CONVENIENCE TRANSLATION INTO ENGLISH OF INDEPENDENT AUDITOR'S REPORT ORIGINALLY ISSUED IN TURKISH

INDEPENDENT AUDITOR'S REPORT

To the General Assembly of GSD Denizcilik Gayrimenkul İnşaat Sanayi ve Ticaret A.Ş.

A. Audit of the consolidated financial statements

1. Our opinion

We have audited the accompanying consolidated financial statements of GSD Denizcilik Gayrimenkul İnşaat Sanayi ve Ticaret A.Ş. (the "Company") and its subsidiaries (collectively referred to as the "Group") which comprise the consolidated statement of financial position as at 31 December 2022, the consolidated statement of profit or loss, the consolidated statement of other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and notes to the consolidated financial statements comprising a summary of significant accounting policies.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with Turkish Financial Reporting Standards ("TFRS").

2. Basis for opinion

Our audit was conducted in accordance with the Standards on Independent Auditing (the "SIA") that are part of Turkish Standards on Auditing issued by the Public Oversight Accounting and Auditing Standards Authority (the "POA"). Our responsibilities under these standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We hereby declare that we are independent of the Group in accordance with the Ethical Rules for Independent Auditors (including Independence Standards) (the "Ethical Rules") and the ethical requirements regarding independent audit in regulations issued by POA that are relevant to our audit of the financial statements. We have also fulfilled our other ethical responsibilities in accordance with the Ethical Rules and regulations. We believe that the audit evidence we have obtained during the independent audit provides a sufficient and appropriate basis for our opinion.

3. 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. Key audit matters were addressed in the context of our independent 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.

Key Audit Matters	**How the key audit matter was addressed in the audit**
Recognition of revenue from maritime operations (Notes 2 and 15)	
During the year ended 31 December 2022, the Group obtained sales revenue of TL 309.654 thousand from its maritime activities. When the Group fulfills its performance obligation by transferring a promised service to its customer in maritime activities within the scope of chartering, the revenue is recognized in its consolidated financial statements. Revenue represents one of the most significant amounts in the Group's statement of profit or loss and other comprehensive income and is defined as an important matter for our audit procedures as it has a weighted effect on the Group's key performance indicators. Revenue recognition has been identified as a key audit matter by us for the reasons stated.	The following procedures have been applied for the revenue recognition audit: • We have understood the sales processes and evaluated the design of the controls related to these processes. • We conducted analyzes on whether the revenue recorded in the consolidated financial statements is at the expected levels. • We tested the revenue with supporting documents such as invoices and contracts by sampling method. • We reviewed the Group's sales agreements with its customers and evaluated the timing of revenue recognition for different performance obligations. • We checked the compliance of the disclosures in the footnotes of the consolidated financial statements regarding the revenue with TFRS.

4. Other matters

The financial statements of the Company for the year ended 31 December 2021 were audited by another firm of auditors whose report. , dated 11 March 2022, expressed an unqualified opinion on those statements.

5. Responsibilities of management and those charged with governance for the consolidated financial statements

The Group management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with TFRS, 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.

6. Auditor's responsibilities for the audit of the consolidated financial statements

Responsibilities of independent auditors in an independent audit are as follows:

Our aim is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an independent auditor's report that includes our opinion. Reasonable assurance expressed as a result of an independent audit conducted in accordance with SIA is a high level of assurance but does not guarantee that a material misstatement will always be detected. Misstatements can arise from fraud or error. Misstatements 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 independent audit conducted in accordance with SIA, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in 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.

- Assess the 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 independent 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 provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence. We also communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards actions taken to eliminate threats or safeguards applied.

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.

B. Other responsibilities arising from regulatory requirements

1. No matter has come to our attention that is significant according to subparagraph 4 of Article 402 of Turkish Commercial Code ("TCC") No. 6102 and that causes us to believe that the Company's bookkeeping activities concerning the period from 1 January to 31 December 2022 period are not in compliance with the TCC and provisions of the Company's articles of association related to financial reporting.

2. In accordance with subparagraph 4 of Article 402 of the TCC, the Board of Directors submitted the necessary explanations to us and provided the documents required within the context of our audit.

3. In accordance with subparagraph 4 of Article 398 of the TCC, the auditor's report on the early risk identification system and committee was submitted to the Company's Board of Directors on 13 March 2023.

PwC Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik A.Ş.

ORIGINAL COPY SIGNED IN TURKISH

Baki Erdal, SMMM
Partner

Istanbul, 13 March 2023

GSD Denizcilik Gayrimenkul İnşaat Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries

Consolidated Financial Statements As at and For the Year Ended 31 December 2022 With Independent Auditors' Report Thereon

(Convenience Translation of the Consolidated Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish)

13 March 2023

This report contains "Independent Auditors' Report" comprising 4 pages and; "Consolidated Financial Statements and Related Disclosures and Footnotes" comprising 52 pages.

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Consolidated statement of financial position (Balance sheet)
As at 31 December 2022
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

	Notes	Audited 31 December 2022	Audited 31 December 2021
Assets			
Current assets		**642,474**	**319,775**
Cash and cash equivalents	3	494,272	312,689
Financial Investments		139,308	-
Financial assets-fair value through profit or loss	*4*	*139,308*	-
Trade receivables	7.1	379	1,099
- Due from related parties	*6*	*379*	*963*
- Due from third parties		-	*136*
Receivables from finance sector activities	8	32	24
- Due from finance sector activities third parties	*8.1*	*32*	*24*
Inventories (net)	10	2,452	1,458
Prepaid expenses	11	3,932	3,170
- Due from third parties	*11*	*3,932*	*3,170*
Current income tax assets	12	72	-
Other current assets	22	1,951	1,259
- Due from third parties	*22*	*1,951*	*1,259*
Assets held for sale	13	76	76
Non-current assets		**765,399**	**546,823**
Investments in subsidiaries, business partnerships and subsidiaries	5	1,655	1,655
Tangible assets	14	760,441	542,911
- Vehicles	*14*	*599,124*	*461,250*
- Furnitures and fixtures	*14*	*187*	*164*
- Construction in Progress	*14*	*161,130*	*81,497*
Right of use assets	15	2,452	1,050
Intangible Assets	16	42	26
- Other intangible assets	*16*	*42*	*26*
Deferred tax assets	31	804	1,176
Other non-current assets		5	5
- Due from third parties		*5*	*5*
Total assets		**1,407,873**	**866,598**

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

Consolidated statement of financial position (Balance sheet)
As at 31 December 2022

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

	Notes	**Audited** **31 December 2022**	**Audited** **31 December 2021**
Liabilities			
Current liabilities		**119,399**	**62,882**
Short term borrowings	17	56,396	-
Due to related parties	*17.2*	*56,396*	-
- *Bank loans*	*17.2*	*56,396*	-
Short-term portion of long term financial liabilities		40,425	42,461
Due to related parties	6	924	327
-Lease liabilities	*6*	*924*	*327*
Due to third parties		39,501	42,134
- Bank loans	*17.2*	*39,155*	*42,046*
- Lease liabilities		*346*	*88*
Trade payables	7.2	4,549	755
-Due to related parties		*56*	*32*
- Due to third parties		*4,493*	*723*
Payables from finance sector activities	8	119	88
- Due to third parties	*8.2*	*119*	*88*
Other payables	9	471	179
- Due to related parties	*9.1*	*125*	-
- Due to third parties	*9.2*	*346*	*179*
Deferred income	20	6,717	6,557
- Due to third parties	*20*	*6,717*	*6,557*
Current income tax liabilities		10,155	12,581
Short-term provisions	21	567	261
- Provisions for employee benefits	*21.1*	*567*	*261*
Non-current liabilities		**242,832**	**200,056**
Long-term financial liabilities	17	240,542	199,079
Due to related parties		643	694
- Lease liabilities		*643*	*694*
Due to third parties		239,899	198,385
- Bank loans	*17.2*	*239,338*	*198,336*
- Lease liabilities		*561*	*49*
Long-term provisions	21	2,290	977
- Provisions for employee benefits	*21.2*	*2,290*	*977*
Equity		**1,045,642**	**603,660**
Paid-in share capital	23.1	150,000	150,000
Adjustment to share capital	23.2	24,085	24,085
Premium on the shares/discount	23.3	9,175	9,175
Effect of merger under common control	23.4	(12,181)	(12,181)
Accumulated other comprehensive income that will never be reclassified to profit or loss	23.5	(445)	(24)
-Defined benefit pension plan		*(445)*	*(24)*
Accumulated other comprehensive income that may be reclassified subsequently to profit or loss	23.6	557,136	328,761
- *Currency translation differences*		*557,136*	*328,761*
Restricted reserves	23.7	23,281	20,388
Prior years' profits/(losses)	23.8	80,409	(55,790)
Net profit / (loss) for the period		214,182	139,246
Total equity and liabilities		**1,407,873**	**866,598**

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

Consolidated statement of profit or loss
For the year ended 31 December 2022
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

	Notes	**Audited** **1 January-** **31 December** **2022**	**Audited** **1 January-** **31 December** **2021**
Continuing operations			
Marine sector revenues	24	309,654	178,611
Marine sector expenses (-)	24	(121,758)	(64,313)
Gross profit/(loss) of marine sector activities		**187,896**	**114,298**
Gross profit/(loss) from trading activities		**187,896**	**114,298**
Finance sector operating income	**25**	**109**	**13**
Foreign exchange gain	25	10	11
Interest income	25	83	-
Reversal of provision for finance operations	25	16	2
Cost of finance sector activities (-)		**(2)**	**(365)**
Foreign exchange loss	25	(2)	(1)
Other finance sector operating income/(expenses), net	25	-	(364)
Gross profit/(loss) from finance sector activities		**107**	**(352)**
Gross profit/(loss)		**188,003**	**113,946**
General administrative expenses (-)	26	(10,519)	(5,955)
Other operating income	27	12,854	51,883
Other operating expenses (-)	28	(1,055)	(3,030)
Operating profit/(loss)		**189,283**	**156,844**
Income from investment activities	29	39,544	198
Expense from investment activities	29	-	(28)
Operating profit/(loss) before financial income (expenses)		**228,827**	**157,014**
Financial expenses (-)	30	(16,845)	(9,348)
Profit/ (loss) before tax from continued operations		**211,982**	**147,666**
Tax income/(expenses) of continued operations		**2,200**	**(8,420)**
Taxation on income / (expenses)	31	2,682	(8,549)
Deferred tax income / (expenses)	31	(482)	129
Profit/(loss) for the period		**214,182**	**139,246**
Earnings / (losses) per share	32	**1,428**	**1,562**

Consolidated statement of profit or loss and other comprehensive income
For the year ended 31 December 2022

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

	Notes	**Audited January-1 December 2022**	**Audited January-1 December 2021**
Profit / (loss) for the period		**214,182**	**139,246**
Other comprehensive income/(expenses)			
Other comprehensive income or expenses not to be reclassified to profit or loss		**(445)**	**(24)**
Gains/losses from revaluation of defined benefits		(445)	(24)
To be reclassified as profit or loss		**228,375**	**193,033**
Currency translation differences	23.6	228,375	193,033
Other comprehensive income / (expense) (net of tax)		**227,930**	**193,009**
Total comprehensive income / (expense)		**442,112**	**332,255**
Appropriation of total comprehensive income / (expense)		**442,112**	**332,255**
Non-controlling interest		**-**	**-**
Equity holders of the parent		**442,112**	**332,255**

GSD Denizcilik Gayrimenkul İnşaat Sanayi ve Ticaret Anonim Şirketi

Consolidated statement of changes in equity
For the year ended 31 December 2022
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

						Other comprehensive income or expenses not to be reclassified to profit or loss	Other comprehensive income or expenses to be reclassified to profit or loss		Accumulated losses			
	Notes	Paid-in Capital	share Adjustment to share capital	Share Premium/ Discounts	The effect of merger under common control	Gains/losses from the revaluation and reclassification ı	Foreign currency translation adjustment	Restricted reserves	Prior years' profits/(losses	Net profit/loss for the period	Equity attributable to equity holders of the parent	Total Equity
Prior period												
1 January 2021	*23*	**52,181**	**24,085**	**9,189**	**(12,181)**	**(19)**	**135,728**	**19,505**	**(38,302)**	**(17,135)**	**173,051**	**173,051**
Transfers		**-**	**-**	**-**	**-**	**19**	**-**	**883**	**(17,135)**	**17,135**	**902**	**902**
Transfers to prior years' profits/(losses)		-	-	-	-	19	-	883	(17,135)	17,135	902	902
Total comprehensive income		**-**	**-**	**-**	**-**	**(24)**	**193,033**	**-**	**(353)**	**139,246**	**331,902**	**331,902**
Net loss for the period		-	-	-	-	-	-	-	-	139,246	139,246	139,246
Other comprehensive income		-	-	-	-	(24)	193,033	-	(353)	-	192,656	192,656
Capital İncrease		**97,819**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**97,819**	**97,819**
The increase / decrease due to repurchase of shares		**-**	**-**	**(14)**	**-**	**-**	**-**	**-**	**-**	**-**	**(14)**	**(14)**
Balance as at 31 December 2021	*23*	**150,000**	**24,085**	**9,175**	**(12,181)**	**(24)**	**328,761**	**20,388**	**(55,790)**	**139,246**	**603,660**	**603,660**
Current period												
1 January 2022	*23*	**150,000**	**24,085**	**9,175**	**(12,181)**	**(24)**	**328,761**	**20,388**	**(55,790)**	**139,246**	**603,660**	**603,660**
Transfers		**-**	**-**	**-**	**-**	**24**	**-**	**3,023**	**136,199**	**(139,246)**	**-**	**-**
Transfers to prior years' profits/(losses)		-	-	-	-	24	-	3,023	136,199	(139,246)	-	-
Total comprehensive income		**-**	**-**	**-**	**-**	**(445)**	**228,375**	**-**	**-**	**214,182**	**442,112**	**442,112**
Net loss for the period		-	-	-	-	-	-	-	-	214,182	214,182	214,182
Other comprehensive income		-	-	-	-	(445)	228,375	-		-	227,930	227,930
The increase / decrease due to other changes			**- -**	**-**	**-**	**-**	**-**	(130)	-	**-**	**(130)**	**(130)**
Balance as at 31 December 2022	*23*	**150,000**	**24,085**	**9,175**	**(12,181)**	**(445)**	**557,136**	**23,281**	**80,409**	**214,182**	**1,045,642**	**1,045,642**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

