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

Consolidated Financial Statements As at and For the Year Ended 31 December 2023 With Independent Auditors' Report Thereon

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

3 May 2024

This report contains "Consolidated Financial Statements and Related Disclosures and Footnotes" comprising 52 pages.

GSD Denizcilik Gayrimenkul İnşaat Sanayi ve Ticaret Anonim Şirketi

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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 2023, the consolidated statement of profit or loss and 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 2023, 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 adopted within the framework of the regulations of the Capital Markets Board and 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") the ethical requirements regarding independent audit in regulations issued by the POA; the regulations of the Capital Markets Board; and other relevant legislation 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.

PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.
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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 2023, the Group obtained sales revenue of TL 259.420 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. 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.

5. 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 2023 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 3 May 2024.

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

Erkan Baki Erdal, SMMM
Independent Auditor

Istanbul, 3 May 2024

Consolidated statement of financial position (Balance sheet)
As of 31 December 2023
(Unless otherwise stated, amounts are expressed in thousands of TL based on the purchasing power of Turkish Lira ("TL") as of December 31, 2023.)

	Notes	Audited 31 December 2023	Audited 31 December 2022
Assets			
Current assets		**514,967**	**1,059,755**
Cash and cash equivalents	3	482,529	814,426
Financial Investments		14,935	229,542
Financial assets-fair value through profit or loss	4	*14,935*	*229,542*
Trade receivables	7.1	2,456	624
- Due from related parties	*6*	*2,031*	*624*
- Due from third parties		*425*	-
Receivables from finance sector activities	8	48	53
- Due from finance sector activities third parties	*8.1*	*48*	*53*
Inventories (net)	10	4,131	4,040
Prepaid expenses	11	7,047	6,507
- Due from third parties	*11*	*7,047*	*6,507*
Current income tax assets	12	69	119
Other current assets	22	2,523	3,215
- Due from third parties	*22*	*2,523*	*3,215*
Assets held for sale	13	1,229	1,229
Non-current assets		**1,663,758**	**1,277,360**
Investments in subsidiaries, business partnerships and subsidiaries	5	16,418	16,418
Tangible assets	14	1,643,855	1,254,672
- Vehicles	14	*1,643,272*	*988,575*
- Furniture and fixtures	14	*583*	*598*
- Construction in Progress		-	*265,499*
Right of use assets	15	2,561	5,671
Intangible Assets	16	87	124
- Other intangible assets	*16*	*87*	*124*
Deferred tax assets	32	820	458
Other non-current assets	*22*	17	17
Due from third parties		*17*	*17*
Total assets		**2,178,725**	**2,337,115**

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

Consolidated statement of financial position (Balance sheet)
As of 31 December 2023

(Unless otherwise stated, amounts are expressed in thousands of TL based on the purchasing power of Turkish Lira ("TL") as of December 31, 2023.)

	Notes	Audited 31 December 2023	Audited 31 December 2022
Liabilities			
Current liabilities		**188,628**	**196,738**
Short term borrowings	17	88,881	92,925
Due to related parties	17.2	*88,881*	*92,925*
- Bank loans	*17.2*	*88,881*	*92,925*
Short-term portion of long-term financial liabilities		68,916	66,610
Due to related parties	6	1,012	1,523
- Lease liabilities	*6*	*1,012*	*1,523*
Due to third parties		67,904	65,087
- Bank loans	*17.2*	*67,511*	*64,517*
- Lease liabilities		*393*	*570*
Trade payables	7.2	13,920	7,496
- Due to related parties		*386*	*92*
- Due to third parties		*13,534*	*7,404*
Payables from finance sector activities	8	179	196
- Due to third parties	*8.2*	*179*	*196*
Other payables	9	881	776
- Due to related parties		198	*206*
- Due to third parties		*683*	*570*
Deferred income	20	12,850	11,068
- Due to third parties	20	*12,850*	*11,068*
Current income tax liabilities		*2,125*	16,733
Short-term provisions	21	876	934
- Provisions for employee benefits	*21.1*	*876*	*934*
Non-current liabilities		**310,177**	**400,120**
Long-term financial liabilities		309,859	396,347
Due to related parties	6	-	1,059
- Lease liabilities		-	*1,059*
Due to third parties		309,859	395,288
- Bank loans	*17.2*	*309,690*	*394,364*
- Lease liabilities		*169*	*924*
Long-term provisions	21	318	3,773
- Provisions for employee benefits	*21.2*	*318*	*3,773*
Equity		**1,679,920**	**1,740,257**
Paid-in share capital	23.1	150,000	150,000
Adjustment to share capital	23.2	1,148,363	1,148,363
Premium on the shares/discount	23.3	36,484	36,484
Accumulated other comprehensive income that will never be. reclassified to profit or loss	23.5	19	(570)
- Gains/losses from revaluation of defined benefits	23.5	*19*	*(570)*
Accumulated other comprehensive income that may be reclassified subsequently to profit or loss	23.6	1,163,117	919,454
- Currency translation differences		*1,163,117*	*919,454*
Restricted reserves	23.7	219,686	214,912
Prior years' profits/(losses)	23.8	(732,761)	(790,801)
Net profit / (loss) for the period		(304,988)	62,415
Total equity and liabilities		**2,178,725**	**2,337,115**

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

Consolidated statement of profit or loss
For the year ended 31 December 2023
(Unless otherwise stated, amounts are expressed in thousands of TL based on the purchasing power of Turkish Lira ("TL") as of December 31, 2023.)

		Audited	Audited
	Notes	**1 January-31 December 2023**	**1 January-31 December 2022**
Continuing operations			
Marine sector revenues	24	259,420	514,200
Marine sector expenses (-)	24	(218,282)	(200,946)
Gross profit/(loss) of marine sector activities		**41,138**	**313,254**
Gross profit/(loss) from trading activities		**41,138**	**313,254**
Finance sector operating income	**25**	**24**	**248**
Foreign exchange gain	25	22	19
Interest income	25	2	192
Reversal of provision for finance operations	25	0	37
Cost of finance sector activities (-)	**25**	**(1)**	**(4)**
Foreign exchange loss	25	(1)	(4)
Gross profit/(loss) from finance sector activities		**23**	**244**
Gross profit/(loss)		**41,161**	**313,498**
General administrative expenses (-)	26	(32,753)	(20,023)
Other operating income	28	36,703	25,302
Other operating expenses (-)	29	(6,173)	(2,422)
Operating profit/(loss)		**38,938**	**316,355**
Income from investment activities	30	11,012	86,851
Operating profit/(loss) before financial income (expenses)		**49,950**	**403,206**
Financial expenses (-)	31	(34,954)	(27,866)
Net monetary gains/(losses)		(318,893)	(319,365)
Profit/ (loss) before tax from continued operations		**(303,897)**	**55,975**
Tax income/(expenses) of continued operations		**(1,091)**	**6,440**
Taxation on income / (expenses)	32	(2,189)	7,767
Deferred tax income / (expenses)	32	1,098	(1,327)
Profit/(loss) for the period		**(304,988)**	**62,415**
Earnings / (losses) per share	33	**(2.0333)**	**0.4161**

Consolidated statement of profit or loss and other comprehensive income
For the year ended 31 December 2023
(Unless otherwise stated, amounts are expressed in thousands of TL based on the purchasing power of Turkish Lira ("TL") as of December 31, 2023.)

	Notes	Audited 1 January- 31 December 2023	Audited 1 January- 31 December 2022
Profit / (loss) for the period		**(304,988)**	**62,415**
Other comprehensive income/(expenses)			
Other comprehensive income or expenses not to be reclassified to profit or loss		**19**	**(570)**
Gains/losses from revaluation of defined benefits		19	(570)
To be reclassified as profit or loss		**243,630**	**28,094**
Concerning the conversion of businesses abroad		243,630	28,094
Currency translation differences			
Other comprehensive income / (expense) (net of tax)		**243,649**	**27,524**
Total comprehensive income / (expense)		**(61,339)**	**89,939**
Appropriation of total comprehensive income / (expense)		**(61,339)**	**89,939**
Non-controlling interest		**-**	**-**
Equity holders of the parent		**(61,339)**	**89,939**

GSD Denizcilik Gayrimenkul İnşaat Sanayi ve Ticaret Anonim Şirketi

Consolidated statement of changes in equity
For the year ended 31 December 2023

((Unless otherwise stated, amounts are expressed in thousands of TL based on the purchasing power of Turkish Lira (“TL”) as of December 31, 2023.)

