidated statements of income but instead directly charged against retained earnings since the Perpetual Capital Securities are presented as equity attributable to equity holders of the parent. For purposes of computing earnings per share, the cumulative distributions to holders of Perpetual Capital Securities are deducted from net income attributable to equity holders of the parent (see Note 29).

15.7 Other Comprehensive Loss - net

The details of other comprehensive net loss, net of applicable tax, as at December 31 are as follows:

	2021	2022	**2023**
Cumulative translation adjustments*	(US$191,320,929)	(US$197,653,925)	**(US$157,940,760)**
Unrealized mark-to-market gain (loss) on derivatives (Note 27)	(13,326,958)	11,939,939	**2,955,806**
Unrealized mark-to-market gain on financial assets at FVOCI (Note 10)	1,445,806	1,781,384	**2,178,008**
Business combination revaluation reserve	609,969	609,969	**609,969**
Share of other comprehensive gain (loss) of joint ventures and associates (Note 9)	2,238,112	(12,324,570)	**1,567,100**
Remeasurement loss on defined benefit plans (Note 24)	(2,941,485)	(2,763,483)	**(3,728,388)**
	(US$203,295,485)	(US$198,410,686)	**(US$154,358,265)**

**Cumulative translation adjustments arise from the change in functional currency of the Parent Company and some of its subsidiaries' translation of foreign operations.*

16. Long-term Debt

16.1 Outstanding Balances and Maturities

	Company	Maturity	2021	2022	**2023**
Medium-term Note (MTN) Programme (Note 16.2.1)					
Secured fixed interest USD bond	ITBV	2025	US$772,965,534	US$778,746,319	**US$390,038,269**
Senior Notes[(a)] (Note 16.2.2)					
Unsecured fixed interest USD bond	ICTSI	2030	392,833,873	393,500,389	**394,208,958**
Secured fixed interest US dollar bond	ITBV	2031	290,200,088	291,030,916	**291,894,478**

(Forward)

	Company	Maturity	2021	2022	**2023**
US dollar and Foreign Currency-denominated Term Loans and Securities (Note 16.2.3)					
Unsecured fixed interest USD term loan [(b)]	ICTSI	2029	US$–	US$–	**US$297,850,744**
Secured fixed interest AUD bond	VICT	2039	201,576,720	243,126,579	**270,261,192**
Secured fixed interest US dollar term loan [(b)]	IGFBV	2026	274,602,569	265,907,302	**257,212,034**
Secured floating interest PHP Term loan	MHCPSI	2029 [(c)]	133,669,167	109,812,265	**89,604,863**
Secured fixed interest USD term loans	IDRC	2025	11,670,891	30,000,000	**18,000,000**
Secured floating interest PGK term loan	SPICTL	2024-2026	10,170,492	6,777,423	**9,916,243**
Secured floating interest PGK term loan	MITL	2024-2026	10,738,818	8,095,576	**4,503,001**
Secured fixed interest USD term loans	CGSA	2027	3,857,143	6,850,649	**5,480,520**
Secured floating interest NGN term loan	ICTSI Nigeria	2028	–	–	**2,717,284**
Secured fixed interest BRL term loans	CLIA Pouso Alegre	2024-2027	–	–	**738,425**
Secured floating interest EUR term loan	ICTSI Middle East DMCC	2022	43,322,238	–	**–**
Total			2,145,607,533	2,133,847,418	**2,032,426,011**
Less current portion			76,836,083	439,893,717	**42,389,052**
Long-term debt, net of current portion			US$2,068,771,450	US$1,693,953,701	**US$1,990,036,959**

[(a)] The Senior Notes were offered in offshore transactions outside the United States in reliance on Regulation S under the Securities Act and, subject to certain exceptions, may not be offered or sold within the United States. The Senior Notes are traded and listed in the Singapore Stock Exchange.
[(b)] See Note 27 to the consolidated financial statements for the details on the related hedge accounting applied by the Group in hedging interest rate risk
[(c)]Restructured and refinanced on April 11, 2022 by a Php6.35 billion loan with a final maturity date of March 14, 2029.

The balances of and movements in unamortized debt issuance costs and premium and discounts as at and for the years ended December 31 are shown below:

	2021	2022	**2023**
Balance at beginning of year	US$43,394,114	US$42,607,374	**US$35,599,500**
Debt issuance costs during the year	11,953,205	1,636,834	**3,722,649**
Amortization during the year	(8,399,939)	(8,256,415)	**(8,750,402)**
Write-off due to prepayment of long-term debt (Notes 16.2 and 21.3)	(4,127,604)	–	**–**
Translation adjustments	(212,402)	(388,293)	**(334,540)**
Balance at end of year	US$42,607,374	US$35,599,500	**US$30,237,207**

Amortization of debt issuance costs is presented as part of "Interest expense and financing charges on borrowings" in the consolidated statements of income.

16.2 Details and Description

16.2.1 MTN Programme

ITBV. The MTN Programme is unconditionally and irrevocably guaranteed by ICTSI ("secured") and is listed on the Singapore Stock Exchange.

16.2.2 Senior Notes

ICTSI. The Senior Notes bear interest of 4.75 percent per annum, payable semi-annually in arrears, maturing on June 17, 2030.

ITBV. The ten-year Senior guaranteed fixed rate notes were issued on November 16, 2021 with an aggregate principal amount of US$300.0 million, maturing on November 16, 2031, at a fixed interest rate of 3.50 percent per annum, payable semi-annually in arrears. The notes are unconditionally and irrevocably guaranteed by ICTSI ("secured").

16.2.3 US dollar and Foreign Currency-denominated Term Loans and Securities

ICTSI. The US$300.0 million loan has been drawn down under the six-year term loan facility agreement, with interest rate based on six-month term SOFR plus an agreed margin. The proceeds of the loan were used to refinance the short-term and long-term loans.

VICT. On December 13, 2021, VICT signed a Note Purchase Agreement with various purchasers for the issuance and sale of Senior Secured Notes with an aggregate principal amount of US$290.5 million (AUD400.0 million), maturing on March 31, 2039, at a fixed interest rate of 4.27 percent per annum, payable semiannually in arrears. The proceeds were used to fund the prepayment of VICT's project finance facilities. The Senior Secured Notes is secured by certain assets of VICT (see Notes 6, 10 and 14) and guaranteed by IOBV ("secured").

ICTSI Global Finance B.V.(IGFBV). The loan was availed in 2019 under the seven-year term loan facility, with interest based on three-month LIBOR plus an agreed margin. Effective January 29, 2023, interest is based on three-month cumulative compounded Secured Overnight Financing Rate (SOFR) plus an agreed margin. The loan is unconditionally and irrevocably guaranteed by ICTSI ("secured").

MHCPSI. On April 11, 2022, the loan was restructured and refinanced by a US$122.7 million (Php6.4 billion) loan with the same financial institution. The maturity date of the PHP term loan was extended from March 14, 2023 to March 14, 2029. Interest is payable quarterly based on the higher of the prevailing 3-month BVAL plus agreed spread, or the prevailing Central Bank of the Philippines Overnight Reverse Repurchase Rate plus agreed spread. The PHP term loan is solely secured by the continuing suretyship of ICTSI.

IDRC. The loan is secured by certain assets of IDRC (see Note 6).

SPICTL and MITL. On November 27, 2019, SPICTL and MITL signed a loan agreement, which consists of a PGK five-year term loan facility and a PGK revolving loan facility, with interest based on the bank's published Indicator Lending Rate minus an agreed margin. The loan is unconditionally and irrevocably guaranteed by ICTSI ("secured").

CGSA. The loans are unconditionally and irrevocably guaranteed by ICTSI ("secured").

ICTSI Nigeria. The loan was availed from the five-year term loan facility, with interest based on prevailing market rate. The proceeds were used to finance the development and expansion of the berth including purchase of equipment. The loan is unconditionally and irrevocably guaranteed by IEBV ("secured").

CLIA Pouso Alegre. The loans are secured by certain equipment of CLIA Pouso Alegre with a carrying value of BRL1.7 million (US$0.4 million) as of December 31, 2023, and guaranteed through the Emergency Access Program (PEAC) administered by the Brazilian Development Bank (BNDES).

ICTSI Middle East DMCC. The Euro term loan bears interest rate based on Euro Interbank Offer Rate (EURIBOR) plus an agreed margin and matured on December 20, 2022. The loan is unconditionally and irrevocably guaranteed by ICTSI ("secured").

16.3 Loan Covenants and Capitalized Borrowing Costs

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

There was no material change in the covenants related to the Group's long-term debt. As at December 31, 2023, ICTSI and subsidiaries were in compliance with their loan covenants.

Interest expense for long-term debt, net of amount capitalized as property and equipment, presented as part of "Interest expense and financing charges on borrowings" account in the consolidated statements of income, amounted to US$109.8 million in 2021, US$115.2 million in 2022, and US$119.3 million in 2023 (see Note 6).

17. Other Noncurrent Liabilities

This account consists of:

	2021	2022	**2023**
Retirement liabilities (Note 24)	US$14,256,427	US$17,609,972	**US$19,046,193**
Accrued taxes and others (Note 19)	9,938,953	10,147,289	**10,939,692**
Derivative liability (Note 27)	7,766,630	–	**10,316,934**
Government grant	3,570,577	1,116,649	–
Others	6,311,577	7,643,320	**6,854,482**
	US$41,844,164	US$36,517,230	**US$47,157,301**

Government Grant

On March 29, 2012, BCT and Center for EU Transport Projects (CUPT), a Polish grant authority, signed the EU Grant whereby CUPT would grant BCT a subsidy amounting to US$17.3 million (PLN53.9 million) and on October 21, 2013, BCT and CUPT signed a second EU Grant whereby CUPT would grant BCT a subsidy amounting to US$4.8 million (PLN14.6 million). The confirmation of the availability of the EU Grant was a condition precedent to any borrowing under the facility agreement of BCT. In December 2015, BCT finalized capital expenditure projects supported by the EU Grant. The US$19.7 million EU Grant was treated as deferred income and was amortized over the duration of the preceding concession agreement which ended on May 31, 2023. Amortization of deferred income included under "Other income" account in the consolidated statements of income amounted to US$2.4 million in 2021, US$2.5 million in 2022, and US$1.1 million in 2023.

Accrued Taxes and Others

Accrued taxes and others as at December 31, 2023 include the noncurrent portion of customs duties payable in relation to the importation of port equipment in CGSA amounting to US$8.5 million.

Others

Others mainly pertain to the additions in other noncurrent liabilities arising from acquisition of MHCPSI (see Note 1.4).

18. Loans Payable

A summary of outstanding balance of loans payable as at December 31 is presented below:

	Company	2021	2022	**2023**
Secured fixed interest USD loan [a]	ICTSI Ltd.	US$–	US$110,000,000	**US$134,200,000**
Unsecured floating interest PGK loan [b]	SPICTL	–	–	**2,681,325**
Unsecured floating interest PGK loan [c]	MITL	–	–	**2,681,324**
Unsecured fixed interest USD loan	ICTSI	–	100,000,000	**–**
Unsecured fixed interest PHP loan	ICTSI	–	62,790,000	**–**
Unsecured fixed interest EUR loan	IGFBV	–	32,115,000	**–**
Unsecured fixed interest EUR loan	ICTSI Middle East DMCC	–	32,115,000	**–**
Secured fixed interest IQD loan [d]	ICTSI Iraq	5,032,970	–	**–**
		US$5,032,970	US$337,020,000	**US$139,562,649**

[a] *The facility is secured by short-term investments held by CMSA amounting to MXN2.2 billion (US$111.3 million) and MXN2.6 billion (US$155.2 million) as of December 31, 2022 and 2023, respectively.*

[b] *The PGK-denominated short-term loan bears interest based on the lending bank's published Indicator Lending Rate minus an agreed margin and matures on May 24, 2024.*

[c] *The PGK-denominated short-term loan bears interest based on the lending bank's published Indicator Lending Rate minus an agreed margin and matures on May 30, 2024.*

[d] *The loan was secured by a short-term time deposit amounting to US$6.2 million (see Note 14).*

Interest expense incurred related to the loans payable amounted to US$0.3 million in 2021, US$2.7 million in 2022, and US$12.1 million in 2023.

19. Accounts Payable and Other Current Liabilities

This account consists of:

	2021	2022	**2023**
Trade (Note 23)	US$171,581,124	US$197,323,205	**US$206,633,780**
Accrued expenses:			
Salaries and benefits	35,683,787	44,414,595	**46,459,838**
Output and other taxes	28,399,222	34,742,447	**40,889,610**
Interest (Notes 16 and 18)	19,059,676	24,082,009	**23,893,273**
Operating expenses and others	19,253,171	27,727,688	**26,150,349**
Customers' deposits	19,510,180	23,339,221	**24,226,792**
Provisions for claims and losses (Note 26)	18,480,698	19,673,523	**21,319,416**
Dividends payable	3,804,111	4,691,812	**5,391,163**
Others	6,091,829	16,334,536	**17,171,302**
	US$321,863,798	US$392,329,036	**US$412,135,523**

Trade payables are noninterest-bearing and are generally settled on 30 to 60-day terms.

Provisions for claims and losses pertain to estimated probable losses in connection with legal cases and negotiations involving cargo, labor, contracts and other issues. The movements in this account follow:

	2021	2022	**2023**
Balance at beginning of year	US$18,381,473	US$18,480,698	**US$19,673,523**
Provision during the year	5,039,807	7,917,220	**8,002,164**
Settlement and reversal during the year (Note 21.1)	(6,155,471)	(6,018,611)	**(7,110,345)**
Translation adjustment	1,214,889	(705,784)	**754,074**
Balance at end of year	US$18,480,698	US$19,673,523	**US$21,319,416**

20. Share-based Payment Plan

Certain officers and employees of the Group receive remuneration through share-based payment transactions, whereby officers and employees are given awards, in the form of ICTSI common shares as equity-settled transactions, in lieu of cash incentives and bonuses under the SIP. The SIP was approved by the stockholders of ICTSI on March 7, 2007, effective for a period of ten years unless extended by the Board. On March 7, 2016, the Board approved for the extension of the SIP for a further 10 years until March 2027 and the amendment of vesting period of the SIP. The vesting period of the SIP was amended from two years where 50% is to vest on the first anniversary date of the award and the other 50% to vest on the second anniversary date of the award, to three years where 25% is to vest on the first anniversary date of the award, 25% to vest on the second anniversary date of the award, and 50% to vest on the third anniversary date of the award. Unless the Stock Incentive Committee determines otherwise, when dividends are declared by the Company, the number of shares subject to an award shall be increased by the number equal in value to the dividends the awardee would have received in respect of an award had the shares awarded to the awardee vested at the time of the dividend declaration. This is designated as the Dividend Re-investment Plan (DRIP).

The shares covered by the SIP are held under treasury until they are awarded and issued to the officers and employees as determined by the Stock Incentive Committee. As at December 31, 2023, there were 53,817,974 ICTSI common shares granted in aggregate under the SIP since it became effective in 2007. Also, as at December 31, 2023, there are 13,189,068 ICTSI common shares held under treasury, part of which are allotted for the SIP (see Note 15.1).