Cash Flow		**Audited**	**Audited**
	Notes	**31 December 2022**	**31 December 2021**
Cash Flows (Indirect method)			
Cash flow from operating activities		**82,957**	**239,845**
Profit/(loss) for the period		**214,182**	**139,246**
Profit/(loss) from continuing operations		**214,182**	**139,246**
Adjustments related with the reconciliation of net profit/(loss) for the period:		**(221,711)**	**(3,244)**
Adjustments related to depreciation and amortization	14,15,16	48,630	26,095
Adjustments related to provisions		1,402	281
Provisions for employee benefits	*21*	*1,418*	*283*
Other provisions	*25*	*(16)*	*(2)*
Adjustments related to interest expenses and income		9,381	8,016
Interest income		*(7,464)*	*(1,332)*
Interest expenses		*16,845*	*9,348*
Adjustments related to unrealized foreign currency translation differences	14	(278,924)	(46,056)
Adjustments related to tax (income)/expenses		(2,200)	8,420
Realized changes in working capital		**91,706**	**106,154**
Changes in financial investments		(139,308)	-
Adjustments related to changes in trade receivables		720	3,110
Changes in receivables from financial activities due to related parties		*584*	*(713)*
Changes in receivables from financial activities due to third parties		*136*	*3,823*
Changes in receivables from financial activities		(8)	(10)
Adjustments related to changes in other receivables related to operations		-	42
Changes in operations from other receivables due to third parties		-	*42*
Adjustments related to changes in inventories	10	(994)	(901)
Changes in prepaid expenses	11	(762)	(2,489)
Adjustments related to changes in trade payables		3,794	618
Changes in trade payables due to related parties		*24*	*15*
Changes in trade payables due to third parties		*3,770*	*603*
Change in finance sector payables		31	36
Adjustments related to the changes in other payables related to operations		292	(29)
Changes in operations from other payables due to related parties		*125*	-
Changes in operations from other payables due to third parties		*167*	*(29)*
Changes in deferred income		160	5,015
Adjustments related to other changes in working capital		227,781	100,762
Changes in other assets related to operations		*220,874*	*85,519*
Changes in other liabilities related to operations		*6,907*	*15,243*
Cash flows derived from operating activities		**84,177**	**242,156**
Interest received		9,177	1,764
Employee benefits paid		(373)	(33)
Tax paid		(10,024)	(4,042)
Cash flows from investing activities		**(1,075)**	**(61,830)**
Cash inflows arising from the sales of tangible and intangible fixed asse		-	623
Cash inflows arising from the sales of tangible		-	*623*
Cash outflows arising from the purchase of tangible and intangible fixed assets		(40,619)	(62,651)
Cash outflows from purchases of tangible fixed assets	*14*	*(40,593)*	*(62,651)*
Cash outflows from purchases of intangible fixed assets		*(26)*	-
Dividend received		-	198
Cash inflows from participation (profit) share and other financial instruments		39,544	-
Cash flow from financing activities		**38,357**	**75,017**
Cash inflow on purchase of entity's own shares and other equity based instruments		-	97,609
Cash Inflows Resulting from the Issuance of Shares		-	*97,609*
Cash inflows from borrowings		168,285	619,814
Cash inflows from bank loans		*168,285*	*619,814*
Cash outflows from payment of financial borrowings		(113,337)	(631,804)
Cash outflows repayments of bank loans		*(113,337)*	*(631,804)*
Cash outflows on debt payments from lease contract		(1,027)	(637)
Interest paid		(15,564)	(9,965)
Net increase/(decrease) in cash and cash equivalents before the effect of foreign currency translation differences		**120,239**	**253,032**
Effect of change in foreign exchange rates on cash and cash equivalents		3,968	47,315
Net increase/(decrease) in cash and cash equivalents		**124,207**	**300,347**
Cash and cash equivalents at 1 January		**312,257**	**11,910**
Cash and cash equivalents at 31 December	3	**436,464**	**312,257**

İlişikteki notlar konsolide finansal tabloların ayrılmaz bir parçasıdır.

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

1. Organization and operations of the Group

GSD Denizcilik, Gayrimenkul, İnşaat Sanayi ve Ticaret Anonim Şirketi ("the Company") was established as a GSD Group Company in 1992. As at 31 December 2022, 32 % of certain shares of the Company are listed on Borsa İstanbul (BIST) since 20 February 1995.

The Company started its activities under the name of Tekstil Finansal Kiralama Anonim Şirketi in the frame of the provisions "Financial Leasing Law" dated in 1992 and numbered 3226. According to the Board of Directors resolution dated 25 May 2011, the Company decided to initiate the process regarding the amendment of the articles of association to change the operating activity, due to the sectoral contraction. According to the amendment of articles of association, the title and name of the Company have been changed as "GSD Denizcilik Gayrimenkul İnşaat Sanayi ve Ticaret Anonim Şirketi" and "GSD Marin", respectively. Based on the amendment of articles of association, the Company's purpose and activity is decided as purchasing and selling, operating, renting, building and trading of ships, yachts, sea vessels, and relevant instruments, equipment and spare parts; and the purchasing and selling, renting and building real estate properties. The Company's amendment of articles of association was submitted to and approved by the shareholders in the Extraordinary General Meeting held on 24 August 2011 subsequent to the approvals of Banking Regulation and Supervision Agency ("BRSA"), Capital Markets Board of Turkey ("CMB") and the other relevant authorities. The Company's new title was registered on 26 August 2011 as GSD Denizcilik Gayrimenkul İnşaat Sanayi ve Ticaret Anonim Şirketi (the former legal title; "Tekstil Finansal Kiralama Anonim Şirketi").

The Company would be able to prosecute its rights and claims resulting from the leasing agreements signed with its former title until its former operating activity is completely ended; on the condition that no new leasing activity or agreement is taken upon, to carry out legal operations for the execution of supplemental agreements, amendment contracts such as change of lessee, term extension and reduction, and similar amendments, annulment of contract, legally follow up of lease receivables to get the underlying leased assets back and collection of receivables; and to partially or completely transfer and assign.

The company started its activities in the maritime sector by leasing two dry cargo ships, the construction of which was completed in 2013 and 2014, by its subsidiaries in Malta, which it established with a 100% capital share. The company continues its activities with a total of two dry bulk bulk carriers, each of which is the owner of two subsidiaries, which it established with 100% capital share in Malta. As included in its current investments, the ship registered to the assets of Nehir Maritime Limited Company residing in the Marshall Islands is expected to start operating in the last quarter of 2023. The address of the Company's registered office is Aydınevler Mahallesi, Kaptan Rıfat Sokak, No: 3 Küçükyalı- 34854 Maltepe-İstanbul. As at 31 December 2022 the Company has 10 employees (31 December 2021: 7).

As at 31 December 2022 and 31 December 2021 information about shareholders and their percentages are as follows:

	31 December 2022		**31 December 2021**	
	Amount	**%**	**Amount**	**%**
GSD Holding A.Ş. ("GSD Holding")	102,000	68.00	102,000	68.00
Listed	47,849	31.899	47,999	32.00
Hakan Yılmaz (Directly)	150	0,10	-	-
Other	1	-	1	-
Historical amount	**150,000**	**100.00**	**150,000**	**100.00**
Share capital inflation adjustment differences	24,085		24,085	
Adjustment for inflation amount	**174,085**		**174,085**	

As at 31 December 2022 and 31 December 2021, the distribution of the Company's shares on the basis of group is as follows:

	31 December 2022	**31 December 2021**
Group A	25,803	25,803
Group B	10,754	10,754
Group C	106,991	106,991
Group D	6,452	6,452
	150,000	**150,000**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

1. Organization and operations of the Group(Continued)

In accordance with the decision of the Board of Directors of the Company dated 8 September 2021 and numbered 971; Within the registered capital ceiling of 250.000 - TL, a capital of 97.819 TL of the issued capital amounting to 52.181 TL, to be fully paid in cash, over the exercise price of 1 TL for 100 shares with a nominal value of 1 TL. The process of increasing the issued capital up to TL 150.000 has been approved by the Capital Markets Board with the letter numbered E-29833736-105.01.01.01-11967 dated October 18, 2021. Amendment text of article 6 titled "Registered Capital" of our company's articles of association. It was registered by the Istanbul Trade Registry Directorate on 28.10.2021 and registered and announced in the Turkish Trade Registry Gazette dated 28 October 2021 and numbered 10440. Every shareholder has voting right in proportion to the shares. However, Group A, B and D shareholders are priviledged in the selection of the Board of Directors, and Group A and B shareholders are priviledged in electing auditors. There are no priviledges given to shareholders in the process of profit distribution. GSD Holding holds the entire Group A, B and D shares and it holds Group C shares amounting to TL 58,991.

The Company's and the Consolidated Group Companies' Activities

In the consolidated financial statements, the Company and the subsidiaries that are subject to consolidation are described as "the Group". The subsidiaries that are included in the consolidation as at 31 December 2022, the activity areas and the Group's shares in these subsidiaries are as follows:

Subsidiary	Country of Establishment	Area of Activity	Final Rate % 31 December 2022	31 December 2021
Cano Maritime Ltd.	Malta	Marine	100,00	100,00
Hako Maritime Ltd.	Malta	Marine	100,00	100,00
Nehir Maritime Ltd.(*)	Marshall	Marine	100,00	100,00

(*) The ship under construction is registered to the assets of Nehir Maritime Limited Company.

2. Basis of presentation of financial statements

2.1 Basis of presentation

2.1.1 Principles of financial statement preparation and Declaration of Conformity

The consolidated financial statements have been prepared in accordance with Turkish Financial Reporting Standards ("TFRS") promulgated by the Public Oversight Accounting and Auditing Standards Authority ("POA") that are set out in article 5 of the communiqué numbered II-14.1 "Communiqué on the Principles of Financial Reporting In Capital Markets" ("the Communiqué") of the Capital Market Board ("CMB") published in the Official Gazette dated 13 June 2013 and numbered 28676. TFRS includes Turkish Accounting Standards ("TAS"), Turkish Financial Reporting Standards, TAS Interpretations and TFRS Interpretations issued by POA.

Consolidated financial statements are presented in accordance with the TFRS Taxonomy developed on the basis of the financial statement samples specified in the Financial Statement Examples and User Guide published by the POA in the Official Gazette dated 7 June 2019 and numbered 30794.

Approval of financial statements:

Consolidated financial statements were approved by the Company's Board of Directors on 13 March 2023. The Company's General Assembly has the right to change these consolidated financial statements and to request the relevant regulatory institutions to be changed.

2.1.2 Functional and Reporting Currency

The Company's statutory financial statements are prepared in Turkish Lira in accordance with the Turkish Commercial Code ("TCC"), tax legislation the Uniform Chart of Accounts published by the Ministry of Finance and in accordance with the financial reporting format published by the CMB. Subsidiaries residing abroad prepare their accounting records and financial statements in accordance with the principles and rules of the countries where they are established.

2. Basis of presentation of financial statements (continued)

2.1 Basis of presentation (continued)

2.1.2 Functional and Reporting Currency (continued)

The consolidated financial statements are based on the legal records of the Company and its subsidiaries and are expressed in Turkish Lira ("TL"), as mentioned above, in accordance with the TFRSs issued by the Public Oversight, Accounting and Auditing Standards Authority (KGK) of the Company and its subsidiaries. It has been prepared by subjecting some corrections and reclassifications in order to adequately present its status.

In the preparation of these financial statements, the lower of the book value and the fair value less sales costs for fixed assets held for sale, and historical cost for other statement of financial position items. The functional currency of Cano Maritime Limited and Hako Maritime Limited companies within the scope of consolidation of the Group is US Dollars. The functional currency of the Company is TL.

2.1.3 Preparation of financial statements in hyperinflationary periods

The consolidated financial statements of the Group until 31 December 2004 have been adjusted for inflation in accordance with the "Turkish Accounting Standard for Financial Reporting in Hyperinflationary Economies" ("TAS 29"). With a decision taken on March 17, 2005, CMB declared that the application of inflation accounting is not required for public companies operating in Turkey, effective from January 1, 2005.

POA made a statement on January 20, 2022, in order to eliminate the hesitations about whether the companies that apply Turkish Financial Reporting Standards (TFRS) will apply TAS 29 Financial Reporting in High Inflation Economies in the financial reporting period of 2021. Accordingly, it has been stated that businesses applying TFRS do not need to make any adjustments within the scope of TAS 29 Financial Reporting in Hyperinflationary Economies (TAS29). According to , no inflation adjustment has been made.

2.1.4 Basis of consolidation

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

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

The Company reassesses whether or not it controls an investee if facts and circumtances indicate that there are changes to one or more of three elements of control listed above. When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficent to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumtances in assessing whether or not the Company's voting rights in an investee sufficent to give it power, including:

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

Each component of profit or loss and other comprehensive income are attributed to the owners of the Company and to the non-controlling interest. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in non-controlling interests having a deficit balance. The Company has owned 100% share of all subsidiaries and has no non-controlling shares in the consolidated financial statements.

2. Basis of presentation of financial statements (continued)

2.1 Basis of presentation (continued)

2.1.4 Basis of consolidation (continued)

The consolidated financial statements consist of the financial statements of the Company and its subsidiaries as at 31 December 2022 and were prepared according to the principles below:

i) The statements of financial position and income statements were subjected to consolidation by using full consolidation method, and the registered values of the subsidiaries in the Company books and the equity capitals of the subsidiaries in the financial statements were reciprocally clarified. The consolidated financial statements were cleared of all the balances and transactions that resulted from the transactions between the subsidiaries and the Company and of all kinds of unearned income.

ii) In the preparation of the financial statements of the subsidiaries that are included in the consolidation, the necessary corrections and classifications were applied to the records – which were kept based on historical costs – with regards to conformity to TFRS and to the accounting principles and policies and presentation of the Company.

iii) The operating results of the subsidiaries were included in the consolidation being effective as at the date the control in the aforementioned companies was transferred to the Company.

2.1.5 Comparative information

Consolidated financial statements of the Group have been prepared comparatively with the prior period in order to determine the financial position, performance and trends of the Group's cash flows. In order to maintain consistency with current year consolidated financial statements, comparative information is reclassed and significant changes are disclosed, if necessary.

2.1.6 Offsetting

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position (balance sheet) when there is a legally enforceable right to set-off the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

2.1.7 Going concern

The Company prepared its consolidated financial statements according to the going concern assumption.

2.2 Changes in accounting policies

Significant changes in accounting policies are applied retrospectively and the financial statements of the previous period are rearranged. The Group applied its accounting policies consistently with the previous fiscal year.

2.3 Changes in accounting estimates

If the changes in accounting estimates relate to a specific period, they are applied in the period they relate to whereas if the changes are related to future periods, they are applied both in the period the change is made and prospectively in the future periods. There has not been any significant change in the accounting estimates of the Group in the current year. Material accounting errors are adjusted retrospectively and prior periods' consolidated financial statements are restated.

The preparation of financial statements in accordance with the Financial Reporting Legislation requires management to make decisions and make assumptions and decisions that affect the implementation of policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. The assumptions and the assumptions underlying the estimates are continuously reviewed. Updating in accounting estimates are recognized in the period in which they are updated and in subsequent periods. The main areas where the estimates are used are as follow:

a- Residual Value: The Group management estimates the residual value of the ships based on the industry and past experience and reviews the forecast each period.

b- Useful Lives: The Group management allocates depreciation for ships according to the useful lives determined based on the sector and past experience.

2. Basis of presentation of financial statements (continued)

2.4 New standards and interpretations not yet adopted as at 31 December 2022

Standards issued but not yet effective and not early adopted

a) Standards, amendments, and interpretations applicable as of 31 December 2022:

- **Amendment to IFRS 16, ‘Leases’ – Covid-19 related rent concessions Extension of the practical expedient (effective 1 April 2021);** As a result of the coronavirus (COVID-19) pandemic, rent concessions have been granted to lessees. In May 2020, the IASB published an amendment to IFRS 16 that provided an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19 is a lease modification. On 31 March 2021, the IASB published an additional amendment to extend the date of the practical expedient from 30 June 2021 to 30 June 2022. Lessees can elect to account for such rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as variable lease payments in the period(s) in which the event or condition that triggers the reduced payment occurs.

- **A number of narrow-scope amendments to IFRS 3, IAS 16, IAS 37 and some annual improvements on IFRS 1, IFRS 9, IAS 41 and IFRS 16;** effective from annual periods beginning on or after 1 January 2022.

  - **Amendments to IFRS 3**, ‘Business combinations’ update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.

  - **Amendments to IAS 16**, ‘Property, plant and equipment’ prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.

  - **Amendments to IAS 37**, ‘Provisions, contingent liabilities and contingent assets’ specify which costs a company includes when assessing whether a contract will be loss-making.