					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	Adjustment to share capital	Share Premium/ Discounts	Gains/losses from revaluation of defined benefits	Foreign currency translation adjustment	Restricted reserve	Prior years’ profits/ (losses	Net profit/loss for the period	Equity attributable to equity holders of the parent	Total Equity
Prior period											
1 January 2022	*23*	**150,000**	**1,148,363**	**36,484**	**-**	**889,863**	**209,134**	**(1,162,681)**	**376,901**	**1,648,064**	**1,648,064**
Transfers		**-**	**-**	**-**	**-**	**-**	**6,033**	**370,868**	**(376,901)**	**-**	**-**
Transfers to prior years’ profits/(losses)		-	-	-	-	-	6,033	370,868	(376,901)	-	-
Total comprehensive income		**-**	**-**	**-**	**(570)**	**28,094**	**-**	**-**	**62,415**	**89,939**	**89,939**
Net loss for the period		-	-	-	-	-	-	-	62,415	62,415	62,415
Other comprehensive income		-	-	-	(570)	28,094	-	-	-	27,524	27,524
The increase / decrease due to other changes		**-**	**-**	**-**	**-**	**1,497**	**(255)**	**1,012**	**-**	**2,254**	**2,254**
Balance as at 31 December 2022	*23*	**150,000**	**1,148,363**	**36,484**	**(570)**	**919,454**	**214,912**	**(790,801)**	**62,415**	**1,740,257**	**1,740,257**
Current period											
1 January 2023	*23*	**150,000**	**1,148,363**	**36,484**	**(570)**	**919,454**	**214,912**	**(790,801)**	**62,415**	**1,740,257**	**1,740,257**
Transfers		**-**	**-**	**-**	**570**	**-**	**4,936**	**56,909**	**(62,415)**	**-**	**-**
Transfers to prior years’ profits/(losses)		-	-	-	570	-	4,936	56,909	(62,415)	-	-
Total comprehensive income		**-**	**-**	**-**	**19**	**243,630**	**-**	**-**	**(304,988)**	**(61,339)**	**(61,339)**
Net loss for the period		-	-	-	-	-	-	-	(304,988)	(304,988)	(304,988)
Other comprehensive income		-	-	-	19	243,630	-	-	-	243,649	243,649
The increase / decrease due to other changes		**-**	**-**	**-**	**-**	**33**	**(162)**	**1,131**	**-**	**1,002**	**1,002**
Balance as at 31 December 2023	*23*	**150,000**	**1,148,363**	**36,484**	**19**	**1,163,117**	**219,686**	**(732,761)**	**(304,988)**	**1,679,920**	**1,679,920**

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

Consolidated Statement of Cash Flows
For the Year Ended 31 December 2023

((Unless otherwise stated, amounts are expressed in thousands of TL based on the purchasing power of Turkish Lira ("TL") as of December 31, 2023.)

	Notes	**Audited 31 December 2023**	**Audited 31 December 2022**
Cash Flows (Indirect method)			
Cash flow from operating activities		**399,402**	**308,803**
Profit/(loss) for the period		**(304,988)**	**62,412**
Profit/(loss) from continuing operations		(304,988)	62,412
Adjustments related with the reconciliation of net profit/(loss) for the period		**(328,385)**	**(115,791)**
Adjustments related to depreciation and amortization	14.15.16	84,272	81,546
Adjustments related to provisions		487	2,009
Provisions for employee benefits	21	487	2,046
Other provisions		-	(37)
Adjustments related to interest expenses and income		8,058	15,490
Interest income		(26,896)	(12,378)
Interest expenses		34,954	27,868
Adjustments related to unrealized foreign currency translation differences		(508,210)	(710,659)
Adjustments related to tax (income)/expenses		1,091	(6,441)
Adjustments related to monetary gains/losses		85,917	502,264
Realized changes in working capital		**1,022,779**	**363,697**
Changes in financial investments		214,607	(229,542)
Adjustments related to changes in trade receivables		(1,832)	2,350
Changes in receivables from financial activities due to related parties		(1,407)	1,982
Changes in receivables from financial activities due to third parties		(425)	368
Changes in receivables from financial activities		5	12
Adjustments related to changes in inventories	10	(91)	(94)
Changes in prepaid expenses	11	(540)	2,111
Adjustments related to changes in trade payables		6,425	5,452
Changes in trade payables due to related parties		294	6
Changes in trade payables due to third parties		6,131	5,446
Change in finance sector payables		(17)	(42)
Adjustments related to the changes in other payables related to operations		105	292
Changes in operations from other payables due to related parties		(8)	206
Changes in operations from other payables due to third parties		113	86
Changes in deferred income (other than contractual obligations)		1,782	(6,680)
Adjustments related to other changes in working capital		802,335	589,838
Changes in other assets related to operations		801,220	592,749
Changes in other liabilities related to operations		1,115	(2,911)
Cash flows derived from operating activities		**389,406**	**310,318**
Interest received		32,879	15,201
Employee benefits paid		(3,210)	(198)
Tax paid		(19,673)	(16,518)
Cash flows from investing activities		**37,802**	**19,901**
Cash inflows arising from the sales of tangible and intangible fixed assets		580,219	-
Cash inflows arising from the sales of tangible	14	580,219	-
Cash outflows arising from the purchase of tangible and intangible fixed assets		(553,429)	(66,950)
Cash outflows from purchases of tangible fixed assets	14	(553,429)	(66,903)
Cash outflows from purchases of intangible fixed assets	16	-	(47)
Cash inflows from participation (profit) share and other financial instruments		11,012	86,851
Cash flow from financing activities		**(139,353)**	**62,633**
Cash inflows from borrowings		521,056	277,288
Cash inflows from bank loans		521,056	277,288
Cash outflows from payment of financial borrowings		(626,691)	(186,748)
Cash outflows repayments of bank loans		(626,691)	(186,748)
Cash outflows on debt payments from lease contract		(1,924)	(1,692)
Interest paid		(31,794)	(26,215)
Net increase/(decrease) in cash and cash equivalents before the effect of foreign currency translation differences		**297,851**	**391,337**
Inflation effect on cash and cash equivalents		(633,513)	(523,892)
Effect of change in foreign exchange rates on cash and cash equivalents		4,720	6,537
Net increase/(decrease) in cash and cash equivalents		**(330,942)**	**(126,018)**
Cash and cash equivalents at 1 January		**719,173**	**845,192**
Cash and cash equivalents at 31 December	**3**	**388,231**	**719,174**

(Unless otherwise stated, amounts are expressed in thousands of TL based on the purchasing power of Turkish Lira (“TL”) as of December 31, 2023.)

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 of 31 December 2023 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. The address of the Company’s registered office is Aydınevler Mahallesi, Kaptan Rıfat Sokak, No: 3 Küçükyalı - 34854 Maltepe-İstanbul. As at 31 December 2023 the Company has 10 employees (31 December 2022: 10).

As of 31 December 2023, and 31 December 2022 information about shareholders and their percentages are as follows:

	31 December 2023		**31 December 2022**	
	Amount	**%**	**Amount**	**%**
GSD Holding A.Ş. (“GSD Holding”)	102,000	68.00	102,000	68.00
Listed	47,849	31.90	47,849	31.90
Hakan Yılmaz (Directly)	150	0.10	150	0.10
Other	1	-	1	-
Historical amount	**150,000**	**100.00**	**150,000**	**100.00**
Share capital inflation adjustment differences	1,148,363		1.148.363	
Adjustment for inflation amount	**1,298,363**		**1,298,363**	

As of 31 December 2023, and 31 December 2022, the distribution of the Company’s shares on the basis of group is as follows:

	31 December 2023	**31 December 2022**
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**

(Unless otherwise stated, amounts are expressed in thousands of TL based on the purchasing power of Turkish Lira ("TL") as of December 31, 2023.)

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 privileged in the selection of the Board of Directors, and Group A and B shareholders are privileged in electing auditors. There are no privileges 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 2023	31 December 2022
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
Gsd Ship Finance B.V. (*)	Holland	Finance	100,00	-

(*) On April 6, 2023, GSD Denizcilik Gayrimenkul İnşaat San. and Tic. The establishment of GSD Ship Finance BV in the Netherlands, as asubsidiary of A.Ş., has been completed.

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.

It is presented in accordance with the formats determined in the "Announcement on TFRS Taxonomy" published on October 4, 2022 and the Financial Statement Samples and User Guide published by the CMB.

Approval of financial statements:
Consolidated financial statements were approved by the Company's Board of Directors on 3 May 2024. 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.

(Unless otherwise stated, amounts are expressed in thousands of TL based on the purchasing power of Turkish Lira ("TL") as of December 31, 2023.)

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, Hako Maritime Limited, Nehir Maritime Limited and GSD Ship Finance companies within the scope of consolidation of the Group is US Dollars. The functional currency of the Company is TL.

The Group's presentation currency is TL. Financial statements prepared in US Dollars within the scope of TAS 21 have been converted into TL by the following method:

(a) Assets in the balance sheet have been converted into TL using the US Dollar foreign exchange buying rate and liabilities have been converted into TL using the foreign exchange selling rate announced by the Central Bank of the Republic of Turkey on the balance sheet date. The capital account of the company is shown based on the nominal capital amount, all other equity items are kept at their historical Turkish Lira values and all differences are accounted in the foreign currency translation differences account.