The grant of shares under the SIP does not require an exercise price to be paid by the awardee. Awardees who resign or are terminated will lose any right to unvested shares. In the event of retirement of an awardee, the unvested shares shall automatically vest in full. In the event of death or total disability of an awardee, the outstanding unvested shares shall vest in full and the shares will be released to the designated heirs of the awardee. A change in control in ICTSI will trigger the automatic vesting of unvested awarded shares. There are no cash settlement alternatives.

The SIP covers permanent and regular employees of ICTSI with at least one-year tenure; officers and directors of ICTSI, its subsidiaries or affiliates; or other persons who have contributed to the success and profitability of ICTSI or its subsidiaries or affiliates.

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

Grant Date	Number of Shares Granted	Fair Value per Share at Grant Date
March 10, 2020	2,122,621	US$1.82 (₱92.00)
April 16, 2020	181,883	US$1.48 (₱75.20)
March 1, 2021	1,976,171	US$2.48 (₱120.50)
April 12, 2021	142,832	US$2.57 (₱124.80)
March 1, 2022	1,643,920	US$4.26 (₱218.00)
March 28, 2022	112,810	US$4.18 (₱218.00)
March 1, 2023	2,238,750	US$3.62 ((₱198.98)
March 28, 2023	197,522	US$3.80 ((₱207.00)

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

Movements in the stock awards (number of shares) in 2021, 2022 and 2023 follow:

	2021	2022	**2023**
Balance at beginning of year	3,888,072	4,190,194	**4,176,507**
Stock awards granted	2,119,003	1,756,730	**2,436,272**
Stock awards vested, issued and cancelled	(1,816,881)	(1,770,417)	**(2,327,096)**
Balance at end of year	4,190,194	4,176,507	**4,285,683**

Total compensation expense recognized on the vesting of the fair value of stock awards and presented as part of manpower costs in the consolidated statements of income amounted to US$4.7 million in 2021, US$5.6 million in 2022 and US$6.3 million in 2023, respectively. A corresponding increase in additional paid-in capital, net of applicable tax, was also recognized in the consolidated statements of changes in equity (see Note 15.2).

21. Income and Expenses

21.1 Other Income

This account consists of:

	2021	2022	**2023**
Rental income (Note 8)	US$4,554,708	US$4,614,328	**US$3,419,237**
Gain on settlement of insurance and other claims	5,522,303	569,790	**1,819,405**
Income from amortization of government grant (Note 17)	2,440,295	2,481,775	**1,087,020**
Reversal of accrued taxes and other accruals (Note 19)	5,928,416	826,147	**760,453**
Tax refund	1,315,771	292,340	**328,484**
Gain on disposal of property and equipment	1,376,093	581,085	**210,597**
Mark-to-market gain on derivatives - net (Note 27)	–	1,156,578	**91,721**
Dividend income	4,619	3,774	**4,534**
Gain on disposal of a subsidiary (Note 1.5)	–	2,238,020	–
Income from auction of overstaying cargoes and miscellaneous income	8,691,963	6,232,033	**15,366,006**
	US$29,834,168	US$18,995,870	**US$23,087,457**

21.2 Port Authorities' Share in Gross Revenues

This account represents variable port fees of the Group in accordance with the agreements with the port authorities where the Group operates, excluding variable port fees considered as "in-substance fixed payments" that formed part of concession rights and right-of-use assets that are amortized on a straight-line basis over the term of the concession (see Note 25).

21.3 Other Expenses

	2021	2022	**2023**
Management fees (Note 23.1)	US$4,103,845	US$4,455,196	**US$5,051,010**
Write-off of debt issuance costs and other financing charges (Note 16.2.3)	12,137,142	3,292,384	**2,377,620**
Loss on disposal of property and equipment (Note 6)	235,485	406,157	**1,838,967**
Covid-19 related and restructuring and separation costs (Note 19)	11,434,859	14,126,267	**894,150**
Unrecognized taxes and other expenses	17,446,098	33,277,662	**14,088,190**
	US$45,357,429	US$55,557,666	**US$24,249,937**

Restructuring and Separation Costs
Restructuring and separation costs pertain to costs incurred with respect to cost optimization and rationalization in response to market developments in certain terminals.

Unrecognized Taxes and Other Expenses
This includes tax assets that cannot be utilized by certain terminals.

22. Income Tax

The components of recognized deferred tax assets and liabilities are as follows:

	2021	2022	**2023**
Deferred tax assets on:			
Right-of-use asset and lease liability under PFRS 16	US$147,587,527	US$160,196,755	**US$178,854,736**
Unrealized foreign exchange losses	47,110,680	111,427,956	**85,578,716**
NOLCO	63,034,571	54,312,358	**57,193,730**
Intangible assets and concession rights payable under IFRIC 12	34,584,786	43,882,916	**48,088,431**
Accrued retirement cost and other expenses	3,839,934	3,959,625	**6,885,336**
Share-based payments	1,376,933	1,430,651	**1,504,289**
Allowance for doubtful accounts and other provisions	1,355,445	2,136,037	**1,871,132**
Allowance for obsolescence	897,963	753,642	**768,338**
Unrealized mark-to-market loss on derivatives	23,475,899	–	**14,804,555**
Others	14,489,876	14,785,663	**13,104,016**
	US$337,753,614	US$392,885,603	**US$408,653,279**
Deferred tax liabilities on:			
Excess of fair value over book value of net assets of acquired subsidiaries	US$60,848,163	US$96,919,367	**US$100,833,854**
Accelerated depreciation and translation difference between functional and local currency	66,861,496	80,831,850	**87,266,969**
Difference in depreciation and amortization periods of port infrastructure classified as concession rights	30,349,293	34,069,554	**37,687,623**
Undistributed earnings of subsidiaries	–	10,143,648	**14,968,698**
Capitalized borrowing costs	13,905,526	8,774,347	**8,429,825**
Nonmonetary assets	1,402,564	9,168,524	**7,588,451**
Unrealized foreign exchange gains	2,537,892	3,174,378	**3,199,094**
Unrealized mark-to-market gain on derivatives	782	11,654,263	**2,912,045**
Others	7,024,920	7,609,729	**10,635,975**
	US$182,930,636	US$262,345,660	**US$273,522,534**

The Parent Company is subject to income tax based on its Philippine peso books even as its functional currency is US dollars. As a result, the Parent Company's US dollar-denominated net monetary liabilities were translated to Philippine peso giving rise to the recognition of deferred tax asset on net unrealized foreign exchange losses. The deferred tax asset on net unrealized foreign exchange losses amounting to US$44.6 million, US$108.3 million, and US$82.4 million as at December 31, 2021, 2022 and 2023, respectively, mainly pertains to Parent Company.

Deferred tax assets on NOLCO of certain subsidiaries amounting to US$8.2 million, US$9.5 million and US$9.0 million as at December 31, 2021, 2022 and 2023, respectively, were not recognized, as management believes that these subsidiaries may not have sufficient future taxable profits against which the deferred tax assets can be utilized. Deferred tax assets are recognized for subsidiaries when there is expectation of sufficient future taxable profits from which these deferred tax assets can be utilized.

Deferred taxes were not provided for undistributed earnings of subsidiaries in retained earnings position that are not taxable upon distribution or where the Parent Company has control over the distribution of such earnings in the foreseeable future, as these may be earmarked for reinvestment in foreign port projects or for other reasons.

The Group recognized deferred tax asset on actuarial loss in other comprehensive income amounting to US$0.1 million in 2021, US$0.2 million in 2022, and US$0.3 million in 2023.

A reconciliation of income tax expense on income before income tax at the statutory tax rates to provision for income tax for the years presented is as follows:

	2021	2022	**2023**
Income tax expense computed at statutory tax rates applicable to each subsidiary	US$129,982,060	US$171,852,820	**US$189,162,161**
Add (deduct):			
Income tax incentive	(12,441,407)	(20,875,976)	**(34,226,901)**
Nondeductible tax losses of subsidiaries - net	3,126,340	3,433,549	**4,752,844**
Interest income already subjected to final tax	(190,918)	(781,684)	**(1,295,584)**
Unallowable interest expense	2,177,859	2,050,475	**143,229**
Others - net	1,762,722	(3,021,551)	**7,879,938**
Provision for income tax	US$124,416,656	US$152,657,633	**US$166,415,687**

23. Related Party Transactions

23.1 Transactions with the Shareholders and Affiliates

			2021		2022		**2023**	
Related Party	Relationship	Nature of Transaction	Transaction Amount (i)	Outstanding Receivable (Payable) Balance	Transaction Amount (i)	Outstanding Receivable (Payable) Balance	**Transaction Amount (i)**	**Outstanding Receivable (Payable) Balance**
					(In Millions)			
SPIA Spain S.L.								
SPIA	Joint venture	Interest-bearing loans (Note 9) (ii)	US$–	US$150.44	US$–	US$139.75	**US$–**	**US$139.75**
		Interest income (converted into interest-bearing loan) (Note 9) (ii)	–	61.79	–	57.59	**9.11**	**66.70**
		Interest receivable (ii)	13.18	6.53	12.46	5.96	**13.68**	**6.18**
YICT								
YPH	Non-controlling shareholder	Trade transactions (iv)	0.91	(0.05)	0.45	(0.04)	**0.90**	**(0.11)**
YPHT	Common shareholder	Outsourced services	5.70	0.59	5.96	0.90	**5.35**	**0.93**

(Forward)

Related Party	Relationship	Nature of Transaction	2021 Transaction Amount (i)	2021 Outstanding Receivable (Payable) Balance	2022 Transaction Amount (i)	2022 Outstanding Receivable (Payable) Balance	**2023 Transaction Amount (i)**	**2023 Outstanding Receivable (Payable) Balance**
			(In Millions)					
Yantai Port Group (YPG)	Common shareholder	Port fees (iii)	US$3.62	US$1.00	US$3.71	US$1.00	US$**3.43**	US$**0.83**
		Trade transactions (iv)	2.17	(0.14)	2.47	(0.08)	**2.10**	**–**
SCIPSI								
Asian Terminals, Inc.	Non-controlling shareholder	Management fees	0.17	(0.02)	0.13	(0.01)	**0.15**	**0.01**
AGCT								
Luka Rijeka D.D. (Luka Rijeka)	Non-controlling shareholder	Provision of services (v)	0.54	–	0.78	(0.28)	**1.28**	**(0.11)**
PICT								
Premier Mercantile Services (Private) Limited	Non-controlling Shareholder	Stevedoring and storage charges (vi)	3.22	(0.13)	–	–	**–**	**–**
		Container handling revenue (vi)	0.03	–	–	–	**–**	**–**
Marine Services (Private) Limited, Portlink International (Private) Limited, and AMI Pakistan (Private) Limited	Common shareholder	Container handling revenue (vii)	0.10	–	–	–	**–**	**–**
Bilal Associates (Pvt) Limited	Common shareholder	Stevedoring and storage charges (vi)	0.03	(0.03)	0.36	(0.01)	**0.28**	**–**
		Container handling revenue (vi)	0.01	–	0.08	–	**0.02**	**–**
Bay West (Pvt) Ltd	Common shareholder	Container handling revenue (vi)	–	–	–	–	**0.04**	**–**
LGICT								
NCT Transnational Corp.	Non-controlling shareholder	Management fees	0.49	(0.17)	0.45	(0.07)	**0.32**	**(0.07)**
		Maintenance and repairs	0.11	(0.05)	0.11	(0.03)	**0.09**	**(0.03)**
		Trade transactions	0.02	(0.01)	0.02	(0.01)	**–**	**–**
IDRC								
Ledya SARL	Non-controlling shareholder	Management fees	3.39	(0.30)	3.60	–	**3.60**	**(0.90)**
		Loans(viii)	–	–	–	–	**3.06**	**–**
Parent Company								
Prime Metro BMD Corporation	Common shareholder	Construction services (ix)	13.05	(1.49)	3.32	(0.13)	**6.68**	**(2.02)**
		Dredging services (ix)	–	–	2.31	–	**2.55**	**(0.01)**
		Sublease(x)	0.45	0.27	–	0.09	**–**	**0.08**
Prime Metro Power Holdings Corporation	Common shareholder	Reimbursement of operating expenses	0.07	0.07	0.02	0.08	**0.01**	**0.07**
		Sublease(x)	0.16	(0.01)	–	(0.01)	**–**	**(0.01)**
Prime Metroline Infrastructure Holdings Corporation	Common shareholder	Reimbursement of operating expenses	0.02	–	0.09	0.04	**0.04**	**0.01**
		Sublease(x)	0.68	0.14	–	0.07	**–**	**(0.04)**
		Sale of asset(xi)	–	–	–	–	**0.75**	**0.56**
FAMI	Joint Venture	Reimbursement of operating expenses	0.03	0.34	0.04	0.42	**0.01**	**0.45**
		Management fees	1.33	(0.25)	0.28	(0.19)	**1.79**	**(0.31)**
PSHI	Common shareholder	Acquisition of shares of stock	51.24	–	–	–	**–**	**–**
IW Cargo Handlers, Inc.								
ACTSI	Common shareholder	Sale of asset (xii)	–	–	–	–	**17.20**	**17.20**
ROHQ								
MNHPI (consolidated effective September 8, 2022)	Common shareholder	Professional fees	0.25	–	0.33	–	**–**	**–**

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

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

(iii) YICT is authorized under the Joint Venture Agreement to collect port charges levied on cargoes, port construction fees and facility security fees in accordance with government regulations. Port fees remitted by YICT for YPH /YPG are presented as part of "Port authorities' share in gross revenues" in the consolidated statement of income. Outstanding payable to YPH/YPG related to these port charges are presented under "Accounts payable and other current liabilities" account in the consolidated balance sheet.

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

(v) AGCT has entered into agreements with Luka Rijeka, a non-controlling shareholder, for the latter's provision of services such as equipment maintenance, power and fuel and supply of manpower, among others. Total expenses incurred by AGCT in relation to these agreements were recognized and presented in the consolidated statement of income as part of Manpower costs, Equipment and facilities-related expenses and Administrative and other operating expenses.

(vi) PICT has entered into an agreement with Premier Mercantile Services (Private) Limited, Bilal Associates (Pvt) Limited, and Bay West (Pvt) Ltd to render stevedoring and other services (i.e. storage and container handling service), which are settled on a monthly basis.

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

(viii) In April 2023, IDRC entered into a shareholder loan agreement with Ledya SARL. The loan was settled in June 2023.

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

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

(xi) ICTSI and Prime Metroline Infrastructure Holdings Corporation entered into an agreement for the sale of certain leasehold improvements.

(xii) On December 12, 2023, IW Cargo Handlers, Inc. and ACTSI entered into a deed of absolute sale for the sale of transportation equipment and related accessories.

The outstanding balances arising from these related party transactions are current and payable without the need for demand.

Outstanding balances at year-end are unsecured and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the years ended December 31, 2021, 2022 and 2023, the Group has not recorded any impairment of receivables relating to amounts owed by related parties. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

23.2 Compensation of Key Management Personnel

Compensation of key management personnel consists of:

	2021	2022	**2023**
Short-term employee benefits	US$1,548,255	US$1,479,571	**US$1,449,844**
Post-employment employee benefits	47,960	32,013	**34,248**
Share-based payments	1,303,187	2,214,296	**1,284,930**
Total compensation to key management personnel	US$2,899,402	US$3,725,880	**US$2,769,022**

24. Retirement Plans

Defined Benefit Plans

The Parent Company, BCT, BIPI, DIPSSCOR (settled in 2022), SBITC, ROHQ, MTS, IJP, OJA, SCIPSI, MICTSL, MICTSI, AGCT, CGSA, CMSA, CMSA SP, CMSA SP Especialistas, ICTSI Iraq and APBS have separate, noncontributory, defined benefit retirement plans covering substantially all of its regular employees. The benefits are based on employees' salaries and length of service.