  Annual improvements make minor amendments to IFRS 1, ‘First-time Adoption of IFRS’, IFRS 9, ‘Financial Instruments’, IAS 41, ‘Agriculture’ and the Illustrative Examples accompanying IFRS 16, ‘Leases’.

b) Standards, amendments, and interpretations that are issued but not effective as of 31 December 2022:

- **Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8;** effective from annual periods beginning on or after 1 January 2023. The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.

- **Amendment to IAS 12 – Deferred tax related to assets and liabilities arising from a single transaction;** effective from annual periods beginning on or after 1 January 2023. These amendments require companies to recognise deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences.

2.4 New standards and interpretations not yet adopted as at 31 December 2022 (Continued)

- **Amendment to IFRS 16 – Leases on sale and leaseback;** effective from annual periods beginning on or after 1 January 2024. These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.

- **Amendment to IAS 1 – Non current liabilities with covenants;** effective from annual periods beginning on or after 1 January 2024. These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability.

- **IFRS 17, 'Insurance Contracts', as amended in December 2021;** effective from annual periods beginning on or after 1 January 2023. This standard replaces IFRS 4, which currently permits a wide variety of practices in accounting for insurance contracts. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features.

2.5 Summary of significant accounting policies

(a) Financial instruments

TFRS 9 regulates the provisions regarding the recognition and measurement of financial assets and financial liabilities. This standard replaces TAS 39 Financial Instruments: Recognition and Measurement.

Classification of financial assets and liabilities

TFRS 9 largely retains the existing provisions in TAS 39 for the classification and measurement of financial liabilities. However, the previous TAS 39 classification categories have been removed for financial assets held to maturity, loans and receivables, and financial assets available for sale.

The application of TFRS 9 did not have a significant impact on the Group's accounting policies regarding its financial liabilities and derivative financial instruments. The impact of TFRS 9 on the classification and measurement of financial assets is given below.

According to TFRS 9, when a financial asset is recognized for the first time; measured at amortized cost; debt instruments measured at fair value ("FVM") through other comprehensive income; Equity instruments measured at fair value through other comprehensive income, or as measured at fair value through profit or loss. Classification of financial assets within the scope of TFRS 9 is generally based on the business model the entity uses to manage financial assets and the characteristics of the financial asset's contractual cash flows. Within the scope of the standard, the obligation to separate the embedded derivatives from the financial asset has been eliminated, and it should be evaluated how to classify a hybrid contract as a whole.

A financial asset is measured at amortized cost if both of the following conditions are met and it is not classified as measured at fair value through profit or loss:

➢ Holding the financial asset under a business model aimed at collecting contractual cash flows; and,

➢ The contractual terms of the financial asset result in cash flows on certain dates that include only payments of principal and interest on the principal balance.

A debt instrument is measured at fair value through other comprehensive income if both of the following conditions are met and it is not classified as at fair value through profit or loss:

➢ Holding the financial asset under a business model aimed at collecting contractual cash flows and selling financial assets, and

2.5 Summary of significant accounting policies (Continued)

- The contractual terms of the financial asset result in cash flows on certain dates that include only payments of principal and interest on the principal balance.

In the initial recognition of investments in equity instruments not held for trading, an irrevocable choice may be made to present subsequent changes in fair value in other comprehensive income. The choice of this preference can be made on the basis of each investment.

All financial assets that are not measured at amortized cost or at fair value through other comprehensive income are measured at fair value through profit or loss. These include all derivative financial assets.

At initial recognition of financial assets, a financial asset is irrevocably recognized at fair value through profit or loss, provided that it eliminates or significantly reduces an accounting mismatch that would result from different measurement of financial assets and related gains or losses. can be defined as measured by reflection. In the initial measurement of financial assets other than those at fair value through profit or loss (except for trade receivables that are measured at transaction price at initial recognition and do not have a significant financing component), the transaction costs directly attributable to their acquisition or issuance are added to the fair value. is measured.

Impairment of Financial Assets

TFRS 9 replaces the 'incurred loss' model in TAS 39 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortized cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. Under TFRS 9, credit losses are recognized earlier than under TAS 39.
The financial assets at amortized cost consist of trade receivables, cash and cash equivalents, and corporate debt securities.

Under TFRS 9, loss allowances are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date; and
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument

The Group measures loss allowances at an amount equal to lifetime ECLs. The Group has elected to measure loss allowances for trade receivables and contract assets at an amount equal to lifetime ECLs. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

Trade Receivables
The analysis for the TFRS - 9 provisioning calculation model includes the trade receivables. The Group has calculated the ECL's based on the the experience of credit losses in the last three years. The Group performed the calculation of ECL separately for each customers. Exposures within each group were segmented based on common credit risk characteristics such as credit risk grade, delinquency status, geographic region, age of relationship.

Receivables from the finance sector operations
Receivables from the finance sector operations consist of financial lease receivables and the total of minimum lease payments are carried at net value after the unearned income including the financial lease interest for the subsequent year are deducted from the gross financial lease receivables including interest and capital amounts.

2. Basis of presentation of financial statements (Continued)

2.5 Summary of significant accounting policies (Continued)

As lease payments are made, the lease amount is deducted from the gross financial lease receivables and the part of the lease payment in the unearned income pertaining to the interest is recognized as financial lease interest income in profit or loss.

Receivables from the finance sector operations and other receivables are recognized in the financial statements over their remaining values after the amount of provision booked for their non-collectible parts are deducted. Provisions is booked over the book value of the receivables which are confirmed to be impaired based on the regular reviewing of the receivables from finance sector operations and other receivables in order to bring them to their collectible values. A receivable which has become doubtful is derecognized after the completion of all legal procedures and calculation of the net loss.

Financial Liabilities

Financial liabilities are measured initially at fair value. Any transaction costs directly attributable to the undertaking of a financial liability are added on the fair value of the financial liability. These financial liabilities are subsequently measured at amortised cost using the effective interest method and differences between initially recognized costs are recognized in profit or loss statement until maturity.

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.
Financial liabilities are classified as either financial liabilities at fair value through profit or loss ("FVTPL") or other financial liabilities.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL where the financial liability is either held for trading or it is designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any resultant gain or loss
recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any interest paid on the financial liability.

Other financial Iiabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis.common credit risk characteristics such as credit risk grade, delinquency status, geographic region, age of relationship.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Derivative financial instruments

The Group's activities expose it primarily to the financial risks of changes in foreign exchange rates and interest rates.

2. Basis of presentation of financial statements (Continued)

2.5 Summary of significant accounting policies (Continued)

The significant interest rate risk arises from bank loans. The use of financial derivatives is governed by the Group's policies approved by the board of directors, which provide written principles on the use of financial derivatives consistent with the Group's risk management strategy.

Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. Derivative financial instruments are measured at fair value after initial recognition. Changes occurred are recognized as mentioned below:

If the financial instrument holds for aiming risk management and does not carry out the necessities of hedge accounting, these financial instruments are classified as held for trading. Thus, differences due to fair value calculations are recognized within gains/losses from derivative financial transactions' account.

All financial assets not classified as measured at amortized for the FVOCI as described above are measured at FVTPL.This includes all derivative financial assets.

On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized for the at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

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

(b) TFRS 16 Leases

TFRS 16 introduced a single lease accounting model for tenants. As a result, the Group, as a lessee, recognized the right-of-use asset representing the right to use the underlying asset and lease liabilities representing the lease payments for which it is obliged to pay rent. Accounting for the lessor is similar to previous accounting policies.

Lease Definition

While previously decided by the Group at the inception of a contract based on TFRS Interpretation 4 "Determining whether an Agreement includes a lease", the Group now evaluates whether a contract includes a lease on the basis of the new lease definition. If the right to control the use of an asset defined in accordance with TFRS 16 is transferred for a certain period of time, the contract is a lease or includes a lease.

The group has allocated to each lease and non-lease component, based on its relative stand-alone price, at the reassessment or inception of a contract containing a lease component. However, for properties it rents in, the Group has chosen not to separate non-lease components and to account for non-lease and non-lease components as a single lease component

As tenant

The Group leases many assets including real estate and land vehicles. As the lessee, the Group has previously classified the lease as operating or financial lease based on an assessment of whether all the risks and benefits arising from ownership of the asset have been transferred. In accordance with TFRS 16, the Group has recognized right-of-use assets and lease payables for most of its leases, in other words, these leases are presented in the statement of financial position. The Group presented its lease obligations as "Borrowings" in the statement of financial position.

The Group recognizes the right-of-use asset and the lease liability in the financial statements at the commencement date of the lease. The right-of-use asset is measured at its initial cost and subsequently measured at cost less accumulated depreciation and accumulated impairment losses and adjusted for remeasurement of the lease liability.

2. Basis of presentation of financial statements (continued)

2.5 Summary of significant accounting policies (continued)

The right of use asset was initially measured at cost and after the actual commencement date of the lease, it is measured at its fair value in accordance with the Group's accounting policies. At the actual beginning of the lease, the lease obligation is measured over the present value of the lease payments not paid at that date. Lease payments, if the interest rate implied in the lease can be determined easily, this rate is discounted using the alternative borrowing interest rate of the Group if it cannot be determined easily. Generally, the Group used alternative borrowing rate as the discount rate.

After the actual start of the lease, the lessee increases the book value of the lease obligation to reflect the interest on the lease liability and decreases the carrying amount to reflect the lease payments made. It is remeasured in the event of a change in the lease term and in the assessment made regarding the asset purchase option, and if there is a change in the amounts expected to be paid within the scope of the residual value commitment and there is a change in these payments as a result of a change in the index or rate.
The group used its judgment to determine the lease term for some lease contracts that include renewal options. Evaluating whether the Group is reasonably confident to implement such options affects the lease term; hence, this matter significantly affects the amounts of the lease payables and right-of-use assets recognized.

As a landlord

The accounting policies applied by the Group as the lessor are not different from those applied in accordance with TAS 17.
The Group does not need to make any adjustments to TFRS 16 for lease agreements other than lease contracts.

(c) Tangible Assets and Depreciation

Tangible assets acquired prior to 1 January 2005 are carried with restated cost for the effects of inflation as at 31 December 2004 less accumulated depreciation and any accumulated impairment losses. Tangible assets acquired after 31 December 2004 are carried at cost less accumulated depreciation and any accumulated impairment losses.

Subsequent costs
Subsequent costs, such as repairs and maintenance or part replacement of tangible assets, are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits with the item will flow to the company. All other costs are charged to the statements of profit or loss during the financial year in which they are incurred.

Depreciation

Depreciation for tangible assets is provided on a straight-line basis over their estimated useful lives. Depreciation is provided for leasehold improvements on a straight-line basis over the related lease period. Depreciation corresponding to the period is calculated by dividing costs incurred for tangible assets after deducting the salvage value by the asset's useful life. Salvage value represents value of the related tangible asset at the end of its useful life.

The Group management makes important assumptions about determination of ships' useful lives in direction of technical team experiences. Besides, market data is used for determination of salvage value.

Upon the purchase of a ship, parts of the ship that need to be replaced during the next dry-dock are identified and their costs are capitalized and depreciated until the next estimated dry-dock date. When a significant replacement cost occurs prior to the expiry of the depreciation period, the remaining costs of the previous dry-dock are expensed immediately.
Repair and maintenance costs are recognized in the financial statements in the period in which they are incurred. Significantly, the renewal or replacement cost is included in the carrying amount of the asset, if the future economic benefits exceed the standard performance of the asset. Major renewal is depreciated over the remaining useful life of the asset.

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

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

2. Basis of presentation of financial statements (continued)

2.5 Summary of significant accounting policies (continued)

	Years
Ships	18
Drydock	5
Machinery and equipment	3-4
Vehicles	5
Furnitures and fixtures	4-5
Computer softwares	3

Gains or losses on disposals of tangible and intangible assets are classified under "other operating income" and "other operating expense" accounts, respectively.

Impairment of Assets
For assets that are subject to amortization, impairment test is applied if there is a situation or events in which it is not possible to recover the book value. An impairment loss is recognized if the carrying amount of the asset exceeds its recoverable amount.
For the purposes of assessing impairment, assets are grouped at the lowest level of separately identifiable cash flows (cash-generating units). Tangible assets are reviewed for possible reversal of impairment at each reporting date.

(d) Assets held for sale
Non-current assets or asset groups that meet the criteria of asset held for sale are measured at the lower of its carrying amount and fair value less cost to sell. These assets are not depreciated.

(e) Share capital increases
Share capital increased pro-rata to existing shareholders is accounted for at par value as approved by the Board of Directors.

(f) Provision for employee severance payments

In accordance with the existing social legislation in Turkey, the Group is required to make certain lump-sum payments to employees whose employment is terminated due to retirement or for reasons other than resignation or misconduct. Such payments are calculated on the basis of an agreed formula, are subject to certain upper limits and are recognised in the accompanying financial statements as accrued. Since there is no funding requirement in Turkey, no funds were created for these benefit plans.

Costs of employees' services in the current or prior periods are calculated by annual liability method in the framework of defined benefit plans. Even though the Employee Benefits (TAS 19) standard was published on the official gazette on 12 March 2013, no. 28585, states recognizing actuarial gain/(loss) under equity, the Group recognized actuarial gain/(loss) under profit and loss and other comprehensive income since the amount is immaterial.

The reserve has been calculated by estimating the present value of the future obligation of the Group that may arise from the retirement of the employees in accordance with TAS 19.

	31 December 2022	**31 December 2021**
Net discount rate	%10,59	%23.28
Expected rate of salary / limit increase	%11,63	%17.50
Turnover rate to estimate the probability of retirement	%100.00	%100.00

The principal assumption is that the maximum liability for each year of service will increase in line with inflation. As the maximum liability is revised semi-annually, amount of full TL 15,371.40 (31 December 2021: full TL : 8,284.51) which is effective as at 31 December 2022 has been taken into consideration in calculating the reserve for employment termination benefits of the Company.

2. Basis of presentation of financial statements (continued)

2.5 Summary of significant accounting policies (continued)

g) Provisions, contingent assets and liabilities

As specified in TAS 37, provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made. If these criteria are not occured the Group discloses the related issues in the explanatory notes related to the financial statements. Where the effect of the time value of money is material, the amount of provision shall be the present value of the expenditures expected to be required to settle the obligation. The discount rate reflects current market assessments of the time value of money and the risks specific to the liability. Contingent assets are not recognized unless they are realized and are only disclosed in the notes.

(h) Revenue recognition

General model for accounting of revenue

In accordance with TFRS 15, a five-step model is followed in recognizing revenue for all contacts with customers.

Step 1: Identify the contract

A contract with a customer is in the scope of the new standard when the contract is legally enforceable and certain criteria are met. If the criteria are not met, then the contract does not exist for purposes of applying the general model of the new standard, and any consideration received from the customer is generally recognized as a deposit (liability).

Contracts entered into at or near the same time with the same customer (or a related party of the customer) are combined and treated as a single contract when certain criteria are met.

Step 2: Identify the performance obligations

The Group defines the "performance obligations" as a unit of account for revenue recognition. The company assesses the goods or services it has committed in a contract with the customer and determines each commitment to the customer as one of the performan obligations as a performans obligation:

(a) good or service (or a bundle of goods or services) that is distinct; or
(b) series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer.

An entity may define a contract or a service separately from other contractual obligations and define it as a different commodity or service if the customer makes use of such goods or services alone or in combination with other resources available for use. A single contract may contain promises to deliver to the customer more than one good or service. At contract inception, an entity evaluates the promised goods or services to determine which goods or services (or bundle of goods or services) are distinct and therefore constitute performance obligations.

Step 3: Determine the transaction price
When determining the transaction price, an entity assumes that the goods or services will be transferred to the customer based on the terms of the existing contract. In determining the transaction price, an entity considers variables considerations and significant financing components.