(b) The statement of profit or loss and other comprehensive income has been translated into TL using monthly average exchange rates.

(c) All resulting exchange differences are shown as a separate element of equity under the name of translation difference.

2.1.3 Preparation of financial statements in hyperinflationary periods

In accordance with the CMB's decision dated 28 December 2023 and numbered 81/1820, issuers and capital market institutions subject to financial reporting regulations implementing Turkish Accounting/Financial Reporting Standards shall comply with the provisions of TMS 29, starting from their annual financial reports for the accounting periods ending as of 31 December 2023. It was decided to apply inflation accounting by applying.

KGK made a statement regarding the scope and application of TMS 29 on 23 November 2023. It has been stated that the financial statements of businesses applying Turkish Financial Reporting Standards for the annual reporting period ending on or after December 31, 2023, should be presented by adjusting for the effect of inflation in accordance with the relevant accounting principles in TMS 29.

In this context, inflation adjustment was made in accordance with TAS 29 while preparing the Group's consolidated financial statements dated 31 December 2023, 31 December 2022 and 2021.

Rearrangements made in accordance with TMS 29 were made using the correction coefficient obtained from the Consumer Price Index in Turkey ("CPI") published by the Turkish Statistical Institute ("TURKSTAT"). As of December 31, 2023, the indices and correction coefficients used in the correction of financial statements are as follows:

Date	Indices	Correction coefficient	Three-year cumulative inflation rates
31.12.2023	1,859.38	1.00000	268%
31.12.2022	1,128.45	1.64773	156%
31.12.2021	686.95	2.70672	74%

2. Basis of presentation of financial statements (continued)

2.1 Basis of presentation (continued)

2.1.3 Preparation of financial statements in hyperinflationary periods (continued)

The outlines of TMS 29 indexing procedures are as follows:

All items, except those shown with current purchasing power as of the balance sheet date, are indexed using the relevant consumer price index coefficients. Amounts from previous years are also indexed in the same way.

Financial statements for previous reporting periods have been adjusted based on the current purchasing power of money at the last balance sheet date. The current period adjustment coefficient has been applied to the previous period financial statements.

Monetary asset and liability items are not subject to indexation because they are expressed in current purchasing power at the balance sheet date. Monetary items are cash and items to be received or paid in cash.

Non-monetary assets and liabilities are restated by reflecting the changes in the general price index between the date of purchase or initial recording and the balance sheet date to the purchase costs and accumulated depreciation amounts. Thus, tangible assets, intangible assets, right-of-use assets and similar assets are indexed based on their purchase values, not exceeding their market values. Depreciations have also been adjusted in a similar manner.

The amounts included in shareholders' equity have been adjusted as a result of the application of consumer price indices in the periods when these amounts were added to the company or formed within the company.

All items in the income statement, except for non-monetary items in the balance sheet that have an impact on the income statement, are indexed with coefficients calculated over the periods in which the income and expense accounts are first reflected in the financial statements.

Gain or loss resulting from general inflation on the net monetary position; It is the difference between adjustments made to non-monetary assets, equity items and income statement accounts. This gain or loss, calculated on the net monetary position, is included in the net profit.

All items presented in the statement of cash flows are expressed in terms of the current measurement unit at the end of the reporting period and adjusted for inflation. The impact of inflation on cash flows from operating, investing and financing activities is attributed to the relevant item and monetary gain or loss on cash and cash equivalents is presented separately.

"TAS 29 is valid for the Company whose functional currency is TL. Since the functional currency of the Subsidiaries is the US dollar, TAS 29 is not applied to the subsidiaries."

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 involvement 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 circumstances 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 sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee sufficient 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.

2. Basis of presentation of financial statements (continued)

2.1 Basis of presentation (continued)

2.1.4 Basis of consolidation (continued)

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 result 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.

The consolidated financial statements consist of the financial statements of the Company and its subsidiaries as at 31 December 2023 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:

2. Basis of presentation of financial statements (continued)

2.1 Basis of presentation (continued)

2.1.4 Basis of consolidation (continued)

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.

2.4 Changes in Turkish Accounting Standards

While preparing financial statements in compliance with Turkish Accounting Standards (TMS) or Turkish Financial Reporting Standards (TFRS), changes and comments in the standards are shown in the footnotes as follows.

Explanations regarding the effects of the new TMS/TFRS on the financial statements:

a) Title of TAS/TFRS,

b) explanation of the change in accounting policy, if any, in accordance with the relevant transition provisions,

c) explanation of the change in accounting policy,

d) explanation of the transition provisions, if any,

e) the possible effects of transitional provisions, if any, on future periods,

f) as far as possible, adjustment amounts for the current and each previous period presented: i. be presented for each affected financial statement item; and ii. If the "TAS 33, Earnings per Share" standard is applicable for the company, the ordinary share and diluted earnings per share amounts must be recalculated.

g) if possible, the adjustment amounts for the periods before the periods not presented; and

h) if retrospective application is not possible for any period or periods, the events that led to this situation should be explained and the date and how the change in accounting policy was applied should be explained.

a) Standards, amendments, and interpretations applicable as of 31 December 2023:

- **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.

- **IFRS 17, 'Insurance Contracts';** effective from annual periods beginning on or after 1 January 2023. This standard replaces IFRS 4, which permited a wide variety of practices in accounting for insurance contracts. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts.

- **Amendment to IAS 12 - International tax reform ;** The temporary exception is effective for December 2023 year ends and the disclosure requirements are effective for accounting periods beginning on or after 1 January 2023, with early application permitted. These amendments give companies temporary relief from accounting for deferred taxes arising from the Minimum Tax Implementation Handbook international tax reform. The amendments also introduce targeted disclosure requirements for affected companies.

2. Basis of presentation of financial statements (continued)

2.1 Basis of presentation (continued)

2.1.4 Basis of consolidation (continued)

b) Standards, amendments, and interpretations that are issued but not effective as of 31 December 2023:

- **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. The amendments also aim to improve information an entity provides related to liabilities subject to these conditions.

- **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.

- **Amendments to IAS 7 and IFRS 7 on Supplier finance arrangements;** effective from annual periods beginning on or after 1 January 2024. These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on a company's liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB's response to investors' concerns that some companies' supplier finance arrangements are not sufficiently visible, hindering investors' analysis.

- **Amendments to IAS 21 - Lack of Exchangeability;** effective from annual periods beginning on or after 1 January 2025. An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. A currency is exchangeable when there is an ability to obtain the other currency (with a normal administrative delay), and the transaction would take place through a market or exchange mechanism that creates enforceable rights and obligations.

- **IFRS S1, 'General requirements for disclosure of sustainability-related financial information;** effective from annual periods beginning on or after 1 January 2024. This standard includes the core framework for the disclosure of material information about sustainability-related risks and opportunities across an entity's value chain.

- **IFRS S2, 'Climate-related disclosures';** effective from annual periods beginning on or after 1 January 2024. This is the first thematic standard issued that sets out requirements for entities to disclose information about climate-related risks and opportunities.

2.5 Summary of significant accounting policies

However, in the Board Decision of the POA published in the Official Gazette dated December 29, 2023, it was announced that certain businesses will be subject to mandatory sustainability reporting as of January 1, 2024. Businesses that fall within the scope of sustainability practice are counted for the purpose of determining the businesses that will be subject to Sustainability Reporting within the scope of the "Board Decision on the Scope of Application of Turkish Sustainability Reporting Standards (TSRS)" dated January 5, 2024.

(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.

2. Basis of presentation of financial statements (continued)

2.5 Summary of significant accounting policies (continued)

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
- 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.

2. Basis of presentation of financial statements (continued)

2.5 Summary of significant accounting policies (continued)

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 experience of credit losses in the last three years. The Group performed the calculation of ECL separately for each customer. 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 years are deducted from the gross financial lease receivables including interest and capital amounts. 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.

2. Basis of presentation of financial statements (continued)

2.5 Summary of significant accounting policies (continued)

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 amortized 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 Liabilities

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.

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.

2. Basis of presentation of financial statements (continued)

2.5 Summary of significant accounting policies (continued)

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.

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.

2. Basis of presentation of financial statements (continued)

2.5 Summary of significant accounting policies (continued)

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.

(Unless otherwise stated, amounts are expressed in thousands of TL based on the purchasing power of Turkish Lira ("TL") as of December 31, 2023.)

2. Basis of presentation of financial statements (continued)

2.5 Summary of significant accounting policies (continued)

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

	Years
Ships	18
Dry-dock	5
Machinery and equipment	3-4
Vehicles	5
Furniture and fixtures	4-5
Computer software	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 recognized 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 2023	**31 December 2022**
Net discount rate	28.00%	10.59%
Expected rate of salary / limit increase	24.61%	11.63%
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 23,489.83 (31 December 2022: full TL : 15,371.40) which is effective as at 31 December 2023 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 recognized 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 occurred 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 performance obligations as a performance 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 financing 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 criteria's 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.