Defined benefit plans consist of:

	2021	2022	**2023**
Retirement benefit liabilities (presented as "Other noncurrent liabilities")			
Asia	US$5,168,982	US$7,733,855	**US$8,098,191**
EMEA	3,494,953	3,698,340	**3,759,204**
Americas	5,592,492	6,177,777	**7,188,798**
	US$14,256,427	US$17,609,972	**US$19,046,193**

Retirement Benefit Liabilities. The following tables summarize the components of the Group's retirement benefit expense recognized in the consolidated statements of income and the funded status and amounts recognized in the consolidated balance sheets.

	2021	2022	**2023**
Retirement benefits expense:			
Current service cost	US$2,964,206	US$2,719,241	**US$2,280,227**
Net interest cost	147,136	601,255	**629,291**
Past service cost	355,205	134,269	**30,524**
Settlement loss	–	–	**323,524**
	US$3,466,547	US$3,454,765	**US$3,263,566**
Retirement benefit liabilities:			
Present value of defined benefit obligation	US$24,467,525	US$27,211,148	**US$29,751,568**
Fair value of plan assets	(10,211,098)	(9,601,176)	**(10,705,375)**
	US$14,256,427	US$17,609,972	**US$19,046,193**

	2021	2022	**2023**
Changes in the present value of the defined benefit obligation:			
Balance at beginning of year	US$24,625,657	US$24,467,525	**US$27,211,148**
Effect of business combination	–	3,621,259	**–**
Current service cost	2,964,206	2,719,241	**2,280,227**
Interest cost	761,398	1,054,936	**1,107,270**
Actuarial loss (gain)	521,966	(1,628,313)	**929,486**
Past service cost	355,205	134,269	**30,524**
Benefits paid	(2,714,661)	(1,415,913)	**(3,078,528)**
Settlement loss	–	–	**323,524**
Translation adjustment	(1,505,266)	(1,643,954)	**1,015,906**
Change in plan position	(540,980)	(97,902)	**(67,989)**
Balance at end of year	US$24,467,525	US$27,211,148	**US$29,751,568**
Changes in fair value of plan assets:			
Balance at beginning of year	US$9,750,691	US$10,211,098	**US$9,601,176**
Effect of business combination	–	884,690	**–**
Interest income	614,262	453,681	**477,979**
Actuarial gain (loss)	101,755	(1,090,844)	**520,469**
Benefits paid	(1,702,052)	(172,707)	**(2,067,856)**
Actual contributions	2,171,934	235,829	**2,699,696**
Translation adjustment	(725,492)	(920,571)	**(526,089)**
Balance at end of year	US$10,211,098	US$9,601,176	**US$10,705,375**

The Group does not expect significant contributions to the retirement plans of the Parent Company and its subsidiaries in 2023.

The principal assumptions used in determining the Group's defined benefits obligation are shown below (in percentage):

	2021	2022	**2023**
Discount rate			
Asia	3.60% - 6.15%	6.80% - 7.45%	**6.06% - 6.15%**
EMEA	3.40% - 6.08%	3.40% - 5.98%	**3.40% - 10.28%**
Americas	2.96% - 7.61%	5.15% - 9.01%	**5.83% - 9.45%**
Future salary increases			
Asia	2.00% - 6.00%	3.00% - 8.00%	**3.00% - 6.00%**
EMEA	3.00% - 5.00%	5.00% - 7.00%	**3.00% - 5.00%**
Americas	1.05% - 6.00%	2.00% - 5.50%	**1.40% - 5.50%**

A quantitative sensitivity analysis for significant assumptions as at December 31, 2023 is shown below (amounts in millions):

	Discount rate		Future salary increases	
Sensitivity level	-1%	+1%	-1%	+1%
Impact on the net defined benefit obligation	US$1.6	(US$1.4)	(US$1.5)	US$1.7

The sensitivity analyses above have been determined based on a method that extrapolates the impact on net defined benefit obligations as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

The following payments are expected to be made in the future out of the defined benefit plan obligations:

	2021	2022	**2023**
Within the next 12 months	US$3,515,584	US$5,577,336	**US$4,762,567**
Between 2 and 5 years	3,515,584	6,264,347	**5,849,960**
Between 5 and 10 years	6,694,861	9,072,611	**8,741,179**
Beyond 10 years	35,610,235	36,172,501	**40,021,074**
Total expected payments	US$49,336,264	US$57,086,795	**US$59,374,780**

The average duration of the defined benefit plan obligations as at December 31, 2023 is 18.08 years.

The plan assets of Group are being held by various trustee banks. The investing decisions of these plans are made by the respective trustees. Plan assets are not available to the creditors of the Group, nor can they be paid directly to the Group.

The following table presents the carrying amounts and fair values of the combined assets of the plans less liabilities:

	2021	2022	**2023**
Cash and cash equivalents	US$3,312,562	US$1,403,678	**US$577,966**
Investments in debt securities	926,301	5,608,546	**8,001,950**
Investments in government securities	4,136,578	1,690,787	**1,620,870**
Investments in equity securities	1,862,098	843,163	**430,631**
Others	69,215	62,474	**79,878**
	10,306,754	9,608,648	**10,711,295**
Liabilities	(95,656)	(7,472)	**(5,920)**
	US$10,211,098	US$9,601,176	**US$10,705,375**

The plan assets' carrying amount approximates its fair value since these are either short-term in nature or have been stated at fair values.

The plan assets consist of the following:

- Cash and cash equivalents, which includes regular savings and time deposits;

- Investments in corporate debt instruments, consisting of both short-term and long-term corporate loans, notes and bonds;

- Investments in government securities, consisting of retail treasury bonds; and

- The voting rights over the equity securities are exercised by the authorized officers of the respective subsidiary.

- Investments in equity securities include investment in shares of stock of ICTSI amounting to US$1.5 million, US$1.5 million, and US$1.8 million as at December 31, 2021, 2022 and 2023, respectively. For the years ended December 31, 2021, 2022 and 2023, mark-to-market gain arising from investment in ICTSI shares amounted to US$1.2 million, US$1.0 million, and US$1.4 million, respectively.

- Other financial assets held by these plans are primarily accrued interest income on cash deposits and debt securities held by the plan.

- Liabilities of the plan pertain to trust fee payable and retirement benefits payable.

Defined Contribution Plans
The employees of YICT are members of a state-managed retirement benefit scheme operated by the local government. YICT is required to contribute a specified percentage of its payroll costs to the retirement benefit scheme to fund the benefits.

PICT operates a recognized provident fund scheme for all its eligible employees. Equal monthly contributions are made by PICT and the employees to the fund at a rate of 8.33 percent of the basic salary.

ICTSI Oregon maintains a Safe Harbor 401k plan (401k plan), covering all of its employees, which became effective January 1, 2011. Participants who are eligible can contribute up to 100 percent of their eligible compensation and those who have reached the age of 21 years old are eligible to make contributions following six months of continuous service. All participants in the 401k plan are eligible for matching contributions of 100 percent of each dollar contributed up to 6 percent of a participant's earnings. Participant's voluntary contributions and actual earnings thereon are immediately vested. ICTSI Oregon's matching contributions to the 401k plan are immediately vested and cannot be forfeited.

VICT is required to contribute a certain percentage of its payroll costs to the retirement benefit scheme ("superannuation fund") at least every quarter to fund the benefits.

Contributions made by YICT, PICT ICTSI Oregon and VICT to the plans and recognized as expense under manpower costs totaled US$3.2 million in 2021, US$3.6 million in 2022, and US$3.3 million in 2023.

25. Significant Contracts and Agreements

25.1 Concession Contracts

The Group has entered into a number of concession contracts for the operation, development and management of ports (containerized, general cargo or multipurpose terminals), subject to conditions such as payment of upfront fees, fixed fees and variables fees based on TEU volume or revenue from port operations. Certain concession agreements provide for periodic repricing of the fees payable to the port authorities based on an index or a rate, such as inflation rate. Some contracts require the Group to invest on port infrastructures and facilities and to acquire various port equipment. The Group may account for the concession arrangement under IFRIC 12, PFRS 16 or other applicable standards depending on the terms and conditions of the concession agreement. Refer to the Group's significant accounting policies disclosed in Note 3 to the consolidated financial statements. Future cash outflows relating to concession arrangements are presented as cash outflows relating to concession rights payable and lease liabilities disclosed in Note 28 to the consolidated financial statements.

Concession arrangements for ICTSI, MICTSL, CGSA, Tecplata, SBITC, ICTSI Subic, AGCT, OPC, ICTSI Iraq, MICTSL, SPICTL, MNHPI, ICTSI Rio, KMT, EJD and PICT have been accounted for under IFRIC 12. Concession arrangements that have been accounted for under PFRS 16 are disclosed in Note 7 to the consolidated financial statements.

25.2 Shareholders' Agreement (Agreement) with Atlantic, Gulf & Pacific Company of Manila, Inc. (AG&P)

On September 30, 1997, IWI CTHI entered into an Agreement with AG&P forming BIPI. BIPI developed the property acquired from AG&P at Bauan, Batangas into an international commercial port duly licensed as a private commercial port by the PPA.

Simultaneous with the execution of the Agreement, AG&P executed a Deed of Conditional Sale in favor of IWI CTHI conveying to the latter a parcel of land for a total purchase price of ₱632.0 million (equivalent to US$11.7 million as at December 31, 2023). The said land was transferred by IWI CTHI to BIPI under a tax-free exchange of asset for shares of stock.

Notwithstanding the sale and purchase on April 10, 2019 of the 20% stake in BIPI held by AG&P, the unfulfilled obligations under the Agreement shall remain in force.

25.3 Joint Venture Contract on YICT

On July 1, 2014, the Group, through its subsidiary IHKL, acquired 51% of the total equity interest of YICT, forming a joint venture with Yantai Port Holdings (YPH) and DP World having 36.5% and 12.5% ownership interest, respectively. Pursuant to the said joint venture agreement, the Board of YICT shall be comprised of six members, three of which the Group has the right to elect. The Chairman of the Board shall be appointed by the Group and the said Chairman shall be entitled to a casting vote in the event of equality of votes. The Group is also entitled to appoint the General Manager and Financial Controller. The land operated by YICT was contributed by YPH and is valid until August 28, 2043.

YICT is authorized by YPH to collect, on its behalf, the port charges (including port charges levied on cargoes and facilities security fees) in accordance with the state regulations and shall, after retaining 50% of the port charges levied on cargoes (as the fees for maintaining the facilities within the port owned by YICT) and 80% of the facilities security fees (as the fees for maintaining and improving the security facilities within the terminal owned by YICT) collected, pay to YPH the remaining parts no later than the fifteenth (15^{th}) day of the following month.

25.4 Shareholders' Agreement on IDRC

On January 23, 2014, the Group, through its subsidiary, ICTSI Cooperatief, forged a business partnership with SIMOBILE for the establishment and formation of a joint venture company, IDRC. IDRC, which is then 60% owned by ICTSI Cooperatief, will build a new terminal along the river bank of the Congo River in Matadi and manage, develop and operate the same as a container terminal, as well as provide exclusive container handling services and general cargo services therein.

At incorporation, the share capital of IDRC amounted to US$12.5 million represented by 12,500 ordinary voting shares. IDRC was incorporated for an initial term of 99 years, subject to early dissolution or prorogation. ICTSI contributed US$2.0 million cash upon incorporation and the

US$5.5 million cash in tranches while SIMOBILE contributed land valued at US$5.0 million. On May 19, 2015, ICTSI, through its subsidiary, ICTSI Cooperatief, and its joint venture partner, SIMOBILE, transferred their respective 8% and 2% ownership interest in IDRC to SCTP SA in exchange for the latter's contribution of technical knowledge, skills and substantial experience in the port and port system in DRC and operation of railroad system and undertaking to facilitate the activities of IDRC and to assist in its relations with the public authorities. SIMOBILE transferred to its subsidiary, SIP Sprl, its 10% ownership in IDRC. After the restructuring, IDRC was owned 52% by ICTSI, 28% by SIMOBILE, 10% by SIP Sprl and 10% by SCTP SA.

Pursuant to the shareholders' agreement, the Board of IDRC shall be comprised of nine members, five of which will be appointed by the Group.

26. **Contingencies**

Due to the nature of the Group's business, it is involved in various legal proceedings, both as plaintiff and defendant, from time to time. The majority of outstanding litigation involves subrogation claims under which insurance companies have brought claims against the operator, shipping lines and/or brokerage firms for reimbursement of their payment of insurance claims for damaged equipment, facilities and cargoes. Except as discussed below, ICTSI is not engaged in any legal or arbitration proceedings (either as plaintiff or defendant), including those which are pending or known to be contemplated and its Board has no knowledge of any proceedings pending or threatened against the Group or any facts likely to give rise to any litigation, claims or proceedings which might materially affect its financial position or business. Management and its legal counsels believe that the Group has substantial legal and factual bases for its position and is of the opinion that losses arising from these legal actions and proceedings, if any, will not have a material adverse impact on the Group's consolidated financial position and results of operations.

ICTSI
In 1997, Paramount Company (Private) Limited (PCL) filed a case against ICTSI before the High Court of Sindh (HCS) for the sum of US$17.4 million as damages as well as a 10% shareholding in Karachi International Container Terminal Limited (KICTL). PCL asserted that it was ousted from the Consortium with ICTSI and American President Lines Limited (APL) even after having obtained the approvals for the establishment of KICTL, to which PCL alleged to be entitled to receive 10% shareholding in KICTL.

ICTSI filed an application for the matter to be referred to arbitration (Arbitration Application) per its Equity Linked Security Agreement with PCL in 1995. The court, in an order dated December 16, 1998, fixed Singapore as the venue for arbitration. After dismissal of PCL's last appeal on March 17, 2022 contesting the arbitration venue, PCL was given the opportunity to file a fresh application of new venue, from Singapore to Karachi, while alleging new circumstances in an Initial Suit. The court has yet to set a new date for the hearing of the case.

PICT
The Trustees of the Port of Karachi (KPT) filed a civil suit against PICT in 2006 before the HCS claiming a sum of US$1.49 million along with the interest, as default payment of wharfage and penalty thereon, for the alleged mis-declaration of the category of goods on the import of ship-to-shore cranes and RTGs in 2004. On April 24, 2017, HCS passed the judgment and decree in favor of PICT and ordered that KPT is not entitled to the amount of wharfage charges claimed by it. In June 2017, KPT filed an appeal before the Divisional Bench of HCS. PICT's management and its legal counsels believe that the claim has no merit.

PICT is involved in several tax proceedings. However, PICT's management and its legal counsels believe that the said cases will be decided in favor of PICT.