Significant financing component

To estimate the transaction price in a contract, the Group adjusts the promised amount of consideration to reflect the time value of money if the contract contains a significant financing component. Significant financing component exists if the timing of payments agreed to by the parties to the contract (either explicitly or implicitly) provides the customer or the Group with a significant benefit of financing the transfer of goods or services to the customer. The Group does not have a sales transaction with a significant financiang component.

2. Basis of presentation of financial statements (continued)

2.5 Summary of significant accounting policies (continued)

Variable consideration
The Group identifies items such as price concessions, incentives, performance bonuses, completion bonuses, price adjustment clauses, penalties, discounts, credits, or similar items may result in variable consideration if there is any in a customer contract.

Step 4: Allocate the transaction price
The transaction price is allocated to each performance obligation – generally each distinct good or service – to depict the amount of consideration to which an entity expects to be entitled in exchange for transferring the promised goods or services to the customer.

Step 5: Recognize revenue

Group recognizes revenue over time when one of the following criterias are met:

- Customer simultaneously receives and consumes the benefits as the entity performs, or
- The entity's performance creates or enhances an asset that the customer controls as the asset is created or enhanced, or
- The entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date

For each performance obligation that is satisfied over time, an entity applies a single method of measuring progress toward complete satisfaction of the obligation. The objective is to depict the transfer of control of the goods or services to the customer. To do this, an entity selects an appropriate output or input method. It then applies that method consistently to similar performance obligations and in similar circumstances. If a performance obligation is not fulfilled in time, then the Company recognizes revenue when the control of goods or services is transferred to the customer.

If a performance obligation is not satisfied over time, then the Group recognizes revenue when it transfers control of the service to the customer. Company at the fair value of considerations received or receivable.

Contract changes

If the Group commits to providing an additional service, it accepts the contract modification as a separate contract. In case of termination of the existing contract and creation of a new contract, the relevant changes are accounted for if the services provided are different. If the modification to the contract does not create separate services, the entity accounts for combining the additional services with the original contract as if they were part of the original contract.

The details of the significant accounting policies for the Group's various services and revenue recognition methods are given below.

(i) Marine sector revenues and expenses

Marine sector revenues and expenses are recognized on accrual basis.

The rent revenue is earned by leasing the vessels within time charter. Rental incomes are collected at the beginning of the agreement for each 15 day periods within the scope of agreement.

(ii) Interest income and other income from finance sector activities

Interest income and other income from finance sector activities are recognized on accrual basis using the effective interest method.

(ii) Dividend Income

Dividend income is recognized in profit or loss in the period they are declared.

2. Basis of presentation of financial statements (continued)

2.5 Summary of significant accounting policies (continued)

(iv) Other Income / Expense

Other income and expenses are recognized on accrual basis.

(v) Financial Income / Expense

Financial income and expenses are recognized on accrual basis by using the effective interest rate method over the period.

(i) Taxes on income
Income taxes include current period income tax liabilities and deferred tax liabilities. Current tax payable includes adjustments related to tax on the taxable profit for the reporting period and the end of the tax liability is calculated using the prevailing tax rates and tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date and tax effect of fair value change of financial assets available for sale is recognized in equity.

A deferred tax asset is recognized for unused tax losses and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity

(j) Related Parties

For the purpose of these consolidated financial statements, shareholders and associated companies and other companies within the GSD Holding group, key management personnel and Board members, in each case together with their families and companies controlled by/or affiliated with them, are considered and referred to as related parties. Transactions with related parties are priced according to market conditions.
Related party, is an individual or entity related to the entity preparing the financial statements ('reporting entity').

(1) A person or a close member of that person's family is related to a reporting entity if that person:
(i) has control or joint control over the reporting entity;
(ii) has significant influence over the reporting entity; or
(iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

(2) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(i) The entity and the company are members of the same group.
(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

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

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

2. Basis of presentation of financial statements (continued)

2.5 Summary of significant accounting policies (continued)

(k) Earning/Loss per share

Earnings per share is calculated by dividing the net income by the weighted average number of common stock shares. The weighted average number of shares is the number calculated by multiplying and aggregating the number of ordinary shares outstanding at the beginning of the period and the number of shares withdrawn or issued during the period by a time-weighting factor. A time-weighting factor is the rate of the number of the days for which a specific number of shares have been outstanding to the total number of days in the period.

In Turkey, companies can increase their share capital through a pro-rata distribution of shares ("bonus shares") to existing shareholders from retained earnings and inflation adjustment to equity. For the purpose of earnings per share computations, the weighted average number of shares in existence during the period has been adjusted in respect of bonus share issues without a corresponding change in resources, by giving them retroactive effect for the period in which they were issued and each earlier period as if the event had occurred at the beginning of the earliest period reported.

(l) Borrowing costs
Investment in a tangible asset that can not be associated with all borrowing costs are recognized in profit or loss in the period they occur. Investment in a tangible asset that can be associated with all borrowing costs are capitalised as part of the cost of that asset in the period in which the asset is prepared for its intended use or sale in accordance with "TAS 23 Borrowing Costs".

(m) Events After the Reporting Period
Events after the reporting period refer to events that in favor or against to company and occur between the end of the reporting period and the balance sheet's date of authorization for the publication. In accordance with TAS 10 "Events after the reporting period", as at ending reporting period, in terms of occurring new evidences about related events or in terms of occurring related events after reporting period and if these events require correction of financial statements, the Group adjusts consolidated financial statements in accordance with new state. If related events do not require correction of consolidated financial statements, the Group explains related matters in footnotes.

(n) Segment Reporting
A reportable business segment is the segment where the Group is engaged in business activities where it can generate revenue and spend it, the operating results are regularly reviewed by the Management in order to make decisions regarding the resources to be allocated to the department and to evaluate the performance of the department, and there is separate financial information about it. Due to the fact that the Group does not have any significant activity other than shipping activities, there is no reporting according to the departments.

(o) Statement of Cash Flows

The Group prepares statement of cash flows to inform users of the financial statements about changes in net assets, financial structure and the amount and timing of cash flows' guidance ability in terms of changing circumstances.

Cash flows during the period are classified and reported by operating, investing and financing activities in the cash flow statements. Cash flows from operating activities represent the cash flows generated from the Group's activities. Cash flows related to investing activities represent the cash flows that are used in or provided from the investing activities of the Group (fixed investments and financial investments). Cash flows arising from financing activities represent the cash proceeds from the financing activities of the Group and the repayments of these funds.

Cash and cash equivalents represent cash in hand, deposits in banks, and short-term high liquid investments with not having depreciation risk.

As at 31 December 2022 and 2021, cash and cash equivalents details are as follows except the interest income accruals and blocked amounts presented in the statement of cash flows.

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

2. Basis of presentation of financial statements (continued)

2.5 Summary of significant accounting policies (continued)

	31 December 2022	31 December 2021
Cash	-	3
Banks	492,559	312,254
	492,559	**312,257**

(p) Foreign currency transactions and balances

Foreign currency transactions are translated using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated using the exchange rates at the balance sheet date. Foreign exchange gains and losses resulting from trading activities (trade receivables and payables) denominated in foreign currencies of the Group companies operating in the non-finance sectors, have been accounted for under "other operating income/expenses" whereas foreign exchange gains and losses resulting from the translation of other monetary assets and liabilities denominated in foreign currencies have been accounted for under "financial income/expenses" in the consolidated statement of profit or loss.

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

Financial statements of foreign subsidiaries

The assets and liabilities, presented in the financial statements of the foreign subsidiaries prepared in accordance with the Group's accounting policies, are translated into TL at the exchange rate at the date of the balance sheet whereas income and expenses are translated at the average exchange rates for the respective periods. Exchange differences resulting from using the exchange rates at the balance sheet date and the average exchange rates are recognised in the currency translation differences under the equity.

Currency translation differences are recognized in other comprehensive income and shown in the foreign currency translation reserve under equity. In the event that control, significant influence or joint control is lost as a result of the sale of a foreign operation, the accumulated amount in the foreign currency translation differences reserve related to that foreign operation is reclassified to profit or loss as part of profit or loss on the sale.

Exchange rates as at 31 December 2022 and 31 December 2021 that were used by the Company are as follows;

	TCMB Buying Rate of Exchange	TCMB Selling Rate of Exchange
	31 December 2022	**31 December 2021**
USD	18.6983	13.3290
EURO	19.9349	15.0867

(r) Inventories
Inventories are valued at the lower of cost or net realizable value. The cost of inventories is determined on the weighted average basis for each purchase. The Group's inventories consist of ship oil and fuel remaining at the end of time charter. Costs of inventories comprise purchase cost and those overheads that have been incurred in bringing the inventories to their present location and condition

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

3. Cash and cash equivalents

As at 31 December 2022 and 31 December 2021, cash and cash equivalents are as follows;:

	31 December 2022	**31 December 2021**
Cash at banks	494,272	312,686
Demand deposit	*22,154*	*33,976*
Time deposit (*)	*472,118*	*278,710*
Cash on hands	-	3
Total cash and cash equivalents included in the balance sheet	**494,272**	**312,689**
Accrued interest income on cash and cash equivalents	(1,713)	(432)
Blocked deposits (**)	(56,095)	-
Total cash and cash equivalents included in the cash flow	**436,464**	**312,257**

(*) TL 468,242 of the total time deposit of TL 472,118 is the amount of time deposits in the range of 1-3 months. The remaining amount consists of time deposits up to 1 month.

(**) The blocked deposit of 56,095 TL is the blocked amount given by Hako Nehir Maritime Limited against the loan received by Nehir Maritime Limited from GSD Bank.

As at 31 December 2022, the time deposits comprised bank placements in USD. As at 31 December 2022 interest rate is 2.25% - 4.00% for USD denominated bank accounts (31 December 2021: 0.75% - 1.25% for USD).

4. Financial assets-fair value through profit or loss

With Law No. 7352 Amending the Tax Procedure Law and the Corporate Tax Law published in the Official Gazette dated 29 January 2022 and numbered 31734, and the provisional article 14 was added to the Corporate Tax Law No. 5520, and the foreign currencies and gold deposit accounts included in the balance sheets of 31 December 2021 were added. For taxpayers who convert their accounts to Turkish lira and use the Turkish lira assets thus obtained in Turkish lira deposit and participation accounts with a maturity of at least three months opened in this context, the foreign exchange gains they have obtained in the period between October 1, 2021, and December 31, 2021, maturity Corporate tax exemption has been introduced for the 2021 accounting period within the scope of the principles specified in the regulation for the interest and profit shares and other earnings obtained at the end of the year. Within the scope of the relevant exemption, a tax advantage of TRY 13,697 Thousand, of which TRY 5,430 Thousand for the 2021 period and TRY 8,267 Thousand as of 31 December 2022, was provided.

The Group has decided to open a Currency Protected Deposit Account amounting to TL 124,948 thousand with a maturity of 3 months on 15 November 2022 and 8,951 thousand on 01 December 2022. The interest rate of the existing deposit opened on November 15, 2022 is 13.50%, and the interest rate on the deposit opened on December 1 is 12.0%. In the financial statements dated 31 December 2022, the related amount has been valued with the forward rate of 19.3612 and dated 3 March 2023, the forward rate of 19.5710, which is the maturity date of 15 February 2023, and has been presented at its fair value as 139,308 TL.

As of 31 December 2022 and 31 December 2021, financial assets at fair value through profit or loss are as follows:

	31 December 2022	**31 December 2021**
Currency Protected Time Deposit Account (KKMH)	139,308	-
	139,308	**-**

5. Investments in subsidiaries, business partnerships and subsidiaries

Investments in subsidiaries, business partnerships and subsidiaries

As at 31 December 2022 and 31 December 2021, investments in subsidiaries, business partnerships and subsidiaries consist of unlisted equity investments. As at 31 December 2022 and 31 December 2021, the details of investments in subsidiaries, business partnerships and subsidiaries are as follows:

	31 December 2022		**31 December 2021**	
	% of shares	**Carrying value**	**% of shares**	**Carrying value**
Not Listed				
GSD Faktoring A.Ş.	1.98	1,655	1.98	1,655
		1,655		**1,655**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

6. Related party disclosures

A company is defined as a related party of the Company, if one of the companies has control power on the other company or has a significant impact on financial and administrative decisions of the other company. The Company is ultimately controlled by GSD Holding that owns the 68% (31 December 2021: 68%) of its shares and that is the principal shareholder of the Company. The ultimate parent of the Company is GSD Holding and in the accompanying financial statements GSD Holding and its related companies are disclosed as related parties. In addition, related parties include the Company's principal owners, management, Board of Directors and their families.

(a) Banks

	31 December 2022	**31 December 2021**
Deposit at banks	110,097	276,471
GSD Yatırım Bankası A.Ş.	*110,097*	*276,471*
Lease liabilities	1,566	1,021
M. Turgut Yılmaz	*1,566*	*1,021*
Total	**111,663**	**277,492**

(b) Other balances and transactions with related parties

As at 31 December 2022 and 31 December 2021, other receivables due to related parties are as follows:

	31 December 2022	**31 December 2021**
Dodo Maritime Limited	192	200
Lena Maritime Limited	187	188
Mila Maritime Limited	-	206
Zeyno Maritime Limited	-	213
Neco Maritime Limited	-	156
Total	**379**	**963**

Other receivables from related parties consist of the receivables arising from the services rendered by the Group to maritime companies that are not in the scope of consolidation.

As at 31 December 2022 and 31 December 2021, trade payables due to related parties are as follows:

	31 December 2022	**31 December 2021**
GSD Holding A.Ş.	56	32
Total	**56**	**32**

Trade payables due to related parties comprised of representation services that are provided by GSD Holding.

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

6. Related party disclosures (continued)

Transactions with related parties as at 31 December 2022 and 31 December 2021 are as follows;

Group companies of the parent	31 December 2022	31 December 2021
Mila Maritime Ltd Commercial management commission	3,269	1,730
Zeyno Maritime Ltd Commercial management commission	2,795	1,574
Neco Maritime Ltd Commercial management commission	2,607	1,083
Dodo Maritime Ltd Commercial management commission	2,620	1,535
Lena Maritime Ltd Commercial management commission	2,535	1,072
Nejat Maritime Ltd Commercial management commission	2	17
GSD Faktoring A.Ş. Dividends	-	198
GSD Yatırım Bankası A.Ş. Borrower income	3,407	1,024
GSD Yatırım Bankası A.Ş. Interest income	(668)	(481)
GSD Holding A.Ş. shares paid	(403)	(221)
M. Turgut Yılmaz Office rental interest expense within the scope of TFRS16	(290)	(142)
M. Turgut Yılmaz Office lease depreciation expense within the scope of TFRS16	(358)	(304)
GSD Yatırım Bankası A.Ş. Interest expense	-	(2,037)
GSD Holding A.Ş. Guaranty expense	(441)	(2,735)

(c) Derivative financial transactions
As at 31 December 2022, the Group does not have any derivative transactions with related parties (31 December 2021: None).

(d) Key management benefits
Total benefit of key management for the period ended 31 December 2022 is TL 3,620 (31 December 2021:2,289 TL)

(e) Other related party transactions

As of 31 December 2022, GSD Holding has given a surety of TL 342,036 to credit institutions and TL 292,357 to Laurel World Maritime S.A. (31 December 2021: TL 455.568) as a guarantee for the Group's open credit lines.