(iii) *Dividend Income*
Dividend income is recognized in profit or loss in the period they are declared.

(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.

2. Basis of presentation of financial statements (continued)

2.5 Summary of significant accounting policies (continued)

(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).
- (ii) 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.

(Unless otherwise stated, amounts are expressed in thousands of TL based on the purchasing power of Turkish Lira ("TL") as of December 31, 2023.)

2. Basis of presentation of financial statements (continued)

2.5 Summary of significant accounting policies (continued)

As at 31 December 2023 and 2022, cash and cash equivalents details are as follows except the interest income accruals and blocked amounts presented in the statement of cash flows.

	31 December 2023	31 December 2022
Cash	12	-
Banks	476,534	811,603
	476,546	**811,603**

(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 2023 and 31 December 2022 that were used by the Company are as follows;

	31 December 2023	31 December 2022
USD	29.4382	18.6983
EUR	32.5739	19.9349

(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.

(Unless otherwise stated, amounts are expressed in thousands of TL based on the purchasing power of Turkish Lira ("TL") as of December 31, 2023.)

3. Cash and cash equivalents

As at 31 December 2023 and 31 December 2022, cash and cash equivalents are as follows;

	31 December 2023	31 December 2022
Banks	482,517	814,426
Demand deposit	*33,712*	*36,503*
Time deposit(*)	*448,805*	*777,923*
Cash on hands	12	-
Total cash and cash equivalents included in the balance sheet	**482,529**	**814,426**
Accrued interest income on cash and cash equivalents	(5,983)	(2,823)
Blocked deposits*(**)*	(88,315)	(92,429)
Total cash and cash equivalents included in the cash flow	**388,231**	**719,174**

(*)The total amount of time deposits is 448,805 TL and it consist of time deposits up to 1 month.
(**) The blocked deposit of 88,315 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 2023, the time deposits comprised bank placements in USD. As at 31 December 2023 interest rate is 4,00% - 5,35% for USD denominated bank accounts (31 December 2022: 2.25% - 4.00% 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.
This exemption continues in 2022 and 2023.

The Group decided to open a Deposit Account on March 3, 2023, with a 3-month maturity of 9,077 thousand TL and an Exchange Rate Protected interest rate of 21.0%. His return took place on June 6, 2023. In addition, it was decided to open an Exchange Rate Protected Deposit Account of 10,318 thousand TL with a 3-month maturity and an interest rate of 35.0% on June 6, 2023. His return took place on September 6, 2023, and it was decided to open a Deposit Account with a 3-month maturity of 12,880 thousand TL with an exchange rate protected interest rate of 30% on the date of return. The return was made on 07 December 2023, and on the same day, it was decided to open a Deposit Account with a 3-month maturity of 13,891 thousand TL with exchange rate protection and an interest rate of 34.00%. In the financial statements dated 31 December 2023, the relevant amount was valued at 31.1144, which is the forward rate dated 8 March 2024, and shown at its fair value as 14,935 TL. The tax advantage provided for the 2023 period is 983 Thousand TL.

As of 31 December 2023 and 31 December 2022, financial assets at fair value through profit or loss are as follows:

	31 December 2023	31 December 2022
Currency Protected Time Deposit Account (KKMH)	14,935	229,542
	14,935	**229,542**

(Unless otherwise stated, amounts are expressed in thousands of TL based on the purchasing power of Turkish Lira ("TL") as of December 31, 2023.)

5. Investments in subsidiaries, business partnerships and subsidiaries

Investments in subsidiaries, business partnerships and subsidiaries

As at 31 December 2023 and 31 December 2022, investments in subsidiaries, business partnerships and subsidiaries consist of unlisted equity investments. As at 31 December 2023 and 31 December 2022, the details of investments in subsidiaries, business partnerships and subsidiaries are as follows:

	31 December 2023		31 December 2022	
	% of shares	Carrying value	% of shares	Carrying value
Not Listed				
GSD Faktoring A.Ş.	1.98	16,418	1.98	16,418
		16,418		**16,418**

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 2022: 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 2023	31 December 2022
Deposit at banks	384,232	181,410
GSD Yatırım Bankası A.Ş.	*384,232*	*181,410*
Lease liabilities	1,012	2,582
M. Turgut Yılmaz	*1,012*	*2,582*
Total	**385,244**	**183,992**

(b) Other balances and transactions with related parties

As at 31 December 2023 and 31 December 2022, other receivables due to related parties are as follows:

	31 December 2023	31 December 2022
Mila Maritime Limited	326	-
Dodo Maritime Limited	324	316
Neco Maritime Limited	234	-
Zeyno Maritime Limited	320	-
Lena Maritime Limited	467	308
Nejat Maritime Limited	360	-
Total	**2,031**	**624**

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 2023 and 31 December 2022, trade payables due to related parties are as follows:

	31 December 2023	31 December 2022
GSD Holding A.Ş.	386	92
Cano Maritime	91	94
Hako Maritime	107	112
Total	**584**	**298**

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

(Unless otherwise stated, amounts are expressed in thousands of TL based on the purchasing power of Turkish Lira (“TL”) as of December 31, 2023.)

6. Related party disclosures (continued)

Transactions with related parties as at 31 December 2023 and 31 December 2022 are as follows;

Group companies of the parent	**31 December 2023**	**31 December 2022**
Mila Maritime Ltd Commercial management commission	4,010	6,327
Zeyno Maritime Ltd Commercial management commission	3,165	5,409
Neco Maritime Ltd Commercial management commission	3,143	5,045
Dodo Maritime Ltd Commercial management commission	3,193	5,072
Lena Maritime Ltd Commercial management commission	3,127	4,904
Nejat Maritime Ltd Commercial management commission	2,776	3
GSD Yatırım Bankası A.Ş. Interest expense	9,303	5,614
GSD Yatırım Bankası A.Ş. Interest income	(316)	(1,101)
GSD Holding A.Ş. shares paid	(1,233)	(716)
M. Turgut Yılmaz Office rental interest expense within the scope of TFRS16	(424)	(545)
M. Turgut Yılmaz Office lease depreciation expense within the scope of TFRS16	3,046	(960)
GSD Holding A.Ş. Guaranty expense	(198)	(727)

(c) Derivative financial transactions
As at 31 December 2023, the Group does not have any derivative transactions with related parties (31 December 2022: None).
(d) Key management benefits
Total benefit of key management for the period ended 31 December 2023 is TL 7,204 (31 December 2022:6,877TL)

(e) Other related party transactions

As of 31 December 2023, GSD Holding has given a surety of TL 459,571 to credit institutions (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 2023	**31 December 2022**
Loans used from GSD Yatırım Bankası A.Ş.	88,881	92,925
Period-end provision amount	**88,881**	**92,925**

7. Trade receivables and payables

7.1 Trade receivables

As at 31 December 2023 and 31 December 2022, details of trade receivables are as follows:

	31 December 2023	**31 December 2022**
Trade receivables from marine activities	2,456	624
Doubtful trade receivables	1,980	3,263
Provision for doubtful trade receivables	(1,980)	(3,263)
	2,456	**624**

As at 31 December 2023 and 31 December 2022, movements in the provision for doubtful trade receivables:

	31 December 2023	**31 December 2022**
Provision at the beginning of the year	1,980	3,263
Provision at the end of period	**1,980**	**3,263**

(Unless otherwise stated, amounts are expressed in thousands of TL based on the purchasing power of Turkish Lira ("TL") as of December 31, 2023.)

7. Trade receivables and payables

7.2 Trade payables

As at 31 December 2023 and 31 December 2022, details of trade payables are as follows:

	31 December 2023	31 December 2022
Trade payables from marine activities	13,146	7,140
Other trade payables (*)	386	92
Seller	310	135
Trade payables from VAT refund receivables	78	129
	13,920	**7,496**

(*) 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 2023 and 31 December 2022, details of short-term receivables from finance sector operations are as follows:

	31 December 2023	31 December 2022
Finance lease receivables (net)	48	53
	48	**53**

The Group does not have long-term receivables from finance sector operations as at 31 December 2023 (31 December 2022: 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 2023 and 31 December 2022, details of finance lease receivables are as follows;

	31 December 2023	31 December 2022
Finance lease receivables, not due	61	74
Unearned interest income (-)	(13)	(21)
Short-term finance lease receivables, net	**48**	**53**
Total finance lease receivables, net	**48**	**53**

8.1.2 Doubtful receivables

Until June 16, 2011, GSD Denizcilik Gayrimenkul İnşaat Sanayi ve Ticaret A.Ş. 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 TL 99 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 2023	31 December 2022
Balance at January 1	-	8,880
Current period collections (-)	-	(27)
Doubtful receivables written off during the period (-)	-	(8,853)
Provision net of recoveries	**-**	**(8,880)**
Balance at 31 December	**-**	**-**

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

	31 December 2023	31 December 2022
Advances received	179	196
	179	**196**

(Unless otherwise stated, amounts are expressed in thousands of TL based on the purchasing power of Turkish Lira ("TL") as of December 31, 2023.)

