Katmerciler Araç Üstü Ekipman Sanayi ve Ticaret A.Ş. and Its Subsidiaries

Convenience translation into English of condensed consolidated interim financial statements for the six-month period ended 30 June 2023

(Originally Issued in Turkish)

Katmerciler Araç Üstü Ekipman Sanayi Ve Ticaret A.Ş.
And Its Subsidiaries

Table of Contents

CONVENIENCE TRANSLATION INTO ENGLISH OF INDEPENDENT AUDITOR'S REVIEW REPORT ORIGINALLY ISSUED IN TURKISH ON CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
(Originally issued in Turkish)

To the Board of Directors of Katmerciler Araç Üstü Ekipman San.ve Tic. Anonim Şirketi

1) Introduction

We have audited the consolidated financial statements of Katmerciler Araç Üstü Ekipman San.ve Tic. A.Ş ("the Company") and its subsidiaries (together referred to as the "Group") which comprise the consolidated the statement of financial position as at 30 June 2023, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the six-month-period then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

The management of the Group is responsible for the preparation and fair presentation of this condensed consolidated interim financial information in accordance with Turkish Accounting Standards 34 – Interim Financial Reporting ("TAS 34"). Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

2) Scope of a review

We conducted our review in accordance with the Standard on Review Engagements (SRE) 2410, "Review of interim financial information performed by the independent auditor of the entity". A review of condensed consolidated interim financial information consists of making inquiries, primarily of persons responsible for financial reporting process, and applying analytical and other review procedures. A review is substantially less in scope than an independent audit performed in accordance with the Standards of Auditing and the objective of which is to express an opinion on the consolidated financial statements. Consequently, a review on the condensed consolidated interim financial information does not provide assurance that the audit firm will be aware of all significant matters which would have been identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to conclude that the accompanying condensed consolidated interim financial information of Group is not prepared, in all material respects, in accordance with TAS 34.

Aksis Uluslararası Bağımsız Denetim Anonim Şirketi

T.C. BAĞIMSIZ DENETÇİ 1923 2971

Çetin Dönmez, SMMM
Partner

11 August 2023
İstanbul, Turkey

Assets	Note	Reviewed 30 June 2023	Audited 31 December 2022
Current assets		**2.918.772.966**	**2.219.300.422**
Cash and cash equivalents	4	220.458.003	47.763.271
Financial investments	5	120.064	112.485
Trade receivables		**652.445.913**	**531.390.946**
- Trade receivables from third parties	7	652.445.913	531.390.946
Other receivables		**12.008.932**	**7.127.404**
- Other receivables from third parties	8	12.008.932	7.127.404
Inventories	9	1.286.609.658	1.121.543.620
Prepaid expenses	10	673.536.018	411.463.035
Current tax assets	18	298.625	297.585
Other current assets	16	73.295.753	99.602.076
Total non-current assets		**545.263.658**	**524.737.124**
Other receivables		**22.676**	**22.676**
- Other receivables from third parties	8	22.676	22.676
Investment property	11	413.732.978	413.114.284
Property, plant and equipment		**30.047.678**	**22.382.281**
Intangible assets		30.047.678	22.382.281
Prepaid expenses	10	75.125.469	62.969.283
Deferred tax assets	18	809.857	723.600
Total assets		**3.464.036.624**	**2.744.037.546**

		Reviewed	**Audited**
Liabilities	**Note**	**30 June 2023**	**31 December 2022**
Short term liabilities			
Short-term borrowings	6	89.310.229	110.491.128
Short-term portion of long-term borrowings	6	7.235.503	13.023.318
Trade payables		**252.560.648**	**251.585.152**
- Trade payables to third parties	7	252.560.648	251.585.152
Payables related to the employee benefits	15	13.693.427	4.176.851
Other payables		**10.172.841**	**3.137.402**
- Other payables to third parties	8	10.172.841	3.137.402
Deferred income	10	539.664.632	601.644.407
Current income tax liability		-	757.164
Short term provision		**6.447.351**	**6.747.845**
- Short term provisions for employee benefits	15	3.773.375	2.984.190
- Other short-term provisions	14	2.673.976	3.763.655
Total short-term liabilities		**919.084.631**	**991.563.267**
Long term liabilities			
Long term borrowings	