(f) Loans from related parties

	31 December 2022	31 December 2021
Loans used from GSD Yatırım Bankası A.Ş.	56,396	-
Period-end provision amount	**56,396**	**-**

7. Trade receivables and payables

7.1 Trade receivables

As at 31 December 2022 and 31 December 2021, details of trade receivables are as follows:

	31 December 2022	31 December 2021
Trade receivables from marine activities	379	1,099
Doubtful trade receivables	1,980	1,980
Provision for doubtflul trade receivables	(1,980)	(1,980)
	379	**1,099**

As at 31 December 2022 and 31 December 2021, movements in the provision for doubtful trade receivables

	31 December 2022	31 December 2021
Provision at the beginning of the year	1,980	1,980
Provision at the end of period	**1,980**	**1,980**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

7.2 Trade payables

As at 31 December 2022 and 31 December 2021, details of trade payables are as follows:

	31 December 2022	31 December 2021
Trade payables from marine activities	4,333	614
Trade payables from VAT refund receivables	78	78
Seller	82	31
Other trade payables (*)	56	32
	4,549	**755**

(*) Other trade payables comprised of representation services that are provided by GSD Holding.

8. Receivables and payables from finance sector activities

8.1 Receivables from finance sector activities

As at 31 December 2022 and 31 December 2021, details of short-term receivables from finance sector operations are as follows:

	31 December 2022	31 December 2021
Finance lease receivables (net)	32	24
Doubtful receivables	-	5,389
Provision for doubtful receivables	-	(5,389)
	32	**24**

The Group does not have long-term receivables from finance sector operations as at 31 December 2022 (31 December 2021: None). The Group's credit, liquidity and market risk exposures resulting from financial sector receivables are disclosed in Note 33.

8.1.1 Finance lease receivables

As at 31 December 2022 and 31 December 2021, details of finance lease receivables are as follows;

	31 December 2022	31 December 2021
Finance lease receivables, not due	45	35
Unearned interest income (-)	(13)	(11)
Short-term finance lease receivables, net	32	24
Total finance lease receivables, net	**32**	**24**

8.1.2 Doubtful receivables

Until June 16, 2011, GSD Denizcilik Gayrimenkul İnşaat Sanayi ve Ticaret AŞ continued its financial leasing activities, which are subject to the supervision of the BRSA, under the title of Tekstil Finansal Kiralama A.Ş. The company terminated and changed its financial leasing activities on 16 June 2011, and continues its maritime activities except for the financial leasing written in its main contract.

Pursuant to the permission specified in the BRSA's letter dated 07 January 2022 and numbered E-125090171-110.02.02-37636, the "Doubtful Trade Receivables" in the Portfolio, on February 25, 2022, together with all their interests, other accessories and guarantees, were assigned and transferred to Denge Varlık Yönetim AŞ for a price of 60 TRY within the framework of Article 183 of the Code of Obligations and the terms and conditions set out in the contract.

The movement of the provisions which are booked for doubtful receivables are as follows:

	31 December 2022	31 December 2021
Balance at January 1	5,389	5,025
Current period provisions (Note 25)	-	618
Current period collections (-)	(16)	(254)
Doubtful receivables written off during the period (-)	(5,373)	-
Provision net of recoveries	**(5,389)**	**364**
Balance at 31 December	**-**	**5,389**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

8.2 Payables from finance sector activities

As at 31 December 2022 and 31 December 2021, details of payables from finance sector operations are as follows;

	31 December 2022	31 December 2021
Advances received	119	88
	119	**88**

9. Other receivables and payables

9.1 Other receivables

As of 31 December 2022 and 31 December 2021, there is no amount classified in other receivables.

9.2 Other payables

As at 31 December 2021 and 31 December 2020, details of other receivables are as follows:

	31 December 2022	31 December 2021
Other tax payables	242	132
Social security premium payables	99	46
Other	5	1
Other payables to related parties	125	-
	471	**179**

10. Inventories

As at 31 December 2022 and 31 December 2021, details of inventories are as follows;

	31 December 2022	31 December 2021
Ship oil	2,452	1,458
	2,452	**1,458**

11. Prepaid expenses

As at 31 December 2022 and 31 December 2021, details of prepaid expenses that are classified in current assets are as follows:

	31 December 2022	31 December 2021
Prepaid loan commission expenses	2,074	2,003
Insurance expenses	1,595	1,122
Prepaid miscellaneous expenses	232	1
Ship annual tonnage tax expenses	22	30
Ship annual registration fee expenses	9	14
	3,932	**3,170**

As at 31 December 2022 and 31 December 2021, there are no prepaid expenses classified in non-current assets.

12. Current income tax assets

As at 31 December 2022, the current income tax assets amounting to TL 72 consist of tax deductions frominterest income derived from bank deposits which are not yet deducted (31 December 2021: TL 95).

13. Assets held for sale

As at 31 December 2022, assets held for sale amounting to TL 76 comprised of a land which were acquired from certain customers in exchange for finance lease receivables (31 December 2021: TL 76).

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

14. Tangible Assets

Estimates and assumptions used in the preparation of the consolidated financial statements have been reviewed. In this context, the possible impairment effects that may occur in the consolidated financial statements dated 31 December 2022 have been evaluated and the carriage has continued with its recorded values. For the accounting period ending on 31 December 2022, the movements of property, plant and equipment are as follows:

	1 January 2022	Additions	Disposals	Currency translation differences	31 December 2022
Cost					
Ships	690,699	455	-	277,810	968,964
Drydock	27,790	55	-	11,194	39,039
Construction on Progress	81,497	40,000	-	39,633	161,130
Machinery and equipment	26	-	-	-	26
Vehicles	1,089	-	(129)	-	960
Furnitures and fixtures	1,680	84	-	-	1,764
	802,781	**40,594**	**(129)**	**328,637**	**1,171,883**

	1 January 2022	Additions	Disposals	Currency translation differences	31 December 2022
Accumulated depreciation					
Ships	241,887	39,994	-	97,015	378,896
Drydock	16,381	7,797	-	6,598	30,775
Machinery and equipment	26	-	-	-	26
Vehicles	60	108	-	-	168
Furnitures and fixtures	1,516	61	-	-	1,577
	259,870	**47,960**	**-**	**103,612**	**411,442**
Net book value	**542,911**				**760,441**

Movement of tangible assets for the year ended 31 December 2021 are as follows;:

	1 January 2021	Additions	Disposals	Currency Translation differences	31 December 2021
Cost					
Ships	380,379	-	-	310,320	690,699
Drydock	15,305	-	-	12,485	27,790
Construction on Progress	-	61,516	-	19,981	81,497
Machinery and equipment	26	-	-	-	26
Vehicles	514	1,089	(514)	-	1,089
Furnitures and fixtures	1,634	46	-	-	1,680
	397,858	**62,651**	**(514)**	**342,786**	**802,781**

	1 January 2021	Current year charge	Disposals	Currency translation differences	31 December 2021
Accumulated depreciation					
Ships	117,510	21,315	-	103,062	241,887
Drydock	5,960	4,156	-	6,265	16,381
Machinery and equipment	26	-	-	-	26
Vehicles	325	60	(325)	-	60
Furnitures and fixtures	1,473	43	-	-	1,516
	125,294	**25,574**	**(325)**	**109,327**	**259,870**
Net book value	**272,564**				**542,911**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

15. Right of use assets

As at 31 December 2022 details of right of use assets are as follows:

	1 January 2022	Additions	Disposals	Currency translation differences	31 December 2022
Cost					
Buildings	1,849	1,055	-	-	2,904
Vehicles	500	1,007	-	-	1,507
	2,349	**2,062**	-	-	**4,411**

	1 January 2022	Current year charge	Disposals	Currency translation differences	31 December 2022
Accumulated depreciation					
Buildings	924	358	-	-	1,282
Vehicles	375	302	-	-	677
	1,299	**660**	-	-	**1,959**
Net book value	**1,050**				**2,452**

As at 31 December 2021 details of right of use assets are as follows:

	1 January 2021	Additions	Disposals	Currency translation differences	31 December 2021
Cost					
Buildings	930	955	(36)	-	1,849
Vehicles	399	101	-	-	500
	1,329	**1,056**	**(36)**	-	**2,349**

	1 January 2021	Current year charge	Disposals	Currency translation differences	31 December 2021
Accumulated depreciation					
Buildings	608	316	-	-	924
Vehicles	239	136	-	-	375
	847	**452**	-	-	**1,299**
Net book value	**482**				**1,050**

16. Intangible assets

As at 31 December 2022 and 31 December 2021, details of intangible assets of the Group are as follows:

	31 December 2022	31 December 2021
Net book value at the beginning of the period	26	95
Addition to software rights	26	-
Current period depreciation	(10)	(69)
	42	**26**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

17. Financial liabilities

17.1 Borrowing costs

In the consolidated financial statements of the Group as of December 31, 2022, a borrowing cost of TL 2,707 was incurred for the construction of a dry cargo ship with a capacity of 38.000 DWT currently being constructed by Nehir Maritime Limited, a 100% subsidiary located in Marshall Islands. . All of this amount has been activated. According to TAS 23 Borrowing Costs Standard, under the investments made in the financial position statement of Nehir Maritime Limited until the date of receipt of the ship, they will continue to be capitalized as a part of the costs of the said ships. Follow-up will continue in the ships account classified under tangible fixed assets after the ship delivery date.

17.2 Bank borrowings

As of 31 December 2022 and 31 December 2021, borrowing consist of loan payables and lease transactions. The details of loan debts and debts from lease transactions are as follows:

		31 December 2022			31 December 2021		
	Currency	Original amount	Carrying amount	Interest rate %	Original amount	Carrying amount	Interest rate %
Fixed interest	USD	3,016	56,396	%4,50	-	-	-
Short-term borrowings		**3,016**	**56,396**		**-**	**-**	
Fixed interest	USD	-	-	-	1,267	16,889	%3,04
Floating interest	USD	2,094	39,155	%8,47	1,887	25,157	%3,97
Short-term portion of long-term bank borrowings		**2,094**	**39,155**		**3,154**	**42,046**	
Fixed interest	USD	-	-	-	-	-	-
Floating interest	USD	12,800	239,338	%8,47	14,880	198,336	%3,97
Long-term portion of long-term bank borrowings		**12,800**	**239,338**		**14,880**	**198,336**	
Total long-term borrowings			**278,493**			**240,382**	
Total			**334,889**			**240,382**	

The Group's credit, liquidity and market risk exposures resulting from its financial liabilities are disclosed in Note 33.

Repayment schedule of the borrowings that are originally medium term and long term loans are as follows;

	31 December 2022		31 December 2021	
	Fixed interest	**Floating interest**	**Fixed interest**	**Floating interest**
Up to 1 year	56,396	39,155	16,889	25,157
Up to 2 year	-	42,632	-	27,724
Up to 3 year	-	42,632	-	30,390
Up to 4 year	-	154,074	-	30,390
Up to 5 year				109,832
	56,396	**278,493**	**16,889**	**223,493**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

18. Commitments

18.1 Guarantees given

The Guarantees, Pledges and Mortgages ("GPMs") that the Company gave as at 31 December 2022 and 31 December 2021 are as follows:

	31 December 2022			31 December 2021		
GPMs given by the Company	**Total TL Equivalent**	**TL**	**USD (TL Equivalent)**	**Total TL Equivalent**	**TL**	**USD (TL Equivalent)**
A. Total Amount of GPMs that were Given on Behalf of Its Own Legal Entity	**342,036**	**-**	**342,036**	**223,626**	**133**	**223,493**
1. Letters of guarantee that were given by the Group bank as cash collateral surety	-	-	-	-	-	-
2. Letters of guarantee that were given by the non-group bank as cash collateral surety	-	-	-	133	133	-
3. Cash	-	-	-	-	-	-
4. Tangible asset mortgage given as cash collateral surety (*)	342,036	-	342,036	223,493	-	223,493
5. Participation share given as cash collateral surety	-	-	-	-	-	-
B. Total Amount of GPMs that was Given in Favor of the Partnerships that were Included in the Scope of Full Consolidation	**56,396**	**-**	**56,396**	**-**	**-**	**-**
1. Bails given as cash collateral surety (**)	56,396	-	56,396	-	-	-
2. Tangible asset mortgage given as cash collateral surety	-	-	-	-	-	-
3. Bank deposit pledge given as cash collateral	-	-	-	-	-	-
C. Total Amount of GPMs that Other Third Parties give With The Purpose of Assuring Debts for Conducting Ordinary Commercial Activities	**-**	**-**	**-**	**-**	**-**	**-**
D. GPMs that were Given the Scope of the Article 12/2 of the Corporate Governance Communiqué	**-**	**-**	**-**	**-**	**-**	**-**
E. Total Amount of the Other GPMs Given	**-**	**-**	**-**	**-**	**-**	**-**
i.Total Amount of GPMs that were Given In Favor of the ultimate shareholder	-	-	-	-	-	-
ii. Total Amount of GPMs that were Given In Favor of Other Group Companies that are not Included in the Scope of Articles B and C (**)	-	-	-	-	-	-
iii. Total Amount of GPMs that were Given In Favor of the Third Parties that are not Included in the Scope of Article C	-	-	-	-	-	-
Total	**398,432**	**-**	**398,432**	**223,626**	**133**	**223,493**

As at 31 December 2022 and 31 December 2021, Guarantees/Pledges/Mortgages (GPM) consist of letters of guarantee, guarantees, ship mortgage, pledge of share and bails that are given to the following institutions::

	31 December 2022	**31 December 2021**
Banks	398,432	223,626
	398,432	**223,626**

(*) Bank loans used during the purchase of dry bulk carriers M/V Cano and M/V Hako owned by Cano Maritime Limited and Hako Maritime Limited were closed by making balloon payments in 2020. With the agreements made with Credit Europe Bank in 2021, refinancing was provided with five-year terms. Ship mortgages were given to Credit Europe Bank due to the refinancing. As of 31 December 2022, it is 342,036 TL.

(**) Hako Maritime Limited has pledged to GSD Yatırım Bankası A.Ş. for Nehir Maritime Limited, which is within the scope of consolidation.

As at 31 December 2022, the rate of the other GPMs the Company have given to the Company's shareholders' equity is 0% (31 December 2021: 0%).

18.2 Guarantees Taken

As at 31 December 2022 and 31 December 2021, the details of the guarantees that were obtained in return for the Company's receivables from finance sector activities are as follows:

	31 December 2022	**31 December 2021**
Mortgages	3,721	3,721
	3,721	**3,721**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

18. Commitments (continued)

18.3 Other

As at 31 December 2022, GSD Holding has provided surety amounting to TL 639,393 to credit institutions as a guarantee against its open lines of credit (31 December 2021: TL 455,568).

19. Employee benefit obligations

The Company does not have any employee benefit obligations as at 31 December 2022 (31 December 2021: None).

20. Deferred income

As at 31 December 2022, the amount of deferred income amounting to TL 6,717 stems from early collection of monthly rents of ships (31 December 2021: TL 6,557).

21. Provision for employee benefits

21.1 Provision for short-term employee benefits

As at 31 December 2022 and 31 December 2021, details of provision for short-term employee benefits are as follows::

	31 December 2022	**31 December 2021**
Employee bonus provision	567	261
	567	**261**

As at 31 December 2022 and 31 December 2021, the movement of employee bonus provision is as follows:

	31 December 2022	**31 December 2021**
Balance at the beginning of the year	261	213
Paid provision for the current period	(261)	(191)
Provision for the current period	567	239
Balance at the end of the period	**567**	**261**

21.2 Provision for long-term employee benefits

As at 31 December 2022 and 31 December 2021, details of provision for long-term employee benefits are as follows;

	31 December 2022	**31 December 2021**
Provision for employee benefits	2,290	977
Employee termination benefit provision	*922*	*315*
Unused vacation provision	*1,368*	*662*
	2,290	**977**

Employee termination benefit provision

According to the labor law valid in Turkey, in case the employment contract is terminated for any reason, the Company is obliged to pay to itself or to the beneficiaries the wages of the annual leave periods that the employees are entitled to but not used, over the wages on the date of the termination of the contract. Liabilities arising from leave fees, defined as "employee benefits" within the scope of TAS 19, are accrued in the periods when they are vested and are not discounted. The provision for unused leave is the total undiscounted liability amount corresponding to the days off that all employees are entitled to but have not yet taken as of 31 December 2022 and 31 December 2021. In accordance with the Turkish Accounting Standard on Employee Benefits (TAS 19) published in the Official Gazette dated 12 March 2013 and numbered 28585, all actuarial losses and gains related to the severance pay provision are accounted for in other comprehensive income/expense as of the balance sheet dates.