9.2 Other payables

As at 31 December 2023 and 31 December 2022, details of other receivables are as follows:

	31 December 2023	31 December 2022
Other tax payables	346	399
Other payables to related parties	198	206
Social security premium payables	174	163
Other	163	8
	881	**776**

10. Inventories

	31 December 2023	31 December 2022
Ship oil	4,131	4,040
	4,131	**4,040**

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 2023	31 December 2022
Insurance expenses	3,966	2,628
Prepaid loan commission expenses	2,330	3,417
Prepaid miscellaneous expenses	647	411
Ship annual tonnage tax expenses	73	36
Ship annual registration fee expenses	31	15
	7,047	**6,507**

As at 31 December 2023 and 31 December 2022, there are no prepaid expenses classified in non-current assets.

12. Current income tax assets

As at 31 December 2023, the current income tax assets amounting to TL 69 consist of tax deductions from interest income derived from bank deposits which are not yet deducted (31 December 2022: TL 119).

13. Assets held for sale

As at 31 December 2023, assets held for sale amounting to TL 1,229 comprised of a land which were acquired from certain customers in exchange for finance lease receivables (31 December 2022: TL 119).

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 2023 have been evaluated and the carriage has continued with its recorded values.

(Unless otherwise stated, amounts are expressed in thousands of TL based on the purchasing power of Turkish Lira ("TL") as of December 31, 2023.)

14. Tangible assets (continued)

For the accounting period ending on 31 December 2023, the movements of property, plant and equipment are as follows:

	1 January 2023	Additions	Disposals	Currency translation differences	31 December 2023
Cost					
Ships	1,596,592	103,506	-	566,818	2,266,916
Drydock	64,326	27,910	-	7,276	99,512
Construction on Progress	265,499	421,796	(580,219)	(107,076)	-
Machinery and equipment	-	-	-	-	-
Vehicles	3,944	-	-	-	3,944
Furniture and fixtures	13,846	217	-	-	14,063
Total	**1,944,207**	**553,429**	**(580,219)**	**467,018**	**2,384,435**

	1 January 2023	Current year charge	Disposals	Currency translation differences	31 December 2023
Accumulated depreciation					
Ships	624,320	64,203	-	(27,127)	661,396
Drydock	50,709	15,193	-	(2,256)	63,646
Machinery and equipment	-	-	-	-	-
Vehicles	1,258	800	-	-	2,058
Furniture and fixtures	13,248	232	-	-	13,480
Total	**689,535**	**80,428**	**-**	**(29,383)**	**740,580**
Net book value	**1,254,672**				**1,643,855**

Movement of tangible assets for the year ended 31 December 2022 are as follows;

	1 January 2022	Additions	Disposals	Currency translation differences	31 December 2022
Cost					
Ships	1,869,529	750	-	(273,687)	1,596,592
Drydock	75,200	91	-	(10,965)	64,326
Construction on Progress	220,589	65,909	-	(20,999)	265,499
Machinery and equipment	-	-	-	-	-
Vehicles	3,944	-	-	-	3,944
Furniture and fixtures	13,693	153	-	-	13,846
Total	**2,182,955**	**66,903**	**-**	**(305,651)**	**1,944,207**

	1 January 2022	Current year charge	Disposals	Currency translation differences	31 December 2022
Accumulated depreciation					
Ships	654,720	65,901	-	(96,301)	624,320
Drydock	44,339	12,847	-	(6,477)	50,709
Machinery and equipment	-	-	-	-	-
Vehicles	457	801	-	-	1,258
Furniture and fixtures	13,029	219	-	-	13,248
Total	**712,545**	**79,768**	**-**	**(102,778)**	**689,535**
Net book value	**1,470,410**				**1,254,672**

(Unless otherwise stated, amounts are expressed in thousands of TL based on the purchasing power of Turkish Lira ("TL") as of December 31, 2023.)

15. Right of use assets

As at 31 December 2023 details of right of use assets are as follows:

	1 January 2023	Additions	Disposals	Currency translation differences	31 December 2023
Cost					
Buildings	9,092	698	-	-	9,790
Vehicles	4,174	-	-	-	4,174
Total	**13,266**	**698**	-	-	**13,964**

	1 January 2023	Current year charge	Disposals	Currency translation differences	31 December 2023
Accumulated depreciation					
Buildings	5,126	3,045	-	-	8,171
Vehicles	2,469	763	-	-	3,232
	7,595	**3,808**	-	-	**11,403**
Net book value	**5,671**				**2,561**

	1 January 2022	Additions	Disposals	Currency translation differences	31 December 2022
Cost					
Buildings	7,218	1,874	-	-	9,092
Vehicles	2,180	1,994	-	-	4,174
Total	**9,398**	**3,868**	-	-	**13,266**

	1 January 2022	Current year charge	Disposals	Currency translation differences	31 December 2022
Accumulated depreciation					
Buildings	4,166	960	-	-	5,126
Vehicles	1,688	781	-	-	2,469
	5,854	**1,741**	-	-	**7,595**
Net book value	**3,544**				**5,671**

16. Intangible assets

As at 31 December 2023 and 31 December 2022, details of intangible assets of the Group are as follows:

	31 December 2023	31 December 2022
Net book value at the beginning of the period	124	114
Addition to software rights	-	47
Current period depreciation	(37)	(37)
Net book value	**87**	**124**

(Unless otherwise stated, amounts are expressed in thousands of TL based on the purchasing power of Turkish Lira ("TL") as of December 31, 2023.)

17. Financial liabilities

17.1 Borrowing costs

In the consolidated financial statements of the Group as of December 31, 2023, there is no borrowing cost.

17.2 Bank borrowings

As of 31 December 2023, and 31 December 2022, borrowing consist of loan payables and lease transactions. The details of loan debts and debts from lease transactions are as follows:

		31 December 2023			31 December 2022		
	Currency	Original amount	Carrying amount	Interest rate %	Original amount	Carrying amount	Interest rate %
Fixed interest	USD	3,019	88,881	7,00%	3,016	92,925	4,50%
Short-term borrowings		**3,019**	**88,881**		**3,016**	**92,925**	
Fixed interest	USD	-	-	-	-	-	-
Floating interest	USD	2,293	67,511	9.37%	2,094	64,517	8,47%
Short-term portion of long-term bank borrowings		**2,293**	**67,511**		**2,094**	**64,517**	
Fixed interest	USD	-	-	-	-	-	-
Floating interest	USD	11,090	309,690	9,37%	12,800	394,364	8,47%
Long-term portion of long-term bank borrowings		**11,090**	**309,690**		**12,800**	**394,364**	
Total long-term borrowings			**377,201**			**458,881**	
Total			**466,082**			**551,806**	

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 2023		31 December2022	
	Fixed interest	Floating interest	Fixed interest	Floating interest
Up to 1 year	88,881	67,511	92,925	64,517
Up to 2 years	-	67,119	-	70,246
Up to 3 years	-	242,571	-	70,246
Up to 4 years	-	-	-	253,872
Total	**88,881**	**377,201**	**92,925**	**458,881**

(Unless otherwise stated, amounts are expressed in thousands of TL based on the purchasing power of Turkish Lira ("TL") as of December 31, 2023.)

18. Commitments

18.1 Guarantees given

The Guarantees, Pledges and Mortgages ("GPMs") that the Company gave as at 31 December 2023 and 31 December 2022 are as follows:

GPMs given by the Company	31 December 2023 Total TL Equivalent	TL	USD (TL Equivalent)	31 December 2022 Total TL Equivalent	TL	USD (TL Equivalent)
A. Total Amount of GPMs that were Given on Behalf of Its Own Legal Entity	**459,571**	**-**	**459,571**	**563,583**	**-**	**563,583**
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	-	-	-	-	-	-
3. Cash	-	-	-	-	-	-
4. Tangible asset mortgage given as cash collateral surety (*)	459,571	-	459,571	563,583	-	563,583
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	**88,315**	**-**	**88,315**	**92,925**	**-**	**92,925**
1. Bails given as cash collateral surety (**)	88,315	-	88,315	92,925	-	92,925
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	**547,886**	**-**	**547,886**	**656,508**	**-**	**92,925**

As at 31 December 2023 and 31 December 2022, 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 2023	31 December 2022
Banks	547,886	656,508
	547,886	**656,508**

(*) 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 2023, it is 459,571 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 2023, the rate of the other GPMs the Company have given to the Company's shareholders' equity is 0% (31 December 2022: 0%).