PICT's existing Concession Agreement with KPT is for a period of 21 years until June 17, 2023. Per the Concession Agreement and on the precedence where KPT provided another container terminal with an early extension in concession term and infrastructure expansion at Karachi Port, PICT took up the matter with KPT and other relevant government offices of Pakistan. For prudence and to safeguard its interest in obtaining equal and fair treatment, PICT instituted a legal suit before the HCS where it obtained an interim injunction/stay order for status quo (Stay Order) in December 2021. The Stay Order restrained KPT from terminating the Concession Agreement, and from inviting bids and awarding contracts relevant to terminal operation.

In March 2023, HCS dismissed the interim order and observed that PICT has no justification to continue occupying the terminal beyond June 17, 2023. HCS further pronounced that in case right of first refusal is exercised by PICT, it would be in the nature of re-occupation and re-commencement of fresh terms as agreed. PICT thereafter filed an appeal before the larger bench of HCS to set aside the order and restrain KPT from interfering in the operations. After various hearings, in June 2023, the larger bench of HCS dismissed PICT's appeal.

On June 18, 2023, KPT took over the terminal upon the expiry of the Concession Agreement.

<u>TSSA</u>
In 2015, Custom Enclosure Atlântico Terminais SA (CE) and Suata Serviço Unificado de Armazenagem e Terminal Alfandegado SA (SUATA) filed a civil case against TSSA questioning the legality of imposing charges for the Segregation Service (Terminal Handling Charge 2, THC2). CE and SUATA alleged that the THC2 is already included in the amount paid in the Terminal Handling Charge (THC) rate. Pending litigation, the court ordered TSSA to suspend the collection of the THC2. TSSA questioned the court's competence to judge on the matter, in view of the absence of the necessary notification from the Regulatory Agency (ANTAQ) to enter the dispute. The case is pending for the court's decision. TSSA will file a request for annulment of the order suspending the collection of THC2 considering a new ANTAQ law 34/2019, which allows the collection of THC2.

TSSA filed an Annulment Action with Urgent Injunction Request to nullify the Brazilian Administrative Council for Economic Defense (the Brazil Competition Authority, CADE) decision in an administrative case wherein CADE ruled that (1) TSSA's collection of the Segregation and Delivery Service of Containers - SSE or Terminal Handling Charge 2 (THC2) is illegal, and (2) TSSA should pay a fine in the amount of BRL9.1 million (US$1.9 million). The CADE decision pointed out that charging the THC2 fee would provide an unjustifiable and illegal competitive advantage in the bonded storage market.

On February 18, 2021, the preliminary injunction requested by TSSA was granted. This suspended the enforceability of the CADE decision guaranteeing TSSA's ability to continue with the retroactive collection of the services provided and not invoiced, as well as future collection of the THC2 until further final judgment of the case.

In 2016, CE and SUATA filed a civil action against TSSA questioning the legality of charging fees connected with the ISPS Code, which according to CE and SUATA, is a service integrated in the port activity and cannot be charged separately. TSSA's defense is that the ISPS Code was established by international demand, after the attacks on September 11, 2001, and that the amount collected is for extraordinary security costs continually implemented by TSSA to meet international counter-terrorism requirements levied on the importer or exporter.

A preliminary injunction was granted enjoining TSSA from charging fees connected with the ISPS Code. On December 15, 2020, the decision prohibited TSSA from charging the ISPS Code, but found it legitimate to charge the entire past period. TSSA appealed and awaiting judgment by the Pernambuco Court of Justice. With the appeal, the effects of the decision are suspended and TSSA continues to collect the ISPS Code charges.

TSSA filed an Annulment Action with Urgent Injunction Request to suspend the enforcement of the decision of CADE against TSSA in an administrative proceeding to (i) refrain from charging fees connected with the ISPS Code to CE and other import companies, and other fees to reimburse costs incurred in complying with safety standards, and (ii) pay a fine in the amount of BRL7.2 million (US$1.5 million).

On September 14, 2021, an award confirming preliminary injunction in favor of TSSA was issued. The award ruled that the collection of ISPS Code tariff is (i) legal and legitimate, (ii) there is competence of the private agent to negotiate regarding port tariffs, (iii) there was non-inclusion of ISPS charges in box rates, (iv) it is a provision of international regulations, and (v) there was no violation of Competition Law. The CADE appealed and there is no judgment as of February 28, 2024.

TICT

On December 28, 2012, TICT filed a Notice of Termination of its 10-year Investment Agreement with Tartous Port General Company (TPGC) on the grounds of "unforeseen change of circumstances" and "Force Majeure". In early 2013, TPGC submitted to arbitration TICT's termination notice. On April 1, 2014, the arbitration panel decided in favor of TPGC. While the award has become executory on April 20, 2015, management and its legal counsels believe that TPGC will not be able to successfully enforce the award outside of Syria. An attempt to implement the above-mentioned foreign judgment was made in Iraq before the Karkh Court of First Instance based on the provisions of Foreign Judgment Execution Law as well as the Riyadh Agreement for Judicial Cooperation. The implementation case was eventually dismissed in a judgment dated March 13, 2023.

ICTSI Oregon

Due to labor disruptions caused by International Longshore and Warehouse Union and ILWU Local 8 (collectively "ILWU") in Portland, Oregon from June 2012 and continuing over several years, ICTSI Oregon filed a claim in federal court for damages caused by the ILWU's unlawful secondary activity under the National Labor Relations Act. The claim went to trial, and a jury verdict awarded damages to ICTSI Oregon in the total sum of US$93.6 million. ILWU then filed a motion for judgment as a matter of law and for a new trial which was denied by the district court except issues on damages conditioned that ICTSI Oregon will accept reduced damages. On March 19, 2020, ICTSI Oregon notified the district court of its decision to decline acceptance of the reduced judgment and to instead proceed to retrial.

While the district court has scheduled the case for a two-week jury trial to commence on February 26, 2024, on September 30, 2023, ILWU l filed a Chapter 11 bankruptcy petition in the United States Bankruptcy Court for the Northern District of California.

On February 2, 2024, ILWU and ICTSI Oregon jointly announced that a settlement of all legal claims had been reached. The settlement resolves all of ICTSI Oregon's claims in the case on which it will receive payment of $20.5 million. The settlement arises from the parties' participation in several days of mediation during ILWU's chapter 11 bankruptcy case, which will be voluntarily dismissed as part of the terms of the settlement.

ICTSI Rio

ICTSI Rio filed a case questioning the legality of a portion of its Lease Agreement Contract (Contract) with the Companhia Docas do Rio de Janeiro – CDRJ (Port Authority) which requires ICTSI Rio to pay the Port Authority for not achieving the minimum container handling goals (MMC). ICTSI Rio pointed out that the Port Authority failed to fulfil its obligation to provide adequate infrastructure to the Port of Rio de Janeiro to allow ICTSI Rio to meet its movement goals under the Contract. In 2016 and 2017, ICTSI Rio was heavily impacted by the delay in the dredging works of the access channel to the Port of Rio de Janeiro, which was the responsibility of the Port Authority. ICTSI Rio requested the cancellation of the collection carried out by the Port Authority related to the invoices of MMC for the years 2016 and 2017 amounting to BRL22.8 million (US$4.7 million). It was also requested that the Port Authority refund to ICTSI Rio the amount of BRL16.8 million (US$3.5 million) paid in advance.

In July 2022, in order to resolve the conflict, a virtual conciliation hearing was commenced and discussions with the Port Authority were resumed. Efforts to reach for an agreement continued after the replacement of the president of the Port Authority in October 2023.

ISPL, SPICTL and MITL

ISPL, along with SPICTL and MITL, filed and obtained a favorable Stay Order in the National Court on December 21, 2023, against Independent Consumer and Competition Commission (ICCC), preventing Stevedoring and Handling recommendations set out in the ICCC Final Report and Price Order from coming into effect on January 1, 2024. The report is based on the decision of the ICCC (1) to conduct a review of stevedoring and cargo handling services pursuant to the Prices Regulation Act; (2) to make Price Control Orders pursuant to the Prices Regulation Act; and (3) to refuse to extend the time for the plaintiffs to make submissions to it as to why it could not and should not make the intended Price Control Orders in respect of the services provided by SPICTL and MITL. The judicial review is expected to be conducted in March or April 2024.

27. Financial Instruments

27.1 Fair Values

Set out below is a comparison of carrying amounts and fair values of the Group's long-term debt and concession rights payable whose fair values are different from their carrying amounts as at December 31:

	2021		2022		**2023**	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value	**Carrying Amount**	**Fair Value**
Financial Liabilities						
Long-term debt	US$2,145,607,533	US$2,291,843,465	US$2,133,847,418	US$2,038,570,875	**US$2,032,426,011**	**US$2,007,223,661**
Concession rights payable	723,034,856	898,437,749	754,416,745	757,152,346	**757,017,239**	**841,774,839**

Carrying values of cash and cash equivalents, receivables, accounts payable and other current liabilities and loans payable approximate their fair values due to their short-term maturities.

The fair values of the US dollar-denominated notes and US dollar-denominated medium-term notes are based on quoted prices. The fair value of other fixed interest-bearing loans and concession rights payable were estimated at the present value of all future cash flows discounted using the applicable rates for similar types of loans ranging from 0.67 to 13.60 percent in 2021, 3.42 to 20.77 percent in 2022, and 2.93 to 14.23 percent in 2023.

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

The fair values of derivative assets and liabilities, specifically forward contracts and prepayment options, are calculated using valuation techniques with inputs and assumptions that are based on market observable data and conditions. For cross-currency swap, interest rate swaps, currency forwards and other structured derivatives, fair values are based on counterparty bank valuation.

27.2 Fair Value Hierarchy

The following tables below present the fair value hierarchy of the Group's financial instruments as at December 31:

	2021			
	Amount	Quoted prices in active market (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets/liabilities measured at fair value:				
Derivative assets	US$–	US$–	US$–	US$–
Derivative liabilities	13,326,958	–	13,326,958	–
Financial assets at FVOCI	2,618,336	2,618,336	–	–
Liabilities for which fair values are disclosed:				
Long-term debt	2,291,843,465	1,605,763,580	–	686,079,885
Concession rights payable	898,437,749	–	–	898,437,749

	2022			
	Amount	Quoted prices in active market (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets measured at fair value:				
Derivative assets	US$16,085,813	US$–	US$16,085,813	US$–
Financial assets at FVOCI	2,930,600	2,930,600	–	–
Liabilities for which fair values are disclosed:				
Long-term debt	2,038,570,875	1,369,632,420	–	668,938,455
Concession rights payable	757,152,346	–	–	757,152,346

	2023			
	Amount	**Quoted prices in active market (Level 1)**	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
Assets/liabilities measured at fair value:				
Derivative assets	**US$14,384,816**	**US$–**	**US$14,384,816**	**US$–**
Derivative liabilities	**10,316,934**	**–**	**10,316,934**	**–**
Financial assets at FVOCI	**3,326,557**	**3,326,557**	**–**	**–**
Liabilities for which fair values are disclosed:				
Long-term debt	**2,007,223,661**	**1,052,637,000**	**–**	**954,586,661**
Concession rights payable	**841,774,839**	**–**	**–**	**841,774,839**

In 2021, 2022 and 2023, there were no transfers between *Level 1* and *Level 2* fair value measurements and no transfers into and out of *Level 3* fair value measurements.

27.3 Derivative Financial Instruments

ICTSI enters into derivative transactions as economic hedges of certain underlying exposures arising from its foreign currency-denominated loans, revenues and expenses. Such derivatives, which include interest rate swaps and currency forwards, are accounted for either as cash flow hedges or transactions not designated as hedges.

27.4 Hedge Accounting

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

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

In April 2019, the Group entered into interest rate swap transactions to hedge the interest rate exposures of the IGFBV's floating rate US$-denominated loan maturing in 2026. A total notional amount of US$300.0 million floating rate loan was swapped to fixed rate. Under the interest rate swap arrangements, an annual fixed interest of 2.3981 percent is being paid and floating interest of three-month LIBOR is being received. In 2023, the interest rate swap arrangements were amended and effective January 29, 2023, the average annual fixed interest of 2.1768 percent will be paid, and floating interest based on three-month cumulative compounded SOFR will be received.

The following table presents the market valuation on the outstanding interest rate swap as at December 31:

		Presented in the consolidated balance sheet as:	
	Cumulative Gain (Loss)	Current Derivative Asset (Liability)	Noncurrent Derivative Asset (Liability)
2021	(US$13,326,958)	(US$5,560,328)	(US$7,766,630)
2022	14,929,235	6,471,720	8,457,515
2023	11,264,874	7,078,360	4,186,513

The effective portion of the change in the fair value of the interest rate swap amounting to US$11.2 million, net of US$3.7 million deferred tax; US$21.1 million, net of US$7.2 million deferred tax; and US$2.7 million, net of US$0.9 million deferred tax, for the years ended December 31, 2021, 2022 and 2023, respectively, were taken to equity under other comprehensive income.

In September 2023, ICTSI entered into an interest rate swap transactions to hedge the interest rate exposure of the MBTC floating rate facility maturing in 2029. A total notional amount of US$300.0 million floating rate loan was swapped to a fixed rate. Under the interest rate swap arrangements, an average annual fixed interest of 4.091 percent will be paid, and floating interest based on six-month term SOFR will be received. As at December 31, 2023, the cumulative market valuation loss on the outstanding interest rate swaps amounted to US$7.2 million, reflected in the consolidated balance sheet as derivative asset amounting to US$3.1 million presented as current asset, derivative liability amounting to US$10.3 million presented as noncurrent liability. The effective portion of the change in the fair value of the interest rate swaps amounting to US$5.4 million, net of US$1.8 million deferred tax for the year ended December 31, 2023, was taken to equity as other comprehensive loss.

Translation Hedging. On January 1, 2023, CMSA, whose functional currency is Mexican Peso, designated a total of US$43.5 million of its US dollar bank deposits with Bank Mendes Gans, to hedge its firm commitments to purchase equipment and construct civil works that are denominated in US dollar. Foreign currency translation gains or losses deferred in equity form part of the cost of the port infrastructure and recycled to profit and loss through depreciation. As at December 31, 2023, the net accumulated foreign exchange loss on the US dollar bank deposits totaling US$3.5 million was taken to equity. For the year ended December 31, 2023, foreign exchange loss on the US dollar bank deposits amounting to US$1.9 million associated to the settlement of hedged purchase contracts was reclassified to property and equipment account. No ineffectiveness was recognized in the consolidated statement of income for the year ended December 31, 2023.

On April 1, 2023, ICTSI Nigeria, whose functional currency is NGN, designated its USD-denominated payable amounting to US$24.0 million, to hedge the currency risk on its forecasted USD-denominated revenues. Effective portion of the hedge is deferred in equity whereas any ineffective portion is recognized directly in earnings. Foreign currency translation gains or losses deferred in equity will be recycled to profit and loss upon occurrence of the forecasted revenue. As at December 31, 2023, foreign currency translation loss on the USD-denominated payable aggregating to US$16.4 million was taken to equity as other comprehensive loss, whereas US$1.4 million was recognized to profit and loss for the year ended December 31, 2023.