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

21. Provision for employee benefits (continued)

21.2 Provision for long-term employee benefits (continued)

As at 31 December 2022 and 31 December 2021, movement of provision for employee termination benefits is as follows:

	31 December 2022	31 December 2021
Balance at the beginning of the year	315	275
Actuarial gain/loss	555	31
Interest cost	19	11
Provision for the current period	45	31
Provision payment for the current period	(112)	(33)
Balance at the end of the period	**922**	**315**

Unused vacation provision

According to the governing labor law in Turkey, in case the labor contract ends for some reason, the Company is obliged to pay the earning that the employees are entitled but did not use to that person or beneficiaries as at that person's earning on the contract ending date. According to TAS 19 unused vacation provisions identified as "Benefits to employees" are accrued in the earned periods and are not discounted. The provision for the unused leaves as at 31 December 2022 and 31 December 2021 is the total undiscounted liability amount that all the employees are entitled which corresponds to the days of their unused leaves.

As at 31 December 2022 and 31 December 2021, movement of provision for unused vacations is as follows::

	31 December 2022	31 December 2021
Balance at the beginning of the year	662	458
Provision for the current period	706	204
Balance at the end of the period	**1,368**	**662**

22. Other current and non-current assets

As at 31 December 2022 and 31 December 2021, details of other current assets are as follows

	31 December 2022	31 December 2021
Deferred VAT	1,590	1,253
Job advances to personnel	66	6
Other	295	-
	1,951	**1,259**

As at 31 December 2022 and 31 December 2021, details of other non-current assets are as follows:

	31 December 2022	31 December 2021
Other non-current assets due to third parties	5	5
	5	**5**

23. Equity

23.1 Paid-in share capital

As at 31 December 2022, the Company's nominal value of authorized share capital amounts to TL 150,000 (31 December 2021 TL 150,000) comprising 150,000,000 registered shares of par value of 1 Kuruş ("Kr") each. (One TL is equivalent to a hundred Kr). As at 31 December 2022 and 31 December 2021, the shareholding structure of the Company is disclosed in Note 1.

23.2 Adjustment to share capital

As at 31 December 2022, the Company's inflation-adjustment differences amount to TL 24,085 (31 December 2021: 24,085).

23.3 Repurchase of shares (-)

Share premiums consist of share premiums. Share premiums represent the cash inflows obtained as a result of selling the shares at market prices. These premiums are shown under equity and cannot be distributed, but can be used for future capital increases. (As of January 1, 2020, share premium is 1 TL, sales losses of repurchased shares are net 140 TL, moving to 141 TL, and sales profits of repurchased shares realized in 2020 are 9,329 TL). The company granted the right to buy new shares to the existing partners for the paid capital increase. Existing partners have used their right to buy new shares for 15 days covering the period of 12/26 August 2021, which is the priority period. Shares with a nominal value of 176,418.17, which could not be sold at the end of the priority period, were offered for sale at the prices formed in the primary market of the stock exchange on September 2/3, 2021. These unsold shares were sold at above nominal prices and provided 306 TL of export premium benefit. Total expenses related to the paid capital increase completed on October 28, 2021 were included in the premiums and discounts related to the shares at TL 320. As of 31 December 2022, an amount of TL 9,175 has been classified under equity as premiums/discounts related to shares. (December 31, 2021: TL 9,175)

23.4 The effect of merger under common control

The merger of these two companies through the acquisition of GSD Dış Ticaret Anonim Şirketi by GSD Denizcilik Gayrimenkul İnşaat Sanayi ve Ticaret A.Ş. as a whole with all assets, liabilities and all rights, receivables, payables and obligations, and the merger or these two companies within the body of GSD Denizcilik Gayrimenkul İnşaat Sanayi ve Ticaret A.Ş. is a merger covering jointly controlled entities and therefore is not subject to "TFRS 3 Business Combinations".

As at 31 December 2022, the Company has merger effects covering jointly controlled initiatives or entities amounting to TL (12,181) (31 December 2021: TL (12,181)).

23.5 Other comprehensive income or expenses not to be reclassified to profit or loss

The Company's accumulated other comprehensive income and expenses arising from the reclassification to profit or loss measurement losses on defined benefit plans are summarized below.

Provision for employment termination benefits is calculated by estimating the present value of the future probable obligation arising from the retirement of the employees of the Group. The Group has adopted the amendments to TAS 19 which were applicable as at 1 January 2014 and recognized all actuarial gains and losses in other comprehensive income. Actuarial loss recognized under equity in the balance sheet amounts to TL 445 as at 31 December 2022 (31 December 2021: TL 24).

23.6 Other comprehensive income or expenses to be reclassified to profit or loss

Foreign currency translation differences

Assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. Foreign currency differences arising on translation of foreign currency transactions are recognised in the income statement. As at 31 December 2022, foreign currency translation differences of the Company amount to TL 557,136 (31 December 2021: TL 328,761).

23.7 Restricted reserves

According to the Turkish Commercial Code, legal retained earnings are composed of primary and secondary legal reserves. Until the primary legal reserves reach 20% of the Company's capital, they are reserved at the rate of 5% of the profit for the period. The secondary legal reserves are reserved at the rate of 10% of all the dividend distributions that exceed 5% of the Company capital. Primary and secondary legal reserves cannot be distributed unless they exceed 50% of the total capital however they can be used for covering the losses in case the voluntary reserves are consumed.

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

23. Equity (continued)

23.7 Restricted reserves (continued)

As at 31 December 2022 and 31 December 2021, restricted reserves movement is as follows:

	31 December 2022	31 December 2021
Primary legal reserves	13,802	10,779
Special funds	7,166	7,296
Legal reserves inflation differences	2,313	2,313
Balance at the end of the period	**23,281**	**20,388**

23.8 Prior years' profits/(losses)

As at 31 December 2022 and 31 December 2021, movements of prior years' profits/(losses) are as follows:

	31 December 2022	31 December 2021
Balance at 1 January	(55,790)	(38,302)
Profits/(losses) for the prior period	139,246	(17,469)
Legal reserve from prior period profit	(3,023)	-
Gains/losses from defined benefits plan	(24)	(19)
Balance at end of period	**80,409**	**(55,790)**

23.9 Distribution on earnings

Listed companies distribute dividends as required by the Turkish Commercial Code ("TCC") and the CMB as follows:

According to the Turkish Commercial Code ("TCC"), legal retained earnings are composed of primary and secondary legal reserves. Until the primary legal reserves reach 20% of the Company's capital, they are reserved at the rate of 5% of the profit for the period. The secondary legal reserves are reserved at the rate of 10% of all the dividend distributions that exceed 5% of the company capital. Primary and secondary legal reserves cannot be distributed unless they exceed 50% of the total capital however they can be used for covering the losses in case the voluntary reserves are consumed.

The inflation adjustment differences arising at the initial application of inflation accounting which are recorded under "accumulated losses" could be netted off from the profit to be distributed based on CMB profit distribution regulations. In addition, the aforementioned amount recorded under "accumulated losses" could be netted off with net income for the period, if any, undistributed prior period profits, and inflation adjustment differences of extraordinary reserves, legal reserves and capital, respectively.

According to the regulations of Capital Markets Board (CMB) of Turkey, there is no minimum required profit distribution for the exchange-traded companies and the net distributable profit of an exchange-traded company preparing consolidated financial statements is calculated by taking into regard its net profit arising from its financial statements in accordance with Turkish Financial Reporting Standards as much as the total of the items that may be distributed as dividend arising from its statutory financial statements based on its books of account.

The exchange-traded companies in Turkey distribute their profits by the resolution of their general assemblies in accordance with the relevant legislations and within the guidelines stated in their profit distribution policies determined by their general assemblies. The profit distribution policies of the exchange-traded companies must contain at least whether any profit will be distributed or not and if it will be distributed, the profit distribution rate determined for shareholders and other profit-sharing persons; method of payment of the dividend; time of payment of the dividend providing that the dividend distribution process will start latest by the end of the accounting period during which the general assembly meeting was held; whether advance dividend will be distributed or not and, if it will be distributed, the related principles in respect of this.

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

23. Equity (continued)

23.9 Distribution on earnings (continued)

The Company adopted a policy of not distributing cash or bonus dividend and distributing retained earnings by way of share capital increases through bonus issue by capitalization of internal resources within the regulatory framework of CMB and re-evaluating this policy every year, pursuant to its profit distribution policy explained below.

Dividends are distributed to all outstanding shares as at the distribution date equally in proportion to their ownership percentage in share capital regardless of the issue and acquisition dates of these shares. The rights arising from the dividend privilege are reserved. In the capital increases of public companies, bonus shares are distributed to outstanding shares as at the date of share capital increase.

Profit distribution policy

The Ordinary General Assembly of the Company has resolved on 22 April 2022 that the profit distribution policy of Company for the year 2022 and the subsequent years pursuant to the Corporate Governance Principles is the distribution of profits as bonus shares by means of share capital increases from internal resources through the capitalisation of profits, to the extent that the criteria stipulated by the regulatory framework of CMB in relation to share capital increases through bonus issue are met, in order to finance the growth by way of retention of earnings in equity through the accumulation of profits in extraordinary reserves by considering the growth plans, investing activities and existing financial structures of the associated companies and subsidiaries and this policy is to be reevaluated every year by taking into account the regulations of the Capital Markets Board regarding profit distribution and the liquidity position of the Company.

Pursuant to the article 16/8 of the Communiqué on Shares (VII-128.1) promulgated by the Capital Markets Board of Turkey (the CMB), without prejudice to statutory obligations with respect to share capital increase, the applications of publicly traded companies to the CMB for share capital increases by capitalisation of internal resources excluding period profit which will result in the adjusted share price dropping below full TL 2, the share price being calculated as the average of the weighted average trading prices in stock exchange within 30 days prior to the disclosure of share capital increase to the public, are not put into process by the CMB.

Decision on distribution

At the meeting of the Board of Directors of the Company, dated April 22, 2022, the decision of "Transferring the net profit of our Company for 2021 in the consolidated TFRS financial statements of TL 139,246 Thousand (as a deduction)"; It was unanimously accepted by the attendees at the Company's Ordinary General Assembly for 2021, held on May 25, 2022.

24. Marine sector revenues and expenses

The details of marine sector revenues and expenses for the periods ended 31 December 2022 and 31 December 2021 are as follows:

	1 January- 31 December 2022	1 January- 31 December 2021
Ship lease income	292,733	169,023
Revenues from intra-group service activities	13,828	7,011
Other income	3,093	2,577
Marine sector income	**309,654**	**178,611**
Ship depreciation expense	(47,792)	(25,470)
Personnel expenses	(38,709)	(20,128)
Various ship equipment, oil and fuel expenses	(20,231)	(8,848)
Ship insurance expenses	(6,113)	(2,969)
Technical management fees	(3,808)	(3,988)
Rent expense paid back	(2,449)	(1,613)
Expenses from intra-group service activities	(2,503)	(1,137)
Marine sector expenses	**(121,758)**	**(64,313)**
Gross profit/(loss) from marine sector activities)	**187,896**	**114,298**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

24. Marine sector revenues and expenses (Continued)

Each of the subsidiaries included in the scope of consolidation, established by the Company in Malta with a 100% capital share, owns one ship. Ships are rented within the scope of time charter (ship limited to a certain time) contract and earn rental income. Established in Marshall Islands with a 100% capital share, Nehir Maritime Limited has not started its maritime activities yet. The start date of the operation is foreseen as September 2023, the completion date of the shipbuilding.

25. Interest and other income/interest, commission and other expenses

The details of interest and other income and interest, commission and other expenses for the periods ended 31 December 2022 and 31 December 2021 are as follows:

	1 January- 31 December 2022	**1 January- 31 December 2021**
Finance lease interest income	83	-
Financial sector activities provision income	-	-
Finance lease receivables default income	16	2
Finance lease receivables foreign exchange gains	10	11
Total interest and other income	**109**	**13**
Financial lease receivables foreign exchange expenses	(2)	(1)
Provision for finance operations	-	(364)
Total finance sector acivities income/(expenses), net	**(2)**	**(365)**
Gross profit/(loss) from finance sector activities	**107**	**(352)**

26. General administrative expenses

The details of general administrative expenses for the periods ended 31 December 2022 and 31 December 2021 are as follows:

	1 January- 31 December 2022	**1 January- 31 December 2021**
Personnel expenses	7,151	4,042
Depreciation expenses	838	625
Other	718	405
Purchases of services from related parties expenses	692	448
Vehicle and travel expenses	482	96
Audit expenses	399	315
Donation, support, social responsibility expenses	196	2
Quotation expenses	29	13
Tax, duty and charge expenses	14	9
Total	**10,519**	**5,955**

The details personnel expenses that are included in general administrative expenses for the periods ended 31 December 2022 and 31 December 2021 are as follows::

	1 January- 31 December 2022	**1 January- 31 December 2021**
Wages and salaries	4,687	3,117
Employee termination benefit, unused vacation and bonus provision expenses	1,157	283
Other	495	196
Social security premium expenses – employer's share	408	245
Employee termination benefit and bonus paid	404	201
Total	**7,151**	**4,042**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

27. Other operating income

The details of other operating income for the periods ended 31 December 2022 and 31 December 2021 are as follows:

	1 January- 31 December 2021	1 January- 31 December 2021
Interest received from banks	7,464	1,332
Foreign currency exchange income from operations	5,165	50,280
Employee termination benefit cancellation income	112	33
Other	113	238
Total	**12,854**	**51,883**

28. Other operating expenses

The details of other operating expenses for the periods ended 31 December 2022 and 31 December 2021 are as follows:

	1 January- 31 December 2022	1 January- 31 December 2021
Foreign currency exchange losses from operations	1,055	2,282
Other expenses arising from commercial activities	-	748
Total	**1,055**	**3,030**

29. Income/expenses from investment activities

The details of income from investment activities for the periods ended 31 December 2022 and 31 December 2021 are as follows. As of 31 December 2022, 15,202 TL of the income from Currency Protected Deposits is interest and 24,342 TL is foreign exchange difference.

	1 January- 31 December 2022	1 January- 31 December 2021
Dividend income	39,544	198
Total	**39,544**	**198**

The details of expenses from investment activities for the periods ended 31 December 2022 and 31 December 2021 are as follows;

	1 January- 31 December 2022	1 January- 31 December 2021
Fixed asset sales loss	-	28
Total	**-**	**28**

30. Financial income and expenses

The Group does not have any financial income for the periods ended 31 December 2022 and 31 December 2021.

The details of financial expenses for the periods ended 31 December 2022 and 31 December 2021 are as follows:

	1 January- 31 December 2022	1 January- 31 December 2021
Interest expense	16,335	6,482
Other financial expenses	510	2,866
Total	**16,845**	**9,348**

31. Tax Assets and Liabilities

Corporation Tax

As of September 30, 2022, the Corporate Tax rate applied in Turkey is 23%. Necessary provisions have been made in the accompanying financial statements for the estimated tax liabilities of the Company regarding the current period operating results.