18.2 Guarantees Taken

As at 31 December 2023 and 31 December 2022, the details of the guarantees that were obtained in return for the Company's receivables from finance sector activities are as follows:

	31 December 2023	31 December 2022
Mortgages	3,721	6,131
	3,721	**6,131**

(Unless otherwise stated, amounts are expressed in thousands of TL based on the purchasing power of Turkish Lira ("TL") as of December 31, 2023.)

18.3 Other

As at 31 December 2023, GSD Holding has provided surety amounting to TL 459,571 to credit institutions as a guarantee against its open lines of credit (31 December 2022: TL 1,045,308).

19. Employee benefit obligations

The Company does not have any employee benefit obligations as at 31 December 2023 (31 December 2022: None).

20. Deferred income

As of 31 December 2023, the amount of deferred income amounting to TL 12,850 stems from early collection of monthly rents of ships (31 December 2022: TL 11,068).

21. Provision for employee benefits

21.1 Provision for short-term employee benefits

As of 31 December 2023, and 31 December 2022, details of provision for short-term employee benefits are as follows:

	31 December 2023	31 December 2022
Employee bonus provision	876	934
	876	**934**

As of 31 December 2023, and 31 December 2022, the movement of employee bonus provision is as follows:

	31 December 2023	31 December 2022
Balance at the beginning of the year	934	707
Provision for the current period	368	540
Monetary gains/(losses)	(426)	(313)
Balance at the end of the period	**876**	**934**

21.2 Provision for long-term employee benefits

As of 31 December 2023 and 31 December 2022, details of provision for long-term employee benefits are as follows;

	31 December 2022	31 December 2022
Provision for employee benefits		
Employee termination benefit provision	284	1,519
Unused vacation provision	34	2,254
Total	**318**	**3,773**

Employee termination benefit provision

In accordance with the provisions of the Labor Law in force, employees whose employment contracts have been terminated in such a way that they are entitled to severance pay are obliged to pay the legal severance pay to which they are entitled. The compensation to be paid is one month's salary for each year of service, and this amount is limited to 23,489.83 full TL as of December 31, 2023 (31 December 2022: 15,371.40 full TL). In accordance with the Turkish Accounting Standard on Employee Benefits (TMS 19) published in the Official Gazette dated 12 March 2013 and numbered 28585, all actuarial losses and gains related to the severance pay provision have been accounted for in other comprehensive income/expense as of the balance sheet dates.

(Unless otherwise stated, amounts are expressed in thousands of TL based on the purchasing power of Turkish Lira ("TL") as of December 31, 2023.)

21. Provision for employee benefits (continued)

21.2 Provision for long-term employee benefits (continued)

As of 31 December 2023, and 31 December 2022, movement of provision for employee termination benefits is as

follows:

	31 December 2023	31 December 2022
Balance at the beginning of the year	1,519	517
Actuarial gain/loss	23	433
Interest cost	49	25
Provision for the current period	70	156
Monetary gains/(losses)	(387)	508
Provision payment for the current period	(990)	(120)
Balance at the end of the period	**284**	**1,519**

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 2023 and 31 December 2022 is the total undiscounted liability amount that all the employees are entitled which corresponds to the days of their unused leaves.

As of 31 December 2023, and 31 December 2022, movement of provision for unused vacations is as follows:

	31 December 2023	31 December 2022
Balance at the beginning of the year	2,254	1,791
Provision reversed during the period	(2,220)	-
Monetary gains/(losses)	-	(786)
Provision for the current period	-	1,249
Balance at the end of the period	**34**	**2,254**

22. Other current and non-current assets

As of 31 December 2023, and 31 December 2022, details of other current assets are as follows:

	31 December 2023	31 December2022
Deferred VAT	2,281	2,620
Job advances to personnel	242	109
Other	-	486
	2,523	**3,215**

As at 31 December 2023 and 31 December 2022, details of other non-current assets are as follows:

	31 December 2023	31 December 2022
Other non-current assets due to third parties	17	17
	17	**17**

23. Equity

23.1 Paid-in share capital

As of 31 December 2023, the Company's nominal value of authorized share capital amounts to TL 150,000 (31 December 2022 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 2023 and 31 December 2022, the shareholding structure of the Company is disclosed in Note 1.

23. Equity (continued)

23.2 Adjustment to share capital

As of 31 December 2023, the Company's inflation-adjustment differences amount to TL 1,148,363 (31 December 2022: TL 1,148,363).

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 16 TL, sales losses of repurchased shares are net 993 TL, moving to 1,009 TL, and sales profits of repurchased shares realized in 2020 are 37,565TL). 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 997 TL of export premium benefit. As of December 31, 2023 were included in the premiums and discounts related to the shares at TL 997. As of 31 December 2023, an amount of TL 36,484 has been classified under equity as premiums/discounts related to shares. (December 31, 2022: TL 36,484)

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 of 31 December 2023, the Company has merger effects covering jointly controlled initiatives or entities amounting to TL (0) (31 December 2022: TL (0)).

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 of 1 January 2014 and recognized all actuarial gains and losses in other comprehensive income. Actuarial loss recognized recognized under equity in the balance sheet amounts to TL 19 as 31 December 2023 (31 December 2022: TL 570).

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 recognized in the income statement. As of 31 December 2023, foreign currency translation differences of the Company amount to TL 1,163,117 (31 December 2022: TL 919,454).

(Unless otherwise stated, amounts are expressed in thousands of TL based on the purchasing power of Turkish Lira ("TL") as of December 31, 2023.)

23. Equity (continued)

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.

As of 31 December 2023, and 31 December 2022, restricted reserves movement is as follows:

	31 December 2023	31 December 2022
Primary legal reserves	136,378	131,442
Special funds	45,536	45,698
Legal reserves inflation differences	37,772	37,772
Balance at the end of the period	**219,686**	**214,912**

The differences resulting from the conversion of the following inflation-adjusted amounts in the Company's legal records into CPI-adjusted amounts within the scope of TMS 29 are accounted for in the Retained Earnings item.

	PPI Indexed Legal Records	CPI Indexed Amounts	Differences Followed in Retained Years' Profits/Loss
Capital inflation adjustment differences	1,771,631	1,148,363	623,268
Share premiums/discounts	1,226	36,484	(35,258)
Restricted reserves	149,845	219,686	(69,841)
Extraordinary reserves	611,254	-	611,254
Special funds	222,173	-	222,173

23.8 Prior years' profits

As of 31 December 2023, and 31 December 2022, movements of prior years' profits are as follows:

	31 December 2023	31 December 2022
Balance on 1 January	(790,801)	(1,162,681)
Profits/(losses) for the prior period	56,909	370,868
Legal reserve from prior period profit	-	-
Gains/losses from defined benefits plan	1,131	1,012
Balance at end of period	**(732,761)**	**(790,801)**

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.

23. Equity (continued)

23.8 Prior years' profits (continued)

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.

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 of 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 of 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 capitalization 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 capitalization 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.

(Unless otherwise stated, amounts are expressed in thousands of TL based on the purchasing power of Turkish Lira ("TL") as of December 31, 2023.)

24. Marine sector revenues and expenses

The details of marine sector revenues and expenses for the periods ended 31 December 2023 and 31 December 2022 are as follows:

	1 January-31 December 2023	**1 January-31 December 2022**
Ship lease income	233,829	482,345
Revenues from intra-group service activities	19,412	26,759
Other income	6,179	5,096
Marine sector income	**259,420**	**514,200**
Ship depreciation expense	(79,396)	(78,748)
Personnel expenses	(65,466)	(63,782)
Various ship equipment, oil and fuel expenses	(42,045)	(33,335)
Ship insurance expenses	(11,090)	(10,073)
Technical management fees	(6,722)	(6,275)
Expenses from intra-group service activities	(5,455)	(4,446)
Rent expense paid back	(7,790)	(4,035)
Other expense	(318)	(252)
Marine sector expenses	**(218,282)**	**(200,946)**
Gross profit/(loss) from marine sector activities)	**41,138**	**313,254**

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.

Nehir Maritime Ltd., which the Company established in the Marshall Islands with 100% capital share. The purchase process of a dry cargo ship built in Japan has been completed. The ship was delivered on 9 August 2023 and started dry cargo transportation activities in international waters on 10 August 2023.

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 2023 and 31 December 2022 are as follows:

	1 January-31 December 2023	**1 January-31 December 2022**
Finance lease interest income	2	192
Finance lease receivables default income	-	37
Finance lease receivables foreign exchange gains	22	19
Total interest and other income	**24**	**248**
Financial lease receivables foreign exchange expenses	(1)	(4)
Total finance sector activities income/(expenses), net	**(1)**	**(4)**
Gross profit/(loss) from finance sector activities	**23**	**244**

(Unless otherwise stated, amounts are expressed in thousands of TL based on the purchasing power of Turkish Lira ("TL") as of December 31, 2023.)