On June 1, 2023, BCT, whose functional currency is USD, designated its PLN-denominated lease liability related to the new 30-year lease agreement with the Port Authority of Gdynia S.A. (PAGSA) amounting to PLN605.3 million (US$142.9 million), to hedge the currency risk on its forecasted PLN-denominated revenues. Effective portion of the hedge is deferred in equity while any ineffective portion is recognized directly in earnings. Foreign currency translation gains or losses deferred in equity will be recycled to profit and loss upon occurrence of the forecasted revenue. As at December 31, 2023, foreign currency translation loss on the PLN-denominated lease liability designated as cash flow hedge aggregating to US$10.6 million was taken to equity. For the year ended December 31, 2023, foreign exchange loss on PLN-denominated lease liability amounting to US$198.7 thousand was recycled from equity to profit and loss. No ineffectiveness was recognized in the consolidated statement of income for the year ended December 31, 2023.

27.5 Derivative Instruments Not Designated as Hedges

Foreign Currency Forwards. In March 2022, VICT entered into a sell-AUD buy-US$ forward contract with an aggregate notional amount of US$9.0 million. The forward contract was used to hedge the variability of cash flows arising from AUD-denominated payments and was settled on April 27, 2022 resulting to a derivative gain of US$0.1 million (AUD0.2 million).

In September and December 2022, ICTSI entered into sell-US$ buy-PHP forward contracts with aggregate notional amounts of US$30.0 million and US$15.0 million, respectively. The forward contracts are used to hedge the variability of cash flows arising from PHP-denominated liabilities.

As at December 31, 2022, derivative asset amounting to US$1.2 million was presented as current asset. On April 20, 2023, the US$30.0 million forward contract was settled resulting to a realized gain of US$0.9 million. On April 25, 2023, the US$15.0 million forward contract was settled resulting to a realized gain of US$0.2 million.

27.6 Fair Value Changes on Derivatives

The net movements in fair value changes of ICTSI's derivative instruments are as follows:

	2021	2022	**2023**
Balance at beginning of year	(US$43,383,572)	(US$13,326,958)	**US$16,085,813**
Net changes in fair value of derivatives:			
Designated as accounting hedges	24,289,950	29,412,771	**(12,109,652)**
	(19,093,622)	16,085,813	**3,976,161**
Less fair value of settled instruments	(5,766,664)	–	**(91,721)**
Balance at end of year	(US$13,326,958)	US$16,085,813	**US$4,067,882**

The net movement in fair value changes of freestanding derivative instruments designated as cash flow hedges are presented in the consolidated statements of comprehensive income as follows:

	2021	2022	**2023**
Balance at beginning of year	(US$38,521,684)	(US$13,326,958)	**US$11,939,939**
Changes in fair value of cash flow hedges of designated derivatives	24,289,950	29,412,771	**(12,109,652)**
Transferred to consolidated statements of income	5,766,664	–	**91,721**
Tax effects	(4,861,888)	(4,145,874)	**3,033,798**
Balance at end of year (Note 15.7)	(US$13,326,958)	US$11,939,939	**US$2,955,806**

Fair value changes on freestanding derivatives as at December 31 are presented as follows:

	2021	2022	**2023**
Derivative assets (Note 10)	US$–	US$16,085,813	**US$14,384,816**
Derivative liabilities (Note 17)	(13,326,958)	–	**(10,316,934)**
Total	(US$13,326,958)	US$16,085,813	**US$4,067,882**

28. **Financial Risk Management Objectives and Policies**

The principal financial instruments of the Group comprise mainly of bank loans and cash and cash equivalents. The main purpose of these financial instruments is to raise working capital and major capital investment financing for the Group's port operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

ICTSI has port operations and development projects in 19 countries as at December 31, 2023. Short-term treasury activities are carried out at the subsidiary level, however, overall policy decisions concerning the Group's financial risks are centralized at the Parent Company in Manila. The Board reviews and approves the Group's policies for managing each of these risks, as summarized below, as well as authority limits. Treasury operations are regularly reviewed annually by Internal Audit to ensure compliance with the Group's policies.

ICTSI finances its business activities through a mix of cash flows from operations, long-term loans from banks and the capital markets. It is the Group's policy to minimize the use of short-term loans. The Group's borrowings are in US Dollar, Philippine Peso, Euro, Iraqi Dinar, Papua New Guinean Kina and Australian Dollar at fixed and floating rates of interest. The Group minimizes its currency exposure by matching its currency of borrowing to the currency of operations and functional currency at the relevant business unit whenever possible. It is, and has been throughout the year under review, the Group's policy that no trading in financial instruments shall be undertaken.

In the context of PFRS 7, the main risks arising from the normal course of the Group's business are interest rate risk, liquidity risk, foreign currency risk and credit risk.

<u>Working Capital Management</u>
The Parent Company has minimal working capital requirements due to the short cash collection cycle of its business. Working capital requirements are well within the credit facilities established which are adequate and available to the Parent Company to meet day-to-day liquidity and working capital requirements. The credit facilities are regularly reviewed by the Treasury Group to ensure that they meet the objectives of the Group. Most of the foreign operating subsidiaries currently do not access short-term credit facilities as their respective cash flows are sufficient to meet working capital needs.

<u>Interest Rate Risk</u>
The Group's exposure to market risk for changes in interest rates relates primarily to the Group's bank loans and is addressed by a periodic review of the Group's debt mix with the objective of reducing interest cost and maximizing available loan terms.

The following tables set out the carrying amount, by maturity, of the Group's liabilities that are exposed to interest rate risk as at December 31:

2021

	Interest rate	Less than 1 Year to 2 years	>2 Years to 3 years	>3 Years to 4 years	>4 Years to 5 years	Over 5 Years	Total *(In Original Currency)*	Total *(In US Dollar)*	Net Debt*
Liabilities									
Long-term Debt									
Floating Rate:									
Eur Loan	EURIBOR + 1.00% spread	38,225,000	–	–	–	–	EUR38,225,000	US$43,461,700	US$43,322,239
PGK Loan	ANZ ILR* less 6.45%	45,260,000	23,880,000	2,500,000	2,500,000	–	PGK74,140,000	US$21,103,109	US$20,909,311
PHP Loan	3-month BVAL tenor + 2.40% spread	6,650,000,000	–	–	–	–	PHP6,650,000,000	US$130,394,714	US$133,669,166

2022

	Interest rate	Less than 1 Year to 2 years	>2 Years to 3 years	>3 Years to 4 years	>4 Years to 5 years	Over 5 Years	Total *(In Original Currency)*	Total *(In US Dollar)*	Net Debt*
Liabilities									
Long-term Debt									
Floating Rate:									
PGK Loan	ANZ ILR* less 6.45%	47,760,000	2,500,000	2,500,000	–	–	PGK52,760,000	US$14,793,323	US$14,872,997
PHP Loan	3-month BVAL tenor + 1.55% spread + GRT	1,200,000,000	1,000,000,000	1,000,000,000	1,000,000,000	1,850,000,000	PHP6,050,000,000	US$108,510,447	US$109,812,331

2023

	Interest rate	**Less than 1 Year to 2 years**	**>2 Years to 3 years**	**>3 Years to 4 years**	**>4 Years to 5 years**	**Over 5 Years**	**Total** ***(In Original Currency)***	**Total** ***(In US Dollar)***	**Net Debt***
Liabilities									
Long-term Debt									
Floating Rate:									
PGK Loan	ANZ ILR* less 6.45%	**56,380,000**	**7,500,000**	**5,000,000**	**5,000,000**	**–**	**73,880,000**	**US$19,809,626**	**US$19,781,891**
PHP Loan	3-month BVAL tenor + 1.55% spread + GRT	**1,600,000,000**	**1,000,000,000**	**1,000,000,000**	**1,000,000,000**	**300,000,000**	**4,900,000,000**	**US$98,428,752**	**US$89,604,967**
NGN Loan	18% per annum, adjustable based on Nigeria money market rate changes	**898,068,241**	**605,865,281**	**724,383,540**	**271,682,938**	**–**	**2,500,000,000**	**US$2,742,190**	**US$2,717,225**

**Net of Debt Issuance Costs*

Re-pricing of floating rate financial instruments is mostly done monthly, quarterly or semi-annually. Interest on fixed rate financial instruments is fixed until maturity of the instrument. Financial instruments not included in the above tables are either noninterest-bearing, therefore not subject to interest rate risk or have minimal interest rate exposure due to the short-term nature of the account (i.e., cash equivalents).

The sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of ICTSI's income before income tax (through the impact on unhedged floating rate borrowings), at December 31 are as follows (amounts in millions unless otherwise indicated):

		Effect on Profit Before Tax		
	Increase/Decrease in Interest Rates (%)	2021	2022	**2023**
Loans	+1.0	(US$1.9)	(US$1.3)	**(US$1.1)**
	-1.0	1.9	1.3	**1.1**

Liquidity Risk
The Group monitors and maintains a certain level of cash and cash equivalents and bank credit facilities deemed adequate by management to finance the Group's operations, ensure continuity of funding and to mitigate the effects of fluctuations in cash flows. The Group's policy is that not more than 25 percent of borrowings should mature in any 12-month period. 3 percent, 31 percent, and 8 percent of the Group's total borrowings, gross of debt issuance costs as at December 31, 2021, 2022 and 2023 respectively, will mature in the ensuing 12 months. The Group is re-assessing its policy in mitigating liquidity risk in line with the current developments and demands of its rapidly growing business.

The tables below summarize the maturity profile of the Group's financial liabilities as at December 31 based on contractual undiscounted payments (amounts in millions unless otherwise indicated).

	2021					
	Less than 3 Months	3 to 6 Months	>6 to 12 Months	>1 to 5 Years	More than 5 Years	Total
Long-term debt	US$5.0	US$10.4	US$55.1	US$1,210.3	US$904.0	US$2,184.8
Accounts payable and other current liabilities*	186.3	8.4	60.8	–	–	255.5
Other noncurrent liabilities*	–	–	–	9.9	–	9.9
Loans payable	5.0	–	–	–	–	5.0
Derivative liabilities	1.6	1.5	2.5	7.8	–	13.4
Concession rights payable	17.8	18.7	35.5	300.2	1,240.8	1,613.0
Lease liabilities	32.2	33.4	65.3	551.3	2,037.2	2,719.4
Total	US$247.9	US$72.4	US$219.2	US$2,079.5	US$4,182.0	US$6,801.0

**Excludes statutory liabilities, derivative liabilities and provisions for claims and losses.*

	2022					
	Less than 3 Months	3 to 6 Months	>6 to 12 Months	>1 to 5 Years	More than 5 Years	Total
Long-term debt	US$402.7	US$11.3	US$20.1	US$782.1	US$951.1	US$2,167.3
Accounts payable and other current liabilities*	209.2	26.9	78.5	–	–	314.6
Other noncurrent liabilities*	–	–	–	8.8	–	8.8
Loans payable	110.0	127.0	100.0	–	–	337.0
Derivative liabilities	–	–	–	–	–	–
Concession rights payable	18.8	19.6	36.9	300.9	1,165.9	1,542.1
Lease liabilities	36.5	37.7	70.8	614.7	2,014.9	2,774.6
Total	US$777.2	US$222.5	US$306.3	US$1,706.5	US$4,131.9	US$7,144.4

**Excludes statutory liabilities, derivative liabilities and provisions for claims and losses.*

	2023					
	Less than 3 Months	**3 to 6 Months**	**>6 to 12 Months**	**>1 to 5 Years**	**More than 5 Years**	**Total**
Long-term debt	**US$9.2**	**US$11.7**	**US$21.8**	**US$843.8**	**US$1,174.3**	**US$2,060.8**
Accounts payable and other current liabilities*	**252.9**	**24.5**	**48.3**	**–**	**–**	**325.7**
Other noncurrent liabilities*	**–**	**–**	**–**	**6.9**	**–**	**6.9**
Loans payable	**49.2**	**90.4**	**–**	**–**	**–**	**139.6**
Derivative liabilities	**–**	**–**	**–**	**9.8**	**1.9**	**11.7**
Concession rights payable	**21.0**	**21.5**	**41.1**	**338.6**	**1,170.0**	**1,592.2**
Lease liabilities	**45.0**	**45.9**	**91.3**	**750.8**	**2,403.8**	**3,336.8**
Total	**US$377.3**	**US$194.0**	**US$202.5**	**US$1,949.9**	**US$4,750.0**	**US$7,473.7**

**Excludes statutory liabilities, derivative liabilities and provisions for claims and losses.*

The financial liabilities in the above tables are gross undiscounted cash flows. However, those amounts may be settled using cash on hand and in banks, aggregating US$211.0 million, US$398.6 million, and US$422.1 million as at December 31, 2021, 2022 and 2023, respectively. Furthermore, cash equivalents, amounting to US$446.5 million, US$440.3 million, and US$294.0 million as at December 31, 2021, 2022 and 2023, respectively, may also be used to manage liquidity.

Changes in Liabilities Arising from Financing Activities

	December 31, 2020	Cash flows	Foreign exchange movement	Translation Adjustment	Changes in fair values	Others*	December 31, 2021
Long-term debt	US$1,764,478,740	US$249,457,698	US$–	(US$20,148,854)	US$–	US$151,819,949	US$2,145,607,533
Lease liabilities	1,234,777,473	(125,099,978)	(142,692)	(63,443,554)	–	236,503,499	1,282,594,748
Concession rights payable	703,327,707	(74,108,244)	(747,912)	(12,298,688)	–	106,861,993	723,034,856
Accrued interest	19,848,482	(112,491,661)	–	(89,683)	–	111,792,538	19,059,676
Derivative liability	43,383,572	–	–	(356,913)	(29,699,701)	–	13,326,958
Loans payable	2,828,374	2,187,452	–	17,144	–	–	5,032,970
Dividends payable	3,353,538	(234,172,713)	327,033	(46,792)	–	234,343,045	3,804,111
Total liabilities from financing activities	US$3,771,997,	(294,227,446)	(US$563,571)	(US$96,367,340)	(US$29,699,701)	US$841,321,	US$4,192,460,

** Others includes capitalization of fixed fees under IFRIC 12, remeasurement of present value of fixed fees under IFRS 16 and IFRIC 12, effect of business combination, reclassifications, accrual of dividends, amortization of debt issuance costs, accrual of interest from interest-bearing loans, and accretion of interest on lease and concession rights payable.*

	December 31, 2021	Cash flows	Foreign exchange movement	Translation Adjustment	Changes in fair values	Others*	December 31, 2022
Long-term debt	US$2,145,607,533	US$10,106,029	US$–	(US$30,122,559)	US$–	US$8,256,415	US$2,133,847,418
Lease liabilities	1,282,594,748	(145,320,011)	(807,076)	(9,248,883)	–	226,479,378	1,353,698,156
Concession rights payable	723,034,856	(78,728,517)	(875,891)	(4,503,136)	–	115,489,433	754,416,745
Accrued interest	19,059,676	(115,156,889)	–	(72,259)	–	120,251,481	24,082,009
Derivative liability	13,326,958	–	–	–	(63,524,546)	50,197,588	–
Loans payable	5,032,970	335,221,918	(3,738,888)	504,000	–	–	337,020,000
Dividends payable	3,804,111	(299,039,343)	(336,989)	(1,344,421)	–	301,608,454	4,691,812
Total liabilities from financing activities	US$4,192,460,852	(US$292,916,813)	(US$5,758,844)	(US$44,787,258)	(US$63,524,546)	US$822,282,749	US$4,607,756,140

** Others includes capitalization of fixed fees under IFRIC 12, remeasurement of present value of fixed fees under IFRS 16 and IFRIC 12, effect of business combination, reclassifications, accrual of dividends, amortization of debt issuance costs, accrual of interest from interest-bearing loans, and accretion of interest on lease and concession rights payable.*

	December 31, 2022	Cash flows	Foreign exchange movement	Translation Adjustment	Changes in fair values	Others*	December 31, 2023
Long-term debt	**US$2,133,847,418**	**(US$111,146,228)**	**US$–**	**US$55,920**	**US$–**	**US$9,668,901**	**US$2,032,426,011**
Lease liabilities	**1,353,698,156**	**(165,642,959)**	**10,801,677**	**86,287,068**	**–**	**327,755,779**	**1,612,899,721**
Concession rights payable	**754,416,745**	**(85,853,252)**	**237,839**	**7,667,880**	**–**	**80,548,027**	**757,017,239**
Accrued interest	**24,082,009**	**(119,269,603)**	**–**	**1,180**	**–**	**119,079,687**	**23,893,273**
Derivative liability	**–**	**–**	**–**	**–**	**69,640,865**	**(59,323,931)**	**10,316,934**
Loans payable	**337,020,000**	**(201,998,382)**	**4,095,000**	**446,031**	**–**	**–**	**139,562,649**
Dividends payable	**4,691,812**	**(428,241,674)**	**2,482**	**(716,219)**	**–**	**429,654,763**	**5,391,164**
Total liabilities from financing activities	**US$4,607,756,140**	**(US$1,112,152,098)**	**US$15,136,998**	**US$93,741,860**	**US$69,640,865**	**US$907,383,226**	**US$4,581,506,991**

** Others include capitalization of fixed fees under IFRIC 12, remeasurement of present value of fixed fees under IFRS 16 and IFRIC 12, effect of business combination, reclassifications, accrual of dividends, amortization of debt issuance costs, accrual of interest from interest-bearing loans, and accretion of interest on lease and concession rights payable.*

Foreign Currency Risk

As a result of operations in subsidiaries whose functional currency is not the US dollar, the Group's consolidated balance sheets can be affected significantly by movements in the subsidiaries' functional currency and US dollar exchange rates (see Note 1.3).