The corporate tax rate to be accrued on taxable corporate income is over the remaining tax base after adding the non-deductible expenses from the tax base in the determination of the commercial income and deducting the tax-exempt gains, non-taxable incomes and other deductions (if any, previous year losses and investment allowances used if preferred). is calculated.

Provisional taxation in Turkey will continue to be declared and calculated on a quarterly basis until the end of the 2021 taxation period. The Bill of Law No. 7338 to amend some laws with the Tax Procedure Law was submitted to the Presidency of the Assembly on October 1, 2021, and was accepted in the General Assembly of the Assembly on October 14, 2021, with the name of "Law on Amendments to the Tax Procedure Law and Some Laws" numbered 7338 on October 26, 2021 published in the Official Gazette.

According to this law, which will cover the taxation periods of 01.01.2022 and the following; the last three months of the relevant calendar year or accounting period will not be counted as the temporary tax period, and as a result, the fourth provisional tax return will not be declared starting from 2022.

For the period ending on 31 December 2021, the provisional tax rate that should be calculated on corporate earnings is 25% during the taxation of corporate earnings as of temporary tax periods.

With the "Law No. 7316 on the Collection Procedure of Public Receivables and the Amendment of Some Laws" published in the Official Gazette dated 22.04.2021 and numbered 31462, amendments were made to some tax laws and other laws. The Corporate Tax Rate has been amended with the relevant law.

With the amendment made, the Corporate Tax Rate will be applied as 25% for the 2021 Calendar year. However; 2021/1. The Corporate Tax rate will be applied as 20% for the temporary tax period, and 25% for the 2021/2-3 and 4th Periods. According to the Turkish tax legislation, financial losses shown on the declaration can be deducted from the corporate income for the period, provided that they do not exceed 5 years. (In Turkey, the Corporate Tax rate will be applied as 22% for 2019, 2020, 20% for the corporate earnings of the first taxation period of 2021, 25% for the corporate earnings of the II, III and IV taxation periods of 2021. It will be applied as 23% for corporate earnings for the 2022 taxation period, 20% for 2023 and after (KVK Art. 32.))

However, financial losses cannot be deducted from previous years' profits.

There is no practice in Turkey to reach an agreement with the tax authority regarding the taxes to be paid. Corporate tax returns are submitted to the relevant tax office until the evening of the 30th day of the fourth month following the month in which the accounting period is closed. However, the tax inspection authorities can review the accounting records within five years, and if an incorrect transaction is detected, the tax amounts to be paid may change.

Withholding Tax

In addition to corporate tax, income tax withholding must be calculated separately on dividends, excluding those distributed to full-fledged corporations and foreign companies' branches in Turkey, which receive dividends in case of distribution and declare these dividends by including them in corporate income.

Income tax withholding was applied as 10% in all companies between April 24, 2003 and July 22, 2006. This rate has been applied as 15% with the Council of Ministers Decision No. 2006/10731 as of 22 July 2006. Dividends that are not distributed and added to the capital are not subject to income tax withholding. With the President's Decision No. 4936 ("Decision"), which was published in the Official Gazette dated 22.12.2021, and within the scope of the Income Tax Law and the Corporate Tax Law, the withholding tax rate from the dividends distributed by the fully taxpayer institutions was reduced from 15% to 10%.

19.8% tax withholding is required on the investment incentives benefited from the investment incentive certificates obtained before 24 April 2003. Of the investment expenditures without incentive certificate made after this date, 40% of those directly related to the production activities of the companies can be deducted from the taxable income. No tax withholding is made from the investment expenditures without incentive certificate. The company has to accrue 19.8% Income Tax Withholding due to the use of investment discount for the period before April 24, 2003.

31. Tax Assets and Liabilities (Continued)
As of 31 December 2022, the Company calculates the Investment Discount used for the period prior to 24 April 2003 and the Income Tax Withholding tax calculated on it, by calculating Income Tax Withholding over the investment discount amount, if any, to be used due to the tax base to be accrued in the Corporate Tax Return, and submit it with a concise declaration in the following month. pay by declaration.

Investment Incentives
In the Temporary Article 69, which was added to the Income Tax Law No. 193 with the Law No. 5479, which was published in the Official Gazette No. 26133 dated April 8, 2006 and entered into force as of January 1, 2006, the taxpayers within the scope of this article are in force on December 31, 2005. It is envisaged that they will be able to deduct the investment incentive amounts they will calculate according to the provisions of the legislation (including the provisions regarding the tax rate) only from their earnings for the years 2006, 2007 and 2008, therefore, the investment incentive application has been abolished as of 1 January 2006.

In this framework, the rights of obliged parties who could not use some or all of their investment incentive exemption rights within a three-year period ceased to exist as of 31 December 2008.

On the other hand, articles 2 and 15 of the Law No. 5479 and article 19 of the Income Tax Law were repealed as of January 1, 2006, and thus, investment incentive exemption was granted over investment expenditures made between January 1, 2006 and April 8, 2006. was not allowed.

However, pursuant to the decision taken by the Constitutional Court at its meeting held on October 15, 2009, the phrases 2006, 2007 and 2008 included in the temporary article 69 of the above-mentioned Income Tax Law regarding investment incentives, and the phrases of article 19 have been removed from the date of January 1, 2006. It has been decided to cancel the regulation regarding the abolition of the investment incentives on the grounds that it is unconstitutional, and the time limitation regarding the investment discount has also been removed.

Pursuant to the decision taken by the Constitutional Court, it was ruled that the annulment regarding the investment discount would enter into force with the publication of the Decision in the Official Gazette, and the relevant Constitutional Court Decision was published in the Official Gazette dated 8 January 2010 and numbered 27456.

According to this; Investment allowance amounts transferred to 2006 due to insufficient earnings and investment allowance amounts arising from investments that started before 2006 and continued after this date within the scope of economic and technical integrity can be used not only in 2006, 2007 and 2008, but also in the following years. With the new regulation, it has been ensured that the investment incentive exemption, which cannot be deducted due to insufficient earnings and is carried over to the following periods, continues to be utilized without any year limitation.

However, the "Law on Amending the Income Tax Law and Some Laws and Decrees with the Force of Law" numbered 6009 was published in the Official Gazette dated 1 August 2010 and numbered 27659, and the amount to be deducted as an investment allowance exemption with the relevant law is % of the income amount of the relevant year. It is stated that it cannot exceed 25. With the amendment, the corporate tax rate of those who will benefit from the investment discount is the current rate (20%) instead of 30%.

With the decision of the Constitutional Court dated February 9, 2012 and numbered 2012/9 (Main No: 2010/93), it was added to the first paragraph of the temporary 69th article of the Income Tax Law with the 5th article of the Law no. The amount to be deducted as an investment allowance exception cannot exceed 25% of the relevant income. It has decided that the sentence in the form is unconstitutional and annulled. Following the decision of the Constitutional Court, necessary arrangements were made by the Revenue Administration to enable taxpayers to benefit from investment incentives without considering the 25% limit in their Annual Corporate Tax Returns for 2011.
As of 31 December 2022, the Company has 373,943 TL of Unused Investment Discount for the period before 24 April 2003. The Company has to accrue 19.8% Income Tax Withholding due to the use of Investment Discount for the period before April 24, 2003. As of December 31, 2021, the Company calculates the Investment Discount used for the period before April 24, 2003 and the Income Tax Withholding calculated on it, by calculating the Income Tax Withholding, if any, over the investment discount amount, if any, due to the tax base to be accrued in the Corporate Tax Return, with a concise declaration in the following month. will pay by declaration.

With the Law No. 4842 dated April 9, 2003, the articles of the Income Tax Law regarding Investment Discounts were amended and it was stated that 40% of the investment made within the framework of the criteria specified in the law would be benefited from the Investment Discount Exemption in the purchase of investment goods.

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

31. Tax Assets and Liabilities (Continued)

Investment Incentives (Continued)

Income Tax Withholding is also not applied in the Investment Discount Exceptions utilized according to this provision. All of the Company's investment incentives have been used within the scope of the law numbered 4842, and after the use of the investment discount, there is no withholding tax-free investment allowance according to the said law.

The Group will be able to use the unused investment incentive amounting to TL 373,943 (31 December 2021: TL 163,344) as of 31 December 2022 by deducting it from future earnings.

In Turkey, transfer pricing regulations are indicated in the article 13 titled "hidden income distribution via transfer pricing" of the Corporation Tax Law. The notification dated 18 November 2007 regarding hidden income distribution via transfer pricing regulates the details about the practice.

If the taxpayer purchases goods or services from/to its related parties at a value or price that is considered to be non arm's length, then such income is regarded fully or partially distributed in a hidden way via transfer pricing. Hidden income distribution via this kind of transfer pricing is considered non-deductable expense for corporation tax base. Buying, selling, production and construction transactions, renting and subletting transactions, borrowing and lending money, transactions that require payments like premium, wage, etc. are considered buying or selling goods or services under all circumstances.

Companies are obliged to fill out the transfer pricing form that is attached to the annual corporation tax declaration. In this form, all the amounts belonging to the transactions performed with the related companies in the accounting period and the transfer pricing methods relating to these transactions are indicated.

The tax provisions for the periods ended 31 December 2022 and 31 December 2021 consist of the following:

Current period income tax	**1 January- 31 December 2022**	**1 January- 31 December 2021**
Current period corporation tax income/(expenses) (*)	2,682	(8,549)
Deferred tax income/(expenses)	(482)	129
Total tax income/(expenses)	**2,200**	**(8,420)**

(*) The Group has benefited from the Corporate Tax Exemption for the portion of the foreign exchange gains resulting from the 2021 year-end valuation of the KKM (Currency Protected Deposit) accounts for the period of 1 October - 31 December 2021. TL 5,430 for the 2021 accounting period has been classified as tax income in the condensed consolidated statement of profit or loss for the twelve-month interim period ended on 31 December 2022.

For the periods ended 31 December 2022 and 31 December 2021, the provision for income tax in the statement of profit or loss is different from the amount computed by applying the statutory tax rate of income before tax::

	1 January- 31 December 2022	**1 January- 31 December 2021**
Profit/(loss) before the reported tax	211,982	147,666
Tax calculated based on the reported profit/loss	(48,756)	(36,917)
Amount of disallowable expenses	(2,038)	(530)
Amount of tax exempt income	10,600	310
Subsidiary tax effect (*)	35,648	24,070
Other	6,746	4,647
Tax income/(expense)	**2,200**	**(8,420)**

(*) Shipping companies established in Malta and Marshall Islands, which are subsidiaries of the Company, are exempt from tax in accordance with the laws of the country they are located in. Period and previous year profits of the subsidiaries, through cash or bonus profit distribution or bonus capital increase, the Corporate Tax rate in Turkey in the period of the Company's profit for the period 2019, 2020 is obtained by the Company, which has 100% capital shares. 22% for the corporate income of the first period of 2021, 20% for the corporate earnings of the year 2021, II., III. and IV. It will be applied as 25% for corporate earnings belonging to taxation periods. It will be applied at the rate of 23% for corporate earnings for the 2022 taxation period, 20% for 2023 and beyond (KVK Art. 32.).

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

31. Tax Assets and Liabilities (Continued)

The Company calculates deferred tax assets and liabilities arising from the effects of the evaluation differences between TFRS and Tax Procedural Law (TPL).

As at 31 December 2022 and 31 December 2021, the list of temporary differences and related deferred tax assets and liabilities by using current tax rates are as follows:

	31 December 2022	31 December 2021
Provision for doubtful receivables	-	899
Employee termination benefits and other employee rights	588	255
Other	216	22
Deferred tax assets net	**804**	**1,176**

The Corporate Tax rate will be applied as 23% for the corporate earnings for the 2022 taxation period, and 20% for 2023 and beyond (KVK Art. 32).

As at 31 December 2022 and 31 December 2021, movement of deferred tax assets is as follows;

	31 December 2022	31 December 2021
Opening balance	1,176	1,041
Deferred tax income/(expense) that is recognized in profit or loss	(482)	129
Deferred tax that is recognized in shareholders' equity	110	6
Balance at the end of period	**804**	**1,176**

32. Earnings/(losses) per share)

Earnings/(losses) per share calculation for the periods ended 31 December 2022 and 31 December 2021 are as follows:

	1 January- 31 December 2022	1 January- 31 December 2021
Net profit /(loss) for the period	214,182	139,246
Weighted average number of ordinary shares	150,000	89,165
Basic earnings/(losses) expressed in 1 TL per share	**1,428**	**1,562**

33. The nature and level of the risks that stem from financial instruments

33.1 Financial risk management purposes and policies

The Group Companies are exposed to various risks during their activities:

- Credit Risk
- Liquidity Risk
- Market Risk

This note is disclosed to give information about the targets, policies and processes in the risk management of the Group companies in case the Group companies are exposed to the aforementioned risks.
The Board of Directors of the Group companies is generally responsible for the establishment and supervision of the risk management frame of the companies.

The risk management policies of the Group companies are formed to determine and analyze the risks that the companies can be exposed to. The purpose of the risk management policies is to form the appropriate risk limit controls, to supervise risks and to adhere to the limits. The Company creates a disciplined and constructive control environment and helps all the employees understand their roles and responsibilities via various training and management standards and processes.

33. The nature and level of the risks that stem from financial instruments (continued)

33.1.1 Credit risk

The Group is exposed to credit risk because of its dry cargo transportation. Credit risk is the risk that one party in a mutual relationship suffers a financial loss as a result of the other party not fulfilling his/her commitment regarding a financial instrument. The Company tries to manage credit risk by limiting the transactions made with certain parties and evaluating continuously the trustworthiness of the parties.

Credit risk concentration is about certain companies operating in similar lines of business or being located in the same geographical region. This concentration is also about changes that can occur under economic, political and similar other conditions – affecting the commitments of these companies that stem from contracts. Credit risk concentration reveals the Company's sensitivity about its performance of being effective to a certain branch of industry or geographical region.

The Group tries to manage its credit risk by working with International companies which are specialized in their sectors and by doing business in terms of International law.

33.1.2 Liquidity risk

Liquidity risk come in sight during the funding of the Group companies' activities. This risk includes both the risk of not being able to fund the Group companies' assets in appropriate maturities and dates and the risk of not being able to liquidate an asset with a reasonable price and in an appropriate timeframe. The Group fulfills its funding needs through banks. The Company continuously evaluates liquidity risk by determining the changes and watching the course of these changes in the fund resources that are necessary to reach the company targets.

33.1.3 Market Risk

The Group protects itself with respect to changing market conditions by using instruments of purchase and sale. The market risk is managed by purchase and sale of derivative financial instruments, within the limits determined by the Company management, and by getting preventive positions.

(i) Foreign currency risk

The Group carries the foreign currency risk due to the transactions conducted in foreign currencies (such as marine operations, investment activities and bank credits). Since the financial statements of the Group are prepared based on Turkish Lira, the mentioned financial statements are affected by the floating of the foreign currencies with respect to Turkish Lira.

(ii) Interest rate risk

The activities of the Group companies are exposed to the risk of changes in interest rates when its receivables and loans on interest are redeemed or reprised on different times or amounts. Furthermore, the Group, in case it has loans involving flexible interest rates such as Libor or Eurolibor rates, may also be exposed to the risk of interest rate due to the reprising thereof. The risk management activities aim to optimize the net interest income if the market interest rates in compliance with the basic strategies of the Company are considered.

Sensitivity of the assets, liabilities and off-balance sheet items to interest is evaluated daily and monthly by the Company Management while also taking the developments in the market into account.