26. General administrative expenses

The details of general administrative expenses for the periods ended 31 December 2023 and 31 December 2022 are as follows:

	1 January- 31 December 2023	1 January- 31 December 2022
Personnel expenses	16,435	12,653
Depreciation expenses	4,876	2,798
Vehicle and travel expenses	958	852
Purchases of services from related parties' expenses	1,333	1,224
Audit expenses	1,000	706
Quotation expenses	54	51
Tax, duty and charge expenses	99	25
Donation	4,950	-
Other (*)	3,018	1,714
Total	**32,753**	**20,023**

(*) 2,103 TL in 2023 is the general administrative expense of capitalized ships.

The details personnel expenses that are included in general administrative expenses for the periods ended 31 December 2023 and 31 December 2022 are as follows:

	1 January- 31 December 2023	1 January- 31 December 2022
Wages and salaries	10,277	8,289
Social security premium expenses – employer's share	1,231	722
Employee termination benefit, unused vacation and bonus provision expenses	1,150	2,046
Employee termination benefit and bonus paid	990	198
Other	2,787	1,398
Total	**16,435**	**12,653**

27. Fees related to services received from independent audit firms/independent auditors

The Company's explanation regarding the fees for services provided by independent audit firms, prepared pursuant to the KGK's Board Decision published in the Official Gazette on 30 March 2021 and whose preparation principles are based on the KGK letter dated 19 August 2021, is as follows:

	31 December 2023	31 December 2022
Independent audit fee for the reporting period	1,039	619
Total	**1,039**	**619**

28. Other operating expenses

The details of other operating expenses for the periods ended 31 December 2023 and 31 December 2022 are as follows:

	1 January- 31 December 2023	1 January- 31 December2022
Interest received from banks	26,896	12,307
Foreign currency income	6,539	12,501
Employee termination benefit cancellation income	3,210	268
Other	58	226
Total	**36,703**	**25,302**

(Unless otherwise stated, amounts are expressed in thousands of TL based on the purchasing power of Turkish Lira ("TL") as of December 31, 2023.)

29. Other operating expenses

The details of other operating expenses for the periods ended 31 December 2023 and 31 December 2022 are as follows:

	1 January- 31 December 2023	1 January- 31 December 2022
Foreign currency exchange losses from operations	(6,173)	(2,422)
Total	**(6,173)**	**(2,422)**

30. Income/expenses from investment activities

The total of income from investment activities for the accounting periods ending on December 31, 2023 and December 31, 2022 includes income from Exchange Protected Deposits as follows.

	1 January- 31 December 2023	1 January- 31 December 2022
Interest income from investing activities	6,803	28,550
Foreign currency income related to investing activities	4,209	58,301
Total	**11,012**	**86,851**

31. Financial income and expenses

The Group does not have any financial income for the periods ended 31 December 2023 and 31 December 2022.

The details of financial expenses for the periods ended 31 December 2023 and 31 December 2022 are as follows:

	1 January- 31 December 2023	1 January- 31 December 2022
Interest expense	(34,028)	(26,985)
Interest expense on employee provision	(49)	(41)
Other financial expenses	(877)	(840)
Total	**(34,954)**	**(27,866)**

32. Tax Assets and Liabilities

Corporation Tax

The Corporate Tax rate applied in Turkey is 25%, starting from declarations that must be submitted as of October 1, 2023. Necessary provisions have been made in the financial statements for the Company's estimated tax liabilities 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.

. 32. Tax Assets and Liabilities (Continued)

Corporation Tax (continued)

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. For 2023, the first and second periods are 20% and the third period is 25%, based on their quarterly financial profits.

According to Turkish tax legislation, financial losses shown on the declaration can be deducted from the period corporate income for a period not exceeding 5 years. However financial losses cannot be offsetted from last year's 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.

Pursuant to the Tax Procedure Law No. 7352 and the Law on Amendments to the Corporate Tax Law published in the Official Gazette No. 31734 dated January 29, 2022, the inflation adjustment application in the financial statements prepared in accordance with the tax procedure law has been postponed until December 31, 2023.

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, As of 31 December 2023, 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.

32. Tax Assets and Liabilities (Continued)

Investment Incentives (Continued)

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 2023, the Company has 581,795 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. 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 581,795 (31 December 2022: TL 616,157) as of 31 December 2023 by deducting it from future earnings.

(Unless otherwise stated, amounts are expressed in thousands of TL based on the purchasing power of Turkish Lira (“TL”) as of December 31, 2023.)

32. Tax Assets and Liabilities (Continued)

Investment Incentives (Continued)

As of 31 December 2023, the Group can use the unused investment discount of 581,795 TL (31 December 2022: 616,157 TL) by deducting it from future earnings. Transfer pricing regulations in Turkey are specified in Article 13 of the Corporate Tax Law titled "Disguised profit distribution through transfer pricing". The communiqué dated 18 November 2007 on disguised profit distribution through transfer pricing regulates the details regarding the application. If the taxpayer purchases or sells goods or services with related parties at the price or price they have determined, contrary to the arm's length principle, the gain is deemed to have been distributed implicitly, in whole or in part, through transfer pricing. Transactions such as disguised profit distribution through transfer pricing, giving for corporate tax purposes, borrowing and lending of money, bonuses, fees and similar payments are considered as the purchase or sale of goods or services in all cases and conditions. Companies are obliged to fill out the transfer pricing form, which will be included in the annex of the annual corporate tax return. In this form, the amounts of all transactions made with related companies within the relevant accounting period and the transfer pricing methods related to these transactions are stated.

The tax provisions for the periods ended 31 December 2023 and 31 December 2022 consist of the following:

Current period income tax	1 January- 31 December 2023	1 January- 31 December 2022
Current period corporation tax income/(expenses)	(2,189)	7,767
Deferred tax income/(expenses)	1,098	(1,327)
Total tax income/(expenses)	**(1,091)**	**6,440**

For the periods ended 31 December 2023 and 31 December 2022, 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 2023	1 January- 31 December 2022
Profit/(loss) before the reported tax	(273,362)	(3,018)
Tax calculated based on the reported profit/loss	68,339	694
Amount of disallowable expenses	(4,634)	(3,358)
Amount of tax-exempt income	3,870	17,466
Subsidiary tax effect (*)	(639)	58,394
Other	(68,027)	(66,756)
Tax income/(expense)	**(1,091)**	**6,440**

(*) 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. The Corporate Tax rate in Turkey has been applied as 25% within the company's profit for the period.

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

As of 31 December 2023 and 31 December 2022, the list of temporary differences and related deferred tax assets and liabilities by using current tax rates are as follows:

	31 December 2023	31 December 2022
Employee termination benefits and other employee rights	299	1003
Remeasurement differences of tangible and intangible assets	169	(568)
Other	352	23
Deferred tax assets net	**820**	**458**

(Unless otherwise stated, amounts are expressed in thousands of TL based on the purchasing power of Turkish Lira ("TL") as of December 31, 2023.)

32. Tax Assets and Liabilities (Continued)

Investment Incentives (Continued)

As of 31 December 2023 and 31 December 2022, movement of deferred tax assets is as follows;

	31 December 2023	31 December 2022
Opening balance	458	1,610
Deferred tax income/(expense) that is recognized in profit or loss	1,098	(1,327)
Monetary gains/losses	(731)	32
Deferred tax that is recognized in shareholders' equity	(5)	143
Balance at the end of period	**820**	**458**

33. Earnings/(losses) per share)

Earnings/(losses) per share calculation for the periods ended 31 December 2023 and 31 December 2022 are as follows:

	1 January- 31 December 2023	1 January- 31 December 2022
Net profit /(loss) for the period	(304,988)	62,415
Weighted average number of ordinary shares	150,000	150,000
Basic earnings/(losses) expressed in 1 TL per share	**(2.0333)**	**0.4161**

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

34.1 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.

34.1.1 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.

(Unless otherwise stated, amounts are expressed in thousands of TL based on the purchasing power of Turkish Lira ("TL") as of December 31, 2023.)

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

34.1 Financial risk management purposes and policies

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.

34.1.2 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 target.

34.1.3 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.

34.2.1 Credit Risk

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

	31 December 2023	%	31 December 2022	%
Other	48	100	53	100
	48	**100**	**53**	**100**

(Unless otherwise stated, amounts are expressed in thousands of TL based on the purchasing power of Turkish Lira ("TL") as of December 31, 2023.)