In respect of financial assets and liabilities held in currencies other than the functional currencies of the Parent Company and the operating subsidiaries, the net exposure is kept to an acceptable level by buying or selling foreign currencies at spot/forward rates where necessary to address short-term imbalances.

The Group recognized in the consolidated statements of income net foreign exchange gain amounting to US$0.9 million, net foreign exchange gain amounting to US$8.0 million, and net foreign exchange loss amounting to US$6.7 million arising from net foreign currency-denominated financial assets and liabilities for the years ended December 31, 2021, 2022 and 2023, respectively, which resulted mainly from the movements of Philippine peso against the US dollar, Malagasy ariary against Euro, and the US dollar against Brazilian real, Mexican peso and Australian dollar.

The following table shows the Group's significant foreign currency-denominated financial assets and liabilities and their US Dollar equivalents at December 31:

	2021		2022		**2023**	
	Foreign Currency	US Dollar	Foreign Currency	US Dollar	**Foreign Currency**	**US Dollar**
Current Financial Assets						
Cash and cash equivalents:						
Philippine peso	3,836,219,816	US$75,221,471	3,097,897,313	US$55,562,682	**9,653,353,037**	**US$174,342,659**
MXN	3,337,875,553	162,590,020	1,911,191,086	98,009,799	**1,661,894,635**	**97,919,788**
BRL	238,950,254	42,888,727	310,480,815	58,736,439	**297,974,476**	**61,406,383**
AUD	29,687,514	21,562,042	56,134,056	38,238,458	**63,273,732**	**43,102,066**
RMB	106,687,379	16,785,038	164,551,485	23,851,498	**228,298,807**	**32,154,762**
EUR	17,842,246	20,286,633	10,341,820	11,072,612	**22,465,328**	**24,799,475**
PKR	4,132,408,080	23,413,077	6,061,987,729	26,745,440	**5,182,648,652**	**18,406,743**
PGK	32,780,139	9,339,337	34,094,428	9,674,923	**55,290,527**	**14,825,185**
IQD	131,763,496	90,249	2,174,172,140	1,489,159	**8,891,076,914**	**6,735,664**
AED	4,536,435	1,235,076	866,533	235,920	**23,150,577**	**6,303,250**
MGA	29,063,474,366	7,317,807	32,828,197,273	7,351,204	**10,802,666,138**	**2,356,037**
HNL	99,189,685	4,050,228	57,305,042	2,322,393	**41,301,316**	**1,669,374**
NGN	3,056,561,000	7,194,786	577,838,589	1,253,936	**1,043,359,137**	**1,144,436**
XAF	462,910,052	802,965	571,406,415	932,513	**481,808,603**	**810,814**
ARS	32,219,899	313,618	137,709,481	777,440	**556,077,279**	**687,810**
IDR	47,080,294,604	3,300,869	32,133,533,218	2,063,413	**9,723,462,137**	**631,435**
GEL	1,194,763	386,780	1,317,019	487,966	**1,227,419**	**456,714**
PLN	2,705,935	670,583	5,578,419	1,275,067	**1,543,098**	**392,047**
BND	105,117	77,801	105,157	78,475	**105,117**	**79,616**
HRK	4,239,062	641,310	1,322,678	187,934	**–**	**–**
CDF	1,247,545	628	17,590	9	**–**	**–**

(Forward)

	2021		2022		**2023**	
	Foreign Currency	US Dollar	Foreign Currency	US Dollar	**Foreign Currency**	**US Dollar**
Receivables:						
BRL	68,781,315	US$12,345,428	138,332,022	US$26,169,508	**147,515,363**	**US$30,399,869**
Philippine peso	999,302,305	19,594,547	1,389,132,277	24,914,936	**1,485,935,335**	**26,836,470**
AUD	22,144,415	16,083,489	21,481,222	14,632,985	**25,133,203**	**17,120,738**
PKR	1,896,718,443	10,746,280	2,233,470,833	9,854,055	**1,975,869,058**	**7,017,515**
EUR	3,357,716	3,817,723	2,884,921	3,088,780	**5,438,620**	**6,003,693**
RMB	40,873,067	6,430,526	42,214,466	6,118,925	**39,932,612**	**5,624,312**
PGK	7,589,078	2,162,192	8,686,411	2,464,929	**13,658,608**	**3,662,316**
PLN	7,505,260	1,859,948	8,398,508	1,919,659	**8,438,042**	**2,143,811**
IDR	20,628,736,899	1,446,311	36,700,144,442	2,356,652	**30,267,903,781**	**1,965,576**
MGA	5,916,710,820	1,489,751	4,872,608,802	1,091,121	**8,580,214,935**	**1,871,326**
MXN	51,629,741	2,514,917	53,684,960	2,753,075	**31,085,029**	**1,831,548**
ARS	11,989,601	116,703	52,410,282	295,883	**380,405,274**	**470,522**
XAF	87,240,745	151,328	252,733,507	412,451	**181,307,627**	**305,114**
IQD	1,000,515,487	685,285	682,047,161	467,156	**163,322,557**	**123,729**
HNL	878,390	35,867	1,087,079	44,056	**1,951,710**	**78,887**
HKD	–	–	84,504	10,831	**84,103**	**10,767**
SGD	–	–	–	–	**1,004**	**761**
NGN	12,362,409	29,100	–	–	**624,351**	**685**
AED	140,477	38,246	44,493	12,114	**1,945**	**530**
HRK	1,595,101	241,316	2,012,816	285,993	**–**	**–**
CDF	394,864,219	198,646	–	–	**–**	**–**
		478,156,648		437,240,389		**593,692,427**
Current Financial Liabilities						
Accounts payable and other current liabilities:						
Philippine peso	6,163,127,866	US$120,848,014	5,444,253,343	US$97,646,011	**8,904,094,107**	**US$160,810,802**
BRL	144,023,208	25,850,452	177,754,246	33,627,364	**248,674,224**	**51,246,620**
MXN	410,437,684	19,992,678	763,896,666	39,174,188	**726,611,883**	**42,812,390**
AUD	32,339,904	23,488,472	42,033,162	28,632,944	**47,815,183**	**32,571,703**
PGK	24,836,323	7,076,077	42,082,079	11,941,566	**59,711,458**	**16,010,580**
EUR	1,198,755	1,362,984	1,273,313	1,363,290	**10,534,216**	**11,628,721**
PKR	2,967,103,376	16,810,784	3,802,878,334	16,778,268	**3,266,944,065**	**11,602,909**
XAF	1,967,278,661	3,412,448	3,037,645,420	4,957,320	**4,366,914,674**	**7,348,880**
NGN	1,225,045,736	2,883,614	1,055,153,839	2,289,731	**5,299,785,469**	**5,813,208**
HNL	126,189,916	5,152,733	131,195,149	5,316,926	**132,745,096**	**5,365,476**
PLN	27,612,079	6,842,803	20,460,353	4,676,652	**18,213,013**	**4,627,290**
MGA	24,127,705,501	6,075,044	16,904,592,622	3,785,438	**20,984,352,064**	**4,576,640**
IQD	7,135,547,060	4,887,361	5,564,944,760	3,811,606	**5,535,817,320**	**4,193,801**
RMB	18,826,495	2,961,957	15,858,400	2,298,652	**22,937,487**	**3,230,632**
ARS	340,722,917	3,316,490	468,969,546	2,647,571	**1,042,231,802**	**1,289,133**
IDR	15,418,160,370	1,080,990	136,062,204,234	8,737,058	**11,987,597,934**	**778,466**
GEL	8,142,545	2,635,981	5,819,883	2,156,311	**934,100**	**347,572**
AED	1,917,218	521,976	288,173	78,457	**1,173,562**	**319,528**
JPY	–	–	–	–	**8,523,611**	**60,434**
HKD	–	–	–	–	**267,802**	**34,283**
SGD	–	–	–	–	**33,048**	**25,031**
ZAR	113,999	7,153	45,609	2,677	**249,321**	**13,578**
HRK	13,504,673	2,043,067	14,624,887	2,077,989	**–**	**–**
CDF	1,081,150,110	543,898	–	–	**–**	**–**
Noncurrent Financial Liabilities						
Other noncurrent liabilities:						
Philippine peso	484,664,020	9,503,402	705,855,775	12,659,955	**683,584,750**	**12,345,760**
MXN	20,102,330	979,197	22,066,577	1,131,619	**25,145,602**	**1,481,593**
AUD	864,790	628,097	1,383,018	942,111	**1,940,034**	**1,321,551**
PLN	20,427,828	5,062,408	10,730,185	2,452,614	**5,129,676**	**1,303,271**
MGA	1,370,527,876	345,081	1,736,371,712	388,825	**1,457,856,043**	**317,955**
BRL	147,151	26,412	–	–	**952,472**	**196,285**
NGN	734,578	1,729	43,653,575	94,730	**81,656,487**	**89,567**
AED	–	–	315,972	86,026	**165,508**	**45,063**
XAF	–	–	12,965,124	21,159	**26,693,470**	**44,921**
EUR	1,752	1,992	–	–	**26,752**	**29,531**
IDR	–	–	382,914,223	24,588	**188,407,392**	**12,235**
IQD	787,103,637	539,112	956,633,464	655,228	**–**	**–**
HRK	242,894	36,746	242,884	34,510	**–**	**–**
ARS	1,470,760	400,425	–	–	**–**	**–**
Long-term debt:						
AUD	277,539,199	201,576,720	356,909,818	243,126,579	**396,742,795**	**270,261,192**
Philippine peso	6,816,993,797	133,669,166	6,122,582,724	109,812,263	**4,961,421,154**	**89,604,861**
PGK	73,389,587	20,909,310	52,412,452	14,873,000	**53,776,570**	**14,419,244**
NGN	–	–	–	–	**2,477,293,477**	**2,717,284**
BRL	–	–	–	–	**3,583,207**	**738,425**
EUR	38,102,232	43,322,238	–	–	**–**	**–**

(Forward)

	2021		2022		**2023**	
	Foreign Currency	US Dollar	Foreign Currency	US Dollar	**Foreign Currency**	**US Dollar**
Concession rights payable:						
BRL	539,179,600	US$96,776,322	501,014,021	US$94,781,313	**563,004,102**	**US$116,023,514**
PGK	311,417,910	88,725,579	341,167,028	96,812,437	**353,567,919**	**94,803,035**
Philippine peso	–	–	2,601,624,031	46,661,717	**2,523,312,615**	**45,571,837**
XAF	–	–	18,316,908,990	29,892,488	**18,083,903,466**	**30,432,570**
MGA	–	–	–	–	**127,864,867,104**	**27,887,040**
EUR	30,337,233	34,493,434	36,307,270	38,872,880	**9,972,294**	**11,008,415**
PKR	267,207,057	1,513,921	92,961,415	410,145	–	–
HRK	78,855,026	11,929,656	–	–	–	–
Lease liabilities:						
AUD	895,368,662	650,306,259	922,335,008	628,293,602	**970,858,485**	**661,348,800**
MXN	7,503,913,720	365,520,362	8,440,812,647	432,862,187	**8,469,508,155**	**499,028,291**
BRL	1,204,691,459	216,227,781	1,299,733,542	245,882,244	**1,254,170,192**	**258,458,566**
Philippine peso	1,153,770,267	22,623,390	1,253,537,602	22,482,963	**1,142,962,822**	**20,642,277**
XAF	–	–	–	–	**1,134,230,205**	**1,244,110**
AED	346,503	94,338	173,252	47,169	–	–
IDR	124,558,779	8,733	–	–	–	–
NGN	1,296,913,802	3,052,783	2,464,477,802	5,348,027	–	–
		2,166,069,569		2,300,650,398		**2,526,084,871**
Net foreign currency-denominated financial liabilities		(US$1,687,912,921)		(US$1,863,410,009)		**(US$1,932,393,891)**

In translating the foreign currency-denominated monetary assets and liabilities into US dollar amounts, the Group used the exchange rates as shown in the table of exchange rates (see Note 3.3).

The following tables demonstrate the sensitivity to a reasonably possible change in US dollar exchange rate to other foreign currency exchange rates, with all other variables held constant as at December 31 (amounts in millions unless otherwise indicated). The impact on the Group's income before income tax is due to changes in the fair value of foreign currency-denominated financial assets and liabilities whereas on equity is due to translation hedging.

	2021	
	Effect on Profit Before Tax	Effect on Equity
Change in US dollar to other foreign currency exchange rates:		
5% appreciation	US$10.7	US$7.8
5% depreciation	(9.7)	(7.0)

	2022	
	Effect on Profit Before Tax	Effect on Equity
Change in US dollar to other foreign currency exchange rates:		
5% appreciation	US$7.7	US$5.8
5% depreciation	(7.0)	(5.2)

	2023	
	Effect on Profit Before Tax	**Effect on Equity**
Change in US dollar to other foreign currency exchange rates:		
5% appreciation	**US$8.8**	**US$6.6**
5% depreciation	**(8.0)**	**(6.0)**

Credit Risk

The Group trades only with recognized, creditworthy third parties and the exposure to credit risk is monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. Since the Group trades only with recognized third parties, collateral is not required in respect of financial assets. Moreover, counterparty credit limits are reviewed by management on an annual basis. The limits are set to minimize the concentration of risks and mitigate financial losses through potential counterparty failure.