Standard method, value exposed to the risk (VaR - Method of Historical Analogy) and methods of Active- Passive risk measurement are used while measuring the risk of interest rate endured by the Group. Measurements within the context of standard method are conducted on monthly bases via maturity ladder and those within the context of VaR measurements are conducted on daily bases. Active passive measurement model is also conducted on daily basis.

During VaR calculations conducted on daily basis, interest rate risks of securities of Turkish Lira and foreign currency in the portfolio of the Company which are allocated for sale-purchase and ready for sale and off- balance sheet positions are measured. Mentioned calculations are supported with scenario analyses and stress testings.

Standard method, value at risk (VaR-Historical Simulation Method) and Active-Liability risk measurement methods are used in measuring the interest rate risk that the Group is exposed to.

Measurements made within the scope of the standard method are performed on a monthly basis using the maturity ladder, and measurements made within the scope of VaR calculations are performed on a daily basis. The active-passive risk measurement model is also run on a daily basis.

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

33. The nature and level of the risks that stem from financial instruments (continued)

33.2 Disclosures related to financial risk management

Sectoral distribution of the receivables originating from finance sector activities is as follows:

	31 December 2022	%	31 December 2021	%
Other	32	%100	24	100
	32	**100**	**24**	**100**

As at 31 December 2022 and 31 December 2021, the assets of the Company which are qualified as credits exposed to credit risk are as in the following table:

	Receivables originating from finance sector activities	**Trade and other receivables**			
31 December 2022	**Related parties**	**Third parties**	**Related parties**	**Bank Deposits**	**Securities**
Maximum loan risks to be endured as at the end of the reporting period (A+B+C+D+E)	**32**	**379**	**-**	**494,272**	**139,308**
A. Net book value of the financial assets which are undue and have not been impaired	-	379	-	494,272	139,308
B. Net book value of the financial assets conditions of which have been re-negotiated and which will otherwise be considered as due or impaired	-	-	-	-	-
C. Net book value of the assets which are due but have not been impaired	32	-	-	-	-
portion guaranteed by securities etc.	32	-	-	-	-
D. Net book value of impaired assets	-	-	-	-	-
- Due (gross registered value)	-	-	1,980	-	-
Impairment (-)	-	-	(1,980)	-	-
- Portion of the net value guaranteed by securities etc.	-	-	-	-	-
Undue (gross registered value)	-	-	-	-	-
- Impairment (-)	-	-	-	-	-
- Portion of the net value guaranteed by securities etc.	-	-	-	-	-
E. Elements comprising off-balance sheet loan risk	-	-	-	-	-

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

33. The nature and level of the risks that stem from financial instruments (continued)

33.2 Disclosures related to financial risk management (continued)

	Receivables originating from finance sector activities		**Trade and other receivables**		
31 December 2021	**Related parties**	**Third parties**	**Related parties**	**Third parties**	**Bank deposit**
Maximum loan risks to be endured as at the end of the reporting period (A+B+C+D+E)	**-**	**24**	**963**	**136**	**312,686**
A. Net book value of the financial assets which are undue and have not been impaired	-	-	963	136	312,686
B. Net book value of the financial assets conditions of which have been re-negotiated and which will otherwise be considered as due or impaired	-	-	-	-	-
C. Net book value of the assets which are due but have not been impaired	-	24	-	-	-
portion guaranteed by securities etc.	-	24	-	-	-
D. Net book value of impaired assets	-	-	-	-	-
- - Due (gross registered value)	-	5,389	-	1,980	-
- Impairment (-)	-	(5,389)	-	(1,980)	-
- Portion of the net value guaranteed by securities etc.	-	-	-	-	-
Undue (gross registered value)	-	-	-	-	-
- Impairment (-)	-	-	-	-	-
- Portion of the net value guaranteed by securities etc.	-	-	-	-	-
E. Elements comprising off-balance sheet loan risk	-	-	-	-	-

33.2.2 Liquidity risk

The chart below provides the maturity analysis of the financial liabilities of the Group companies based on the remaining maturities as at balance sheet date. The amounts indicated in the chart represent undiscounted amounts based on contracts:

31 December 2022

Due Dates In Relation to the Contract	**Carrying value**	**Sum of cash outflow in relation to the contract**	**Less than 3 months**	**Between 3-12 months**	**Between 1-5 years**	**More than 5 years**
Non-derivative Financial Liabilities	**340,028**	**(347,175)**	**(19,821)**	**(46,938)**	**(280,416)**	**-**
Bank loans	334,889	(342,036)	(14,682)	(46,938)	(280,416)	-
Payables from finance sector activities	119	(119)	(119)	-	-	-
Trade payables	4,549	(4,549)	(4,549)	-	-	-
Other payables	471	(471)	(471)	-	-	-

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

33. The nature and level of the risks that stem from financial instruments (continued)

33.2 Disclosures related to financial risk management (continued)

31 December 2021

Due Dates In Relation to the Contract	Carrying value	Sum of cash outflow in relation to the contract	Less than 3 months	Between 3-12 months	Between 1-5 years	More than 5 years
Non-derivative Financial Liabilities	**241,404**	**(271,534)**	**(9,663)**	**(42,228)**	**(219,643)**	**-**
Bank loans	240,382	(270,512)	(8,641)	(42,228)	(219,643)	-
Payables from finance sector activities	88	(88)	(88)	-	-	-
Trade payables	755	(755)	(755)	-	-	-
Other payables	179	(179)	(179)	-	-	-

33.2.3 Market risk

Interest rate risk
The Company is exposed to the interest rate risk due to the effect of the changes in interest rates on assets yielding interest. The mentioned risk of interest rate is managed by making use of liquid assets as short term investment.

Interest rate position table			
Financial instruments with fixed interest		**31 December 2022**	**31 December 2021**
	Finance lease receivable	32	24
	Time deposits	472,118	278,710
	(GUD) Currency Protected Time Deposits	139,308	-
	Bank loans	56,396	16,889
Financial instruments with floating interest			
	Bank loans	278,493	223,493

Interest rate risk sensitivity analysis

If the interest rates of floating rate financial instruments on 31 December 2022 were 100 basis points higher / lower at the renewal dates and all other variables were held constant, the net loss for the period excluding tax would have been 31 TL higher / lower (31 December 2021: 25 TL).

Foreign currency risk

Foreign currency risk is the risk arising from the change in the value of a financial instrument depending on the changes in foreign exchange rate. The Company is exposed to the risk of currency due to the changes in exchange rates while converting its foreign currency assets to Turkish Lira. Risks of currency are managed by the using of foreign currency liquid assets as short term investment.

The chart below summarizes the foreign currency position risk of the Group in detail as at the dates of 31 December 2022 and 31 December 2021. Foreign currency assets and liabilities of the Group are as follows in foreign currency:

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

33. The nature and level of the risks that stem from financial instruments (continued)

33.2 Disclosures related to financial risk management(Continued*)*

33.2.3 Market risk (continued)

	Foreign currency position chart							
	31 December 2022				31 December 2021			
	Total TL Equivalent	**USD (in Turkish Liras)**	**Euro (in Turkish Liras)**	**Other (in Turkish Liras))**	**Total TL Equivalent**	**USD (in Turkish Liras)**	**Euro (in Turkish Liras)**	**Other (in Turkish Liras)**
1. Trade Receivables	-	-	-	-	136	136	-	-
2a. Monetary financial assets (including cash and bank accounts)	494,140	494,120	20	-	312,588	312,578	10	-
2b. Non monetary financial assets	-	-	-	-	-	-	-	-
3. Other	6,285	6,285	-	-	5,522	5,522	-	-
4. Current assets (1+2+3)	**500,425**	**500,405**	**20**	**-**	**318,246**	**318,236**	**10**	**-**
5. Trade receivables	-	-	-	-	-	-	-	-
6a. Monetary financial assets	-	-	-	-	-	-	-	-
6b. Non monetary financial assets	-	-	-	-	-	-	-	-
7. Other	759,462	759,462	-	-	541,718	541,718	-	-
8. Non-current assets (5+6+7)	**759,462**	**759,462**	**-**	**-**	**541,718**	**541,718**	**-**	**-**
9. Total assets (4+8)	**1,259,887**	**1,259,867**	**20**	**-**	**859,964**	**859,954**	**10**	**-**
10. Trade payables	4,333	4,333	-		614	614	-	
11. Financial liabilities	95,667	95,607	60	-	42,130	42,085	45	-
12a. Other (Monetary)	125	125	-	-	-	-	-	-
12b. Other (Non monetary)	6,717	6,717	-		6,558	6,558	-	
13. Short-term liabilities (10+11+12)	**106,842**	**106,782**	**60**	**-**	**49,302**	**49,257**	**45**	**-**
14Trade payables	-	-	-	-	-	-	-	-
15. Financial Liabilities	239,338	239,338	-	-	198,336	198,336	-	-
16 a. Other (Monetary)	-	-	-	-	-	-	-	-
16 b. Other (Non monetary)	-	-	-	-	-	-	-	-
17. Long-term liabilities (14+15+16)	**239,338**	**239,338**	**-**	**-**	**198,336**	**198,336**	**-**	**-**
18. Total liabilities (13+17)	**346,180**	**346,120**	**60**	**-**	**247,638**	**247,593**	**45**	**-**
19. Net Asset/(Liability) Position of the Off-Balance Sheet Foreign Currency Derivative Instruments (19a-19b)*	**139,308**	**139,308**	**-**	**-**	**-**	**-**	**-**	**-**
19a. Sum of the Off-Balance Sheet Foreign Currency Derivative Products with Passive Character	**139,308**	**139,308**	**-**	**-**	**-**	**-**	**-**	**-**
20. Net Foreign Currency Asset/(Liability) Position (9-18+19)	**1,053,015**	**1,053,055**	**(40)**	**-**	**612,326**	**612,361**	**(35)**	**-**
21. Monetary Items Net Foreign Currency Asset/(Liability) Position (=1+2a+5+6a-10-11-12a-14- 15-16a)	**154,677**	**154,717**	**(40)**	**-**	**71,643**	**71,678**	**(35)**	**-**

(*)(The Group has started to use 7,190 USD cash in foreign currency protected deposit accounts in 2022. It has been presented at its fair value as 139,308 TL in the statement of financial position. The Group, on 15 November 2022, has a 3-month maturity of 124,948 thousand TL, on 01 December 2022 it is 8,951 thousand. It has decided to open a Currency Protected Deposit Account.The interest rate of the current deposit opened on 15 November 2022 is 13.50%, and the interest rate on the deposit opened on 1 December is 12.0%. In the financial statements dated 31 December 2022, the relevant amount is 15 February 2023 The forward rate of 19.3612 dated March 3, 2023 and the forward rate of 19.5710 dated March 3, 2023 were valued at their fair value as TL 139,308.)

As of 31 December 2022 and 31 December 2021, items including derivative financial assets and liabilities, if any, in the consolidated statement of financial position are based on the assumptions that foreign currencies will be 10% more valuable or worthless, keeping all other variables constant, against TL at these dates. Consolidated exchange rate sensitivity analysis reflecting the change in the consolidated profit/loss and consolidated equities of the Group caused by the differences between the current carrying values and the values that would be carried in case of an increase or decrease in the exchange rates are given in the tables below.

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

33. The nature and level of the risks that stem from financial instruments (continued)

33.2 Disclosures related to financial risk management(Continued)

33.2.3 Market risk (continued)

Foreign Exchange Rate Sensitivity Analysis Table
31 December 2022

	Profit/(Loss)		**Equity**	
	Foreign currency appreciates	**Foreign currency depreciates**	**Foreign currency appreciates**	**Foreign currency depreciates**
Change of USD by 10% against TL:				
1. USD net asset/liability	33,095	(33,095)	58,209	(58,209)
2. Secured portion from USD risk (-)	-	-	-	-
Change of EUR by 10% against TL:				
3. Euro net asset/liability	(3)	3	-	-
4. Secured portion from EUR risk (-)	-	-	-	-
Change of other currencies by 10% against TL:				
5. Other currencies net asset/liability	-	-	-	-
6. Secured portion from other currencies risk(-)	-	-	-	-

Foreign Exchange Rate Sensitivity Analysis Table
31 December 2021

	Profit/(Loss)		**Equity**	
	Foreign currency appreciates	**Foreign currency depreciates**	**Foreign currency appreciates**	**Foreign currency depreciates**
Change of USD by 10% against TL:				
1. USD net asset/liability	32,630	(32,630)	26,340	(26,340)
2. Secured portion from USD risk (-)	-	-	-	-
Change of EUR by 10% against TL:				
3. Euro net asset/liability	(2)	2	-	-
4. Secured portion from EUR risk (-)	-	-	-	-
Change of other currencies by 10% against TL:				
5. Other currencies net asset/liability	-	-	-	-
6. Secured portion from other currencies risk(-)	-	-	-	-

Other price risks:

The Group is exposed to stock price risk arising from the stock investments. Stock investments are conducted for strategic purposes rather than commercial goals. The Group does not actively purchase-sale such investments.

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

34. Financial Instruments

Fair value of financial instruments

The estimated fair values of financial instruments have been determined by the Group, using available market information and appropriate valuation methodologies. However, judgment is necessarily required to interpret market data to estimate the fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts the Group could realize in a current market exchange.
The following methods and assumptions were used to estimate the fair value of the financial instruments for which is practicable to estimate fair value:

Financial Assets
The carrying values of financial assets including cash and cash equivalents which are accounted with their costs are estimated to be their fair values since they are short term.
The carrying values of receivables from finance sector activities as at 31 December 2022 are estimated to betheir fair values since they are short term

Financial Liabilities
The carrying values of finance sector payables, borrowings and short term trade payables are estimated to be their fair values.
Carrying and fair values of the financial assets and liabilities which are not reflected at their fair values in the financial statements as at 31 December 2022 and 31 December 2021 are shown in the table below:

	31 December 2022		**31 December 2021**	
	Carrying value	**Fair value**	**Carrying value**	**Fair value**
Financial assets and liabilities				
Cash and cash equivalents	494,272	494,272	312,689	312,689
Financial Investments (KKM)	136,163	139,308	-	-
Trade receivables	379	379	1,099	1,099
Receivables from finance sector activities	32	32	24	24
Payables from finance sector activities	119	119	88	88
Trade payables	4,549	4,549	755	755
Other payables	471	471	179	179
Bank borrowings	278,493	278,493	240,382	240,382

Classification of the fair value measurement

The chart below discloses the valuation methods of the financial instruments reflected at their fair values. The valuation methods according to different levels are defined as follows**;**
• Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
• Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
• Level 3: Inputs for the asset or liabilities that are not based on observable market data (unobservable inputs).

As at the 31 December 2022, there is no financial investment carried at fair value (31 December 2021: None).

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

35. Fees related to services received from independent audit firms

ursuant to the decision of the KGK dated 26.03.2022 and numbered 75935942-050.01.04 [1771], the Company received from the Independent Audit Firm (BDK) in the periods of 1 January-31 December 2022 and 1 January-31 December 2021. Fees for services are as follows:

	1 January- 31 December 2022	1 January- 31 December 2021
Independent audit fee for the reporting period	350	223
Other Assurance Services and Other Non-Audit Fees	35	-
Total	**385**	**223**

36. Events after the reporting period

The Law No. 7438 on Social Insurance and General Health Insurance and the Law No. 375 Amending the Decree Law No. 32121, which includes the regulation on Persons Aged at Retirement (EYT), entered into force after being published in the Official Gazette No. 32121, dated March 03, 2023. Although this issue is considered as a non-adjusting event after the reporting period within the scope of TAS 10 Events After the Reporting Period, studies are continuing to measure its impact on the Group's operations and financial position.