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

34.2.1 Credit Risk

As of 31 December 2023 and 31 December 2022, 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 2023	**Third parties**	**Related parties**	**Third parties**	**Bank Deposits**	**Securities**
Maximum loan risks to be endured as of the end of the reporting period (A+B+C+D+E)	**48**	**2,031**	**425**	**482,517**	**14,935**
A. Net book value of the financial assets which are undue and have not been impaired	-	2,031	425	482,517	14,935
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	-	-	-	-	-
33.2 C. Net book value of the assets which are due but have not been impaired	48	-	-	-	-
portion guaranteed by securities etc.	48	-	-	-	-
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	-	-	-	-	-

	Receivables originating from finance sector activities		**Trade and other receivables**		
31 December 2022	**Third parties**	**Related parties**	**Third parties**	**Bank deposit**	**Securities**
Maximum loan risks to be endured as at the end of the reporting period (A+B+C+D+E)	**53**	**624**	**-**	**814,426**	**229,542**
A. Net book value of the financial assets which are undue and have not been impaired	-	624	-	814,426	229,542
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	53	-	-	-	-
portion guaranteed by securities etc.	53	-	-	-	-
D. Net book value of impaired assets	-	-	-	-	-
- - Due (gross registered value)	-	-	3,263	-	-
- Impairment (-)	-	-	(3,263)	-	-
- 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	-	-	-	-	-

(Unless otherwise stated, amounts are expressed in thousands of TL based on the purchasing power of Turkish Lira ("TL") as of December 31, 2023.)

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

34.2.2 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 2023

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	**481,062**	**(563,432)**	**(130,690)**	**(103,455)**	**(329,287)**	**-**
Bank loans	466,082	(548,452)	(115,710)	(103,455)	(329,287)	-
Payables from finance sector activities	179	(179)	(179)	-	-	-
Trade payables	13,920	(13,920)	(13,920)	-	-	-
Other payables	881	(881)	(881)	-	-	-

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	**560,274**	**(572,051)**	**(32,660)**	**(77,341)**	**(462,050)**	**-**
Bank loans	551,806	(563,583)	(24,192)	(77,341)	(462,050)	-
Payables from finance sector activities	196	(196)	(196)	-	-	-
Trade payables	7,496	(7,496)	(7,496)	-	-	-
Other payables	776	(776)	(776)	-	-	-

34.2.3 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 2023**	**31 December 2022**
	Finance lease receivable	48	53
	Time deposits	463,740	777,923
	(GUD) Currency Protected Time Deposits	14,935	229,542
	Bank loans	88,881	92,925
Financial instruments with floating interest			
	Bank loans	377,201	458,881

(Unless otherwise stated, amounts are expressed in thousands of TL based on the purchasing power of Turkish Lira ("TL") as of December 31, 2023.)

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

34.2 Disclosures related to financial risk management(continued*)*

34.2.3 Market risk (continued)

Interest rate risk sensitivity analysis

If the interest rates of floating rate financial instruments on 31 December 2023 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 TL30 higher / lower (31 December 2022: TL 51).

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 2023 and 31 December 2022. Foreign currency assets and liabilities of the Group are as follows in foreign currency.

Foreign currency position chart

	31 December 2023				31 December 2022			
	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	-	-	-	-	-	-	-	-
2a. Monetary financial assets (including cash and bank accounts)	482,489	482,489	-	-	814,209	814,176	33	-
2b. Non-monetary financial assets	-	-	-	-	-	-	-	-
3. Other	11,417	11,417	-	-	10,356	10,356	-	-
4. Current assets (1+2+3)	**493,906**	**493,906**	**-**	**-**	**824,565**	**824,532**	**33**	**-**
5. Trade receivables	-	-	-	-	-	-	-	-
6a. Monetary financial assets	-	-	-	-	-	-	-	-
6b. Non-monetary financial assets	-	-	-	-	-	-	-	-
7. Other	1,641,385	1,641,385	-	-	1,251,388	1,251,388	-	-
8. Non-current assets (5+6+7)	**1,641,385**	**1,641,385**	**-**	**-**	**1,251,388**	**1,251,388**	**-**	**-**
9. Total assets (4+8)	**2,135,291**	**2,135,291**	**-**	**-**	**2,075,953**	**2,075,920**	**33**	**-**
10. Trade payables	13,146	13,146	-	-	7,140	7,140	-	-
11. Financial liabilities	156,568	156,503	65	-	157,633	157,534	99	-
12a. Other (Monetary)	198	198	-	-	206	206	-	-
12b. Other (Non-monetary)	12,850	12,850	-	-	11,068	11,068	-	-
13. Short-term liabilities (10+11+12)	**182,762**	**182,697**	**65**	**-**	**176,047**	**175,948**	**99**	**-**
14Trade payables	-	-	-	-	-	-	-	-
15. Financial Liabilities	309,690	309,690	-	-	394,364	394,364	-	-
16 a. Other (Monetary)	-	-	-	-	-	-	-	-
16 b. Other (Non-monetary)	-	-	-	-	-	-	-	-
17. Long-term liabilities (14+15+16)	**309,690**	**309,690**	-	-	**394,364**	**394,364**	-	-
18. Total liabilities (13+17)	**492,452**	**492,387**	**65**	**-**	**570,411**	**570,312**	**99**	**-**
19. Net Asset/(Liability) Position of the Off-Balance Sheet Foreign Currency Derivative Instruments (19a-19b)*	**14,935**	**14,935**	**-**	**-**	**229,542**	**229,542**	**-**	**-**
19a. Sum of the Off-Balance Sheet Foreign Currency Derivative Products with Active Character	**14,935**	**14,935**	**-**	**-**	**229,542**	**229,542**	**-**	**-**
20. Net Foreign Currency Asset/(Liability) Position (9-18+19)	**1,657,774**	**1,657,839**	**(65)**	**-**	**1,735,084**	**1,735,150**	**(66)**	**-**
21. Monetary Items Net Foreign Currency Asset/(Liability) Position (=1+2a+5+6a-10-11-12a-14- 15-16a)	**2,887**	**2,952**	**(65)**	**-**	**254,866**	**254,932**	**(66)**	**-**

(*) (The Group has started to use 480 thousand USD cash in 3-month maturity foreign currency protected deposit accounts at December 31, 2023.

The deposit, whose registered value is 13,891 thousand TL, is shown at its fair value as 14,935 TL in the Financial Position table. While the interest rate of the current deposit is 34.00%, the forward rate dated March 8, 2023, which is the maturity date, is valued at 31.1144.)

(Unless otherwise stated, amounts are expressed in thousands of TL based on the purchasing power of Turkish Lira ("TL") as of December 31, 2023.)

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

34.2 Disclosures related to financial risk management(continued*)*

34.2.3 Market risk (continued)

As of 31 December 2023, and 31 December 2022, 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.

Foreign Exchange Rate Sensitivity Analysis Table

31 December 2023	**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	(3,920)	3,920	168,181	(168,181)
2. Secured portion from USD risk (-)	-	-	-	-
Change of EUR by 10% against TL:				
3. Euro net asset/liability	(4)	4	-	-
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 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	54,532	(54,532)	95,913	(95,913)
2. Secured portion from USD risk (-)	-	-	-	-
Change of EUR by 10% against TL:				
3. Euro net asset/liability	(5)	5	-	-
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.

(Unless otherwise stated, amounts are expressed in thousands of TL based on the purchasing power of Turkish Lira ("TL") as of December 31, 2023.)

35. 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 of 31 December 2023 are estimated to be their 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 of 31 December 2023 and 31 December 2022 are shown in the table below:

	31 December 2023		31 December 2022	
	Carrying value	Fair value	Carrying value	Fair value
Financial assets				
Cash and cash equivalents	482,529	482,529	814,426	814,426
Financial Investments (KKM)	13,891	14,935	224,360	229,542
Trade receivables	2,456	2,456	624	624
Receivables from finance sector activities	48	48	53	53
Payables from finance sector activities	179	179	196	196
Trade payables	13,920	13,920	7,496	7,496
Other payables	881	881	776	776
Bank borrowings	466,082	466,082	551,806	551,806

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 2023, there is no financial investment carried at fair value (31 December 2022: None).

36. Events after the reporting period

GSD regarding the increase of the capital of our company's subsidiary GSD Faktoring Anonim Şirketi, which is 55,000,000 TL, to 400,000,000 TL, 73,269,919.08 TL of which is covered by internal resources and 271,730,080.92 TL of which is paid in cash. It has been decided to use the pre-emptive rights for all the shares we own in the capital of Factoring Anonim Şirketi and the pre-emptive right amount has been paid. The special situation disclosure was made on KAP on 11.01.2024.

The draft amendment of Article 6 of the Articles of Association regarding the increase of the registered capital ceiling of our company from 250,000,000 (Two Hundred and Fifty Million) TL to 3,000,000,000 (Three Billion) TL and the extension of its validity period until the end of 2027 was approved by the Capital Markets Board on 26.10.2023. The draft amendment regarding Article 6 of our Company's Articles of Association was submitted to the approval of the shareholders at the Extraordinary General Assembly meeting held on 17.01.2024, after the approval of the permission by the Ministry of Customs and Trade of the Republic of Turkey, and the special event disclosure was made on KAP on the same day.