With respect to credit risk arising from the other financial assets of the Group, which comprise of cash and cash equivalents and short-term investments, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

As at December 31, 2021, 2022 and 2023, about 41 percent, 51 percent, and 69 percent, respectively, of cash and cash equivalents of the Group is with Philippine local banks. Investments of funds are made only with counterparties approved by the Board. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the consolidated balance sheets.

At December 31, the following tables provide credit information and maximum exposure of ICTSI's financial assets (amounts in millions unless otherwise indicated):

	2021			
	Neither Past Due nor Impaired	Past Due but Not Impaired	Impaired	Total
Cash and cash equivalents:				
Cash in banks	US$209.4	US$–	US$–	US$209.4
Cash equivalents	446.5	–	–	446.5
Receivables				
Trade	83.4	22.0	7.2	112.6
Advances and nontrade	18.6	11.0	0.7	30.3
Short-term investments	0.4	–	–	0.4
Restricted cash	18.7	–	–	18.7
	US$777.0	US$33.0	US$7.9	US$817.9

	2022			
	Neither Past Due nor Impaired	Past Due but Not Impaired	Impaired	Total
Cash and cash equivalents:				
Cash in banks	US$397.0	US$–	US$–	US$397.0
Cash equivalents	440.3	–	–	440.3
Receivables				
Trade	91.6	34.7	5.6	131.9
Advances and nontrade	20.3	11.4	5.8	37.5
Short-term investments	122.2	–	–	122.2
Restricted cash	25.0	–	–	25.0
Derivative assets	16.1	–	–	16.1
	US$1,112.5	US$46.1	US$11.4	US$1,170.0

	2023			
	Neither Past Due nor Impaired	**Past Due but Not Impaired**	**Impaired**	**Total**
Loans and receivables				
Cash and cash equivalents:				
Cash in banks	**US$421.0**	**US$–**	**US$–**	**US$421.0**
Cash equivalents	**294.0**	**–**	**–**	**294.0**
Receivables				
Trade	**105.7**	**43.1**	**6.6**	**155.4**
Advances and nontrade	**24.5**	**9.1**	**4.6**	**38.2**
Short-term investments	**155.6**	**–**	**–**	**155.6**
Restricted cash	**13.7**	**–**	**–**	**13.7**
Derivative assets	**14.4**	**–**	**–**	**14.4**
	US$1,028.9	**US$52.2**	**US$11.2**	**US$1,092.3**

At December 31, the credit quality per class of financial assets that were neither past due nor impaired follow (amounts in millions unless otherwise indicated):

	2021			
	Neither Past Due nor Impaired			
	Grade A	Grade B	Grade C	Total
Cash and cash equivalents:				
Cash in banks	US$209.4	US$–	US$–	US$209.4
Cash equivalents	446.5	–	–	446.5
Receivables:				
Trade	55.6	24.3	3.5	83.4
Advances and nontrade	12.9	5.7	–	18.6
Short-term investments	0.4	–	–	0.4
Restricted cash	18.7	–	–	18.7
	US$743.5	US$30.0	US$3.5	US$777.0

	2022			
	Neither Past Due nor Impaired			
	Grade A	Grade B	Grade C	Total
Cash and cash equivalents:				
Cash in banks	US$397.0	US$–	US$–	US$397.0
Cash equivalents	440.3	–	–	440.3
Receivables:				
Trade	65.7	23.5	2.4	91.6
Advances and nontrade	13.5	3.8	3.0	20.3
Short-term investments	122.2			122.2
Restricted cash	25.0	–	–	25.0
Derivative assets	16.1	–	–	16.1
	US$1,079.8	US$27.3	US$5.4	US$1,112.5

	2023			
	Neither Past Due nor Impaired			
	Grade A	**Grade B**	**Grade C**	**Total**
Cash and cash equivalents:				
Cash in banks	**US$421.0**	**US$–**	**US$–**	**US$421.0**
Cash equivalents	**294.0**	**–**	**–**	**294.0**
Receivables:				
Trade	**58.7**	**42.1**	**4.9**	**105.7**
Advances and nontrade	**14.5**	**6.5**	**3.5**	**24.5**
Short-term investments	**155.6**	**–**	**–**	**155.6**
Restricted cash	**13.7**	**–**	**–**	**13.7**
Derivative assets	**14.4**	**–**	**–**	**14.4**
	US$971.9	**US$48.6**	**US$8.4**	**US$1,028.9**

The credit quality of the financial assets was determined as follows:

Cash and cash equivalents, short-term investments and derivative financial assets - based on the credit standing of the counterparty.

Receivables - Grade A receivables pertain to those receivables from clients or customers that always pay on time or even before the maturity date. Grade B includes receivables that are collected on their due dates provided that they were reminded or followed up by the Group. Those receivables which are collected consistently beyond their due dates and require persistent effort from the Group are included under Grade C.

At December 31, the aging analyses of the receivables that were past due but not impaired follow (amounts in millions unless otherwise indicated):

	2021				
	Past Due but Not Impaired				
	1 to 30 Days	31 to 60 Days	61 to 120 Days	More than 120 Days	Total
Trade	US$16.2	US$2.7	US$0.1	US$3.0	US$22.0
Advances and nontrade	–	2.0	2.5	6.5	11.0
	US$16.2	US$4.7	US$2.6	US$9.5	US$33.0

	2022				
	Past Due but Not Impaired				
	1 to 30 Days	31 to 60 Days	61 to 120 Days	More than 120 Days	Total
Trade	US$19.3	US$5.3	US$4.0	US$6.1	US$34.7
Advances and nontrade	0.4	0.2	–	10.8	11.4
	US$19.7	US$5.5	US$4.0	US$16.9	US$46.1

	2023				
	Past Due but Not Impaired				
	1 to 30 Days	**31 to 60 Days**	**61 to 120 Days**	**More than 120 Days**	**Total**
Trade	**US$23.2**	**US$4.0**	**US$6.1**	**US$9.8**	**US$43.1**
Advances and nontrade	**0.7**	**0.2**	**0.8**	**7.4**	**9.1**
	US$23.9	**US$4.2**	**US$6.9**	**US$17.2**	**US$52.2**

Capital Management

The primary objective of the Group's management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value.

The Group considers total equity and debt as its capital. The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares and raise additional debt through either the bond or loan markets or prepay existing debt. No changes were made in the objectives, policies or processes during the years ended December 31, 2021, 2022 and 2023.

The Group monitors capital using gearing ratio. Gearing ratio is total debt over net worth (total equity) where total debt includes long-term debt and loans payable.

The Group's policy is to keep the gearing ratio within two times.

	2021	2022	**2023**
Long-term debt	US$2,145,607,533	US$2,133,847,418	**US$2,032,426,011**
Loans payable	5,032,970	337,020,000	**139,562,649**
Total debt (a)	2,150,640,503	2,470,867,418	**2,171,988,660**
Net worth or total equity (b)	1,511,579,003	1,726,671,963	**1,905,167,788**
Gearing ratio (a/b)	1.42 times	1.43 times	**1.14 times**

29. **Earnings Per Share Computation**

The following table presents information necessary to calculate earnings per share:

	2021	2022	**2023**
Net income attributable to equity holders of the parent	US$428,568,591	US$618,464,708	**US$511,529,938**
Adjustment for the effect of cumulative distribution on subordinated perpetual capital securities (Note 15.6)	(58,792,638)	(33,437,783)	**(29,026,678)**
Net income attributable to equity holders of the parent, as adjusted (a)	US$369,775,953	US$585,026,925	**US$482,503,260**
Common shares outstanding at beginning of year	2,045,177,671	2,045,177,671	**2,045,177,671**
Weighted shares held by subsidiaries	(4,478,243)	–	**–**
Weighted treasury shares	(2,619,751)	(8,338,621)	**(13,596,351)**
Weighted average shares outstanding (b)	2,038,079,677	2,036,839,050	**2,031,581,320**
Effect of dilutive stock grants	4,190,194	4,176,507	**4,285,683**
Weighted average shares outstanding adjusted for potential common shares (c)	2,042,269,871	2,041,015,557	**2,035,867,003**
Basic earnings per share (a/b)	US$0.181	US$0.287	**US$0.238**
Diluted earnings per share (a/c)	US$0.181	US$0.287	**US$0.237**

30. **Other Matters**

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

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

On October 8, 2023, Israel officially declared war against the Palestinian militant group Hamas related to a surprise attack by Hamas. This declaration has triggered a potential escalation in the ongoing conflict, posing a threat to the stability of the region.

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

The scale and duration of these developments and events remain uncertain as of February 28, 2024. It is not possible to estimate the overall impact of the wars' near-term and longer effects. The Group will continue to closely monitor the progress of these situations.

31. Events After the Balance Sheet Date

On January 12, 2024, ICTSI availed of the remaining US$450.0 million loan from the MBTC long-term loan facility.

On January 12, 2024, ICTSI Ltd. repaid its US$85.0 million loan availed last February 2023 (see Note 18).

On January 17, 2024, ICTSI Ltd. availed of US$104.5 million loan at a fixed interest rate that will mature on March 15, 2024.

In January 2024, the PPA has awarded to ICTSI with the 25-year contract to develop and operate Iloilo Commercial Port Complex (ICPC) in Iloilo, Philippines. ICPC has 627 meters of operational quay length and 20 hectares of land for container and general cargo storage, warehousing, and other cargo-handling activities. ICTSI expects to take over the operation of ICPC in the second quarter of 2024.

In January 2024, ICTSI entered into interest rate swap transactions to hedge the interest rate exposure of the remaining MBTC floating rate facility maturing in 2029. A total notional amount of US$450.0 million floating rate loan was swapped to a fixed rate. Under the interest rate swap arrangements, an average annual fixed interest of 3.681 percent will be paid, and floating interest based on six-month term SOFR will be received.

On February 1, 2024, the Group sold its 80.19% ownership in IJP for US$2.0 million, the Company's listed subsidiary in Indonesia which owns OJA, which in turn has an equipment supply cooperation agreement with PT Pelindo at the Port of Tanjung Priok in Jakarta, Indonesia.

On February 2, 2024, ILWU and ICTSI Oregon jointly announced that a settlement of all legal claims had been reached. The settlement resolves all of ICTSI Oregon's claims in the case on which it will receive payment of US$20.5 million. The settlement arises from the parties' participation in several days of mediation during ILWU's chapter 11 bankruptcy case, which will be voluntarily dismissed as part of the terms of the settlement. The gain related to this legal claim will be recorded once the receivable is virtually certain of collection.

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**INDEPENDENT AUDITOR'S REPORT
ON SUPPLEMENTARY SCHEDULES**

The Stockholders and the Board of Directors
International Container Terminal Services, Inc.
ICTSI Administration Building, Manila International
Container Terminal South Access Road, Manila

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of International Container Terminal Services, Inc. and its subsidiaries (the Group) as at and for the years ended December 31, 2021, 2022 and 2023, included in this Form 17-A and have issued our report thereon dated February 28, 2024. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules listed in the Index to the Consolidated Financial Statements and Supplementary Schedules are the responsibility of the Group's management. These schedules are presented for purposes of complying with the Revised Securities Regulation Code Rule 68, and are not part of the basic financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly state, in all material respects, the financial information required to be set forth therein in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Roel E. Lucas

Roel E. Lucas
Partner
CPA Certificate No. 98200
Tax Identification No. 191-180-015
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
BIR Accreditation No. 08-001998-095-2022, November 7, 2022, valid until November 6, 2025
PTR No. 10079958, January 6, 2024, Makati City

February 28, 2024

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**INDEPENDENT AUDITOR'S REPORT
ON THE SCHEDULE OF RECONCILIATION
OF RETAINED EARNINGS AVAILABLE
FOR DIVIDEND DECLARATION**

The Stockholders and the Board of Directors
International Container Terminal Services, Inc.
ICTSI Administration Building,
MICT South Access Road, Manila

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of International Container Terminal Services, Inc. and Subsidiaries (the Group) as at December 31, 2021, 2022 and 2023, and have issued our report thereon dated February 28, 2024. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The accompanying Schedule of Reconciliation of Retained Earnings Available for Dividend Declaration is the responsibility of the Company's management. This schedule is presented for purposes of complying with the Revised Securities Regulation Code Rule 68, and is not part of the basic consolidated financial statements. This has been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, fairly state, in all material respects, the financial information required to be set forth therein in relation to the basic consolidated financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Roel E. Lucas

Roel E. Lucas
Partner
CPA Certificate No. 98200
Tax Identification No. 191-180-015
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INDEPENDENT AUDITOR'S REPORT ON
COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

The Stockholders and the Board of Directors
International Container Terminal Services, Inc.
ICTSI Administration Building, Manila International
Container Terminal South Access Road, Manila

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of International Container Terminal Services, Inc. and its subsidiaries (the Group) as at and for the years ended December 31, 2021, 2022 and 2023, and have issued our report thereon dated February 28, 2024. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Group's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRS) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic financial statements prepared in accordance with PFRS. The components of these financial soundness indicators have been traced to the Group's financial statements as at and for the years ended December 31, 2021, 2022 and 2023 and no material exceptions were noted.

SYCIP GORRES VELAYO & CO.

Roel E. Lucas
Partner
CPA Certificate No. 98200
Tax Identification No. 191-180-015
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
BIR Accreditation No. 08-001998-095-2022, November 7, 2022, valid until November 6, 2025
PTR No. 10079958, January 6, 2024, Makati City

February 28, 2024

INTERNATIONAL CONTAINER TERMINAL SERVICES, INC. AND SUBSIDIARIES
Schedule A. Financial Assets
December 31, 2023

Financial Assets	Name of Issuing Entity and Association of Each Issue	Number of Shares or Principal Amount of Bonds and Notes	Amount Shown in the Balance Sheet	Valued Based on Market Quotation at End of Reporting Period	Income Received and Accrued
Financial Assets at FVTPL					
Freestanding Derivatives	N/A	N/A	US$14,384,816	N/A	US$–
Amortized Cost					
Cash and Cash Equivalents	N/A	N/A	716,104,043	N/A	29,266,947
Receivables	N/A	N/A	182,507,225	N/A	–
Restricted Cash	N/A	N/A	13,696,960	N/A	449,401
Short-term Investments	N/A	N/A	155,639,325	N/A	14,580,410
Financial Assets at FVOCI					
Quoted Equity Shares	N/A	N/A	3,326,557	US$3,326,557	–
Unquoted Equity Shares	N/A	N/A	673,335	N/A	–
			US$1,086,332,261	US$3,326,557	US$44,296,758

INTERNATIONAL CONTAINER TERMINAL SERVICES, INC. AND SUBSIDIARIES

Schedule B. Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties)
December 31, 2023

Name and Designation of Debtor	Balance at Beginning of Period	Additions	Deductions		Current	Not Current	Balance at End of Period
			Amounts Collected	Amounts Written Off			

NOT APPLICABLE

INTERNATIONAL CONTAINER TERMINAL SERVICES, INC. AND SUBSIDIARIES
Schedule C. Amounts Receivable from Related Parties which are Eliminated during the Consolidation of Financial Statements
December 31, 2023

Name and Designation of Debtor	Balance at Beginning of Period	Additions	Deductions			Current	Not current	Balance at End of Period
			Amounts collected	Amounts Written Off	Others			
Abbotsford Holdings, Inc. (AHI)	US$3,548,247	US$177	(US$1,674,640)	US$–	(US$1,570)	US$–	US$1,872,214	US$1,872,214
Africa Gateway Terminal Co. Ltd.	683	–	–	–	–	–	683	683
Aviation Concepts Technical Services, Inc.	12,297	166,748	(57,935)	–	243	–	121,353	121,353
Basra Gateway Terminal (BGT)	18,990	445,735	(411,238)	–	26	–	53,513	53,513
Batumi International Container Terminal LLC (BICT)	168,332	561,537	(685,930)	–	86	–	44,025	44,025
Bauan International Port, Inc. (BIPI)	60,484	671,276	(680,961)	–	554	–	51,353	51,353
Catalyst Logistics Incorporated	10,017	1,403,695	(1,846)	–	23,412	–	1,435,278	1,435,278
CGSA B.V.	1,140	4,066	(4,868)	–	1	–	339	339
Contecon Guayaquil, S.A. (CGSA)	116,058	34,416,825	(33,131,058)	–	7	–	1,401,832	1,401,832
Contecon Manzanillo S.A. (CMSA)	1,724,646	19,501,161	(18,702,909)	–	1,527	–	2,524,425	2,524,425
CMSA BV	526	2,033	(2,392)	–	2	–	169	169
Davao Integrated Port and Stevedoring Services Corporation (DIPSSCOR)	8,083	1,483	(9,419)	–	9	–	156	156
East Java Multipurpose Terminal	185,401	21,343,168	(21,306,133)	–	(82)	–	222,354	222,354
Falconer Aircraft Management, Inc. (FAMI)	494,908	201,144	(134,661)	–	403	–	561,794	561,794
Hijo International Port Services, Inc. (HIPS)	15,218	–	–	–	102	–	15,320	15,320
ICTSI Africa B.V.	2,310	4,066	(6,030)	–	(7)	–	339	339
ICTSI Asia Pacific Business Services, Inc. (APBS)	339,710	–	(5)	–	5,234	–	344,939	344,939
ICTSI Capital B.V. (ICBV)	1,708	2,572	(3,983)	–	47	–	344	344
ICTSI Global Cooperatief U.A.	46,111,422	8,040	(46,138,882)	–	19,589	–	169	169
IWI Container Terminal Holdings, Inc. (IWICTHI)	1,023,804	16,944,942	(16,872,759)	–	7,033	–	1,103,020	1,103,020

(Forward)

Name and Designation of Debtor	Balance at Beginning of Period	Additions	Deductions			Current	Not current	Balance at End of Period
			Amounts collected	Amounts Written Off	Others			
International Container Terminal - Lagos State	US$46,780	US$–	(US$46,780)	US$–	US$–	US$–	US$–	US$–
ICTSI DR Congo S.A. (IDRC)	246,698	2,246,558	(2,080,111)	–	(7)	–	413,138	413,138
ICTSI Africa (Pty) Ltd.	9,394	14,197	–	–	86	–	23,677	23,677
ICTSI Africa Headquarters (Pty) Ltd.	8,479	3,410	–	–	(544)	–	11,345	11,345
ICTSI Far East Pte. Ltd. (IFEL)	59	–	–	–	–	–	59	59
ICTSI (Hong Kong) Ltd.	139	31	–	–	2	–	172	172
ICTSI Middle East DMCC	2,236,428	–	(1,893,408)	–	4,958	–	347,978	347,978
ICTSI South Asia Pte. Ltd.	7	–	(7)	–	–	–	–	–
ICTSI Ltd. Regional Headquarters (RHQ)	325,193	91	–	–	2,177	–	327,461	327,461
ICTSI Project Delivery Services Co. Pte. Ltd.	(198)	842	–	–	–	–	644	644
ICTSI Oceania B.V.	508	2,033	(2,372)	–	–	–	169	169
ICTSI Rio Brasil	581,917	3,975,821	(3,758,584)	–	(3)	–	799,151	799,151
ICTSI Sudan B.V. (formerly ICTSI Cameroon B.V.)	118,846	–	–	–	118	–	118,964	118,964
ICTSI South Pacific Limited (ISPL)	911	127,604	(99,018)	–	4	–	29,501	29,501
Intermodal Terminal Holdings, Inc.	2,982	505	–	–	21	–	3,508	3,508
IRB Logística Ltda.	2,710	25,621	(6,672)	–	–	–	21,659	21,659
Kribi Multipurpose Terminal	353,832	72,318	–	–	438	–	426,588	426,588
Laguna Gateway Inland Container Terminal, Inc. (LGICT)	145,814	479,036	(538,766)	–	(120)	–	85,964	85,964
Madagascar International Container Terminal Services, Ltd. (MICTSL)	364,177	3,141,464	(3,285,516)	–	(4)	–	220,121	220,121
Manila North Harbour Port, Inc. (MNHPI)	751,430	10,629,590	(10,645,675)	–	59,791	–	795,136	795,136
Mindanao International Container Terminal Services, Inc. (MICTSI)	488,593	4,321,929	(3,984,109)	–	1,773	–	828,186	828,186
Motukea International Terminal Limited (MITL)	543,501	1,148,318	(944,077)	–	(38)	–	747,704	747,704
Operadora Portuaria Centroamericana,	239,759	569,147	(755,160)	–	59	–	53,805	53,805

(Forward)

Name and Designation of Debtor	Balance at Beginning of Period	Additions	Deductions			Current	Not current	Balance at End of Period
			Amounts collected	Amounts Written Off	Others			
Pakistan International Container Terminal (PICT)	US$937,352	US$312,841	US$–	US$–	US$452	US$–	US$1,250,645	US$1,250,645
Prime Staffers and Selection Bureau, Inc. (PSSBI)	542	–	–	–	3	–	545	545
PT ICTSI Jasa Prima Tbk (IJP) and Subsidiaries	226	81	–	–	1	–	308	308
PT Makassar Terminal Services, Inc. (MTS)	85,762	12,774	–	–	856	–	99,392	99,392
PT Perusahaan Bongkar Muat Olah Jasa Andal (OJA)	140,110	179,472	(181,928)	–	2,360	–	140,014	140,014
Sevilla Brokerage Incorporated	340,000	3,805,518	(1,226,361)	–	(64)	–	2,919,093	2,919,093
SPIA Colombia B.V.	1,016	4,066	(4,743)	–	–	–	339	339
SPIA Spain S.L.	38	39	–	–	–	–	77	77
South Cotabato Integrated Port Services, Inc. (SCIPSI)	15,468	729,300	(733,045)	–	120	–	11,843	11,843
South Pacific International Container Terminal Limited (SPICTL)	551,032	1,955,899	(1,380,476)	–	2,215	–	1,128,670	1,128,670
Sociedad Puerto Industrial Aguadulce SA (SPIA)	44,200	422,314	(397,364)	–	304	–	69,454	69,454
Subic Bay International Terminal Holdings, Inc. (SBITHI)	9	17,285,500	(13,937,000)	–	–	–	3,348,509	3,348,509
Tartous Int'l Container Terminal	6,309	–	(6,351)	–	42	–	–	–
Tecplata S.A. (Tecplata)	707,996	182,830	–	–	586	–	891,412	891,412
Tecon Suape, S.A. (TSSA)	(76,479)	10,222,175	(9,939,953)	–	339	–	206,082	206,082
Victoria International Container Terminal Ltd. (VICT)	467,498	5,020,101	(5,411,138)	–	(38)	–	76,423	76,423
Yantai Int'l. Container Terminal Lt	36,417	49,437	(47,859)	–	269	–	38,264	38,264
Total	**US$63,714,914**	**US$163,135,776**	**(US$201,132,257)**	**$–**	**US$132,777**	**US$–**	**US$25,851,210**	**US$25,851,210**

INTERNATIONAL CONTAINER TERMINAL SERVICES, INC. AND SUBSIDIARIES
Schedule D. Long-term Debt
December 31, 2023

Title of Issue and Type of Obligation	Amount Authorized by Indenture	Amount Shown Under Caption "Current Portion of Long-term Debt" in Related Balance Sheet	Amount Shown Under Caption "Noncurrent Portion of Long-term Debt" in Related Balance Sheet	Remarks
ICTSI - Unsecured US Dollar Bond		US$–	US$394,208,958	
ITBV - Secured US Dollar Medium-term Bond		–	390,038,269	
ITBV - Secured US Dollar Bond		–	291,894,478	
VICT - Secured AUD Bond		–	270,261,192	
ICTSI - Unsecured US Dollar Term Loan		–	297,850,744	See Note 16 to the Audited Consolidated Financial Statements
IGFBV - Secured US Dollar Term Loan		8,695,267	248,516,767	
MHCPSI - Secured PHP Term Loan		11,039,477	78,565,386	
IDRC - Secured US Dollar Term Loan		12,000,000	6,000,000	
SPICTL - Secured PGK Term Loan		5,447,010	4,469,233	
CGSA - Secured US Dollar Term Loan		1,370,130	4,110,390	
MITL - Secured PGK Term Loan		3,162,339	1,340,662	
ICTSI Nigeria - Secured NGN Term Loan		425,470	2,291,814	
CLIA Pouso Alegre - Secured BRL Term Loan		249,359	489,066	
		US$42,389,052	US$1,990,036,959	

INTERNATIONAL CONTAINER TERMINAL SERVICES, INC. AND SUBSIDIARIES
Schedule E. Indebtedness to Related Parties (Long-term Loans from Related Companies)
December 31, 2023

Name of Related Party	Balance at Beginning of Period	Balance at End of Period
	NONE	

INTERNATIONAL CONTAINER TERMINAL SERVICES, INC. AND SUBSIDIARIES
Schedule F. Guarantees of Securities of Other Issuers
December 31, 2023

Name of Issuing Entity of Securities Guaranteed by the Company for which this Statement is Filed	Title of Issue of Each Class of Securities Guaranteed	Total Amount Guaranteed and Outstanding	Amount Owned by Person for which this Statement is Filed	Nature of Guarantee

NONE

INTERNATIONAL CONTAINER TERMINAL SERVICES, INC. AND SUBSIDIARIES
Schedule G. Capital Stock
December 31, 2023

Title of Issue	Number of Shares Authorized	Number of Shares Issued and Outstanding As Shown Under Related Balance Sheet Caption	Number of Shares Reserved for Options, Warrants, Conversion, and Other Rights	Number of Shares Held By: Subsidiaries	Directors, Officers and Employees	Others
Preferred Shares						
Preferred A Shares	993,000,000	3,800,000	–	3,800,000	–	–
Preferred B Shares	700,000,000	700,000,000	–	–	700,000,000	–
Common Shares	4,227,397,381	2,031,988,603	13,189,068	–	990,050,910	1,041,937,693

INTERNATIONAL CONTAINER TERMINAL SERVICES, INC. AND SUBSIDIARIES
Schedule H. Amounts Payable to Related Parties which are Eliminated during the Consolidation of Financial Statements
December 31, 2023

Name and Designation of Creditor	Balance at Beginning of Period	Additions	Deductions		Current	Not current	Balance at End of Period
			Amounts paid	Others			
Adriatic Gateway Container Terminal (AGCT)	US$273,775	US$70,952	US$–	US$–	US$–	US$344,727	US$344,727
Baltic Container Terminal Ltd. (BCT)	(16,298)	50,195	–	–	–	33,897	33,897
Container Terminal Systems Solutions Philippines, Inc. (CTSSPI)	62	–	(7)	–	–	55	55
Cordilla Properties Holdings, Inc. (CPHI)	33,574	224	–	–	–	33,798	33,798
ICTSI Americas B.V. (IABV)	(15,570)	15,575	–	–	–	5	5
ICTSI Global Finance B.V. (IGFBV)	146,336,106	5,432,080	(5,432,927)	(6,512)	1,065,512	145,263,235	146,328,747
ICTSI Ltd.	8,146,735	6,469,930	–	–	–	14,616,665	14,616,665
ICTSI Ltd. Regional Operating Headquarters (ROHQ)	8,946,015	5,298,912	(609,551)	(19,306)	–	13,616,070	13,616,070
ICTSI Subic, Inc. (ICTSI Subic)	2,028,413	267,044	–	–	–	2,295,457	2,295,457
ICTSI Treasury B.V. (ITBV)	1,104,010,744	257,768,374	(451,161,637)	(53,105)	10,746,833	899,817,543	910,564,376
International Container Terminal Holdings, Inc. (ICTHI) and Subsidiaries	63,950,470	76,064	–	–	–	64,026,534	64,026,534
IW Cargo Handlers, Inc. (IW Cargo)	(782,469)	872,220	–	–	–	89,750	89,750
Manila Harbor Center Port Services Inc (MHCPSI)	2,866,508	255,448	(2,722,955)	–	–	399,002	399,002
Onne Multipurpose Terminal	–	26,443	–	–	–	26,443	26,443
Royal Capital B.V. (RCBV)	363,005,887	29,275,512	(18,976,733)	(434)	3,338,354	369,965,878	373,304,232
Subic Bay International Terminal Corporation (SBITC)	2,116,042	197,746	–	–	–	2,313,788	2,313,788
Total	**US$1,700,899,994**	**US$306,076,719**	**(US$478,903,810)**	**(US$79,357)**	**US$15,150,699**	**US$1,512,842,847**	**US$1,527,993,546**

INTERNATIONAL CONTAINER TERMINAL SERVICES, INC. AND SUBSIDIARIES
Schedule I. Parent Company Retained Earnings Available for Dividend Declaration
December 31, 2023

			Amount
Unappropriated parent company retained earnings, beginning			US$555,197,545
Dividend declaration during the reporting period			(370,267,208)
Unappropriated parent company retained earnings, as adjusted			184,930,337
Add:	Parent company net income for the current year	273,271,076	
	Foreign exchange gain realized during the current year	4,685,950	
Parent company net income, as adjusted			277,957,026
Add:	Decrease in deferred tax assets		3,307,070
	Decrease in treasury shares		5,417,173
Unappropriated parent company retained earnings, as adjusted, ending			US$471,611,606

ICTSI Group – Map of Subsidiaries

As of December 31, 2023

INTERNATIONAL CONTAINER TERMINAL SERVICES, INC. AND SUBSIDIARIES
Schedule of Financial Soundness Indicators

	As at and for the Years Ended December 31	
	2022	**2023**
Liquidity ratios		
Current ratio[(a)]	1.00	**1.69**
Interest rate coverage ratio[(b)]	11.14	**10.73**
Solvency ratios		
Debt to equity ratio[(c)]	1.43	**1.14**
Asset to equity ratio[(d)]	4.09	**3.80**
Profitability ratio		
EBITDA margin[(e)]	62.8%	**63.0%**

[(a)] *Current assets over current liabilities*

[(b)] *EBITDA over interest expense and financing charges on borrowings*

[(c)] *Interest-bearing debt over total equity*

[(d)] *Total assets over total equity*

[(e)] *EBITDA over gross revenues from port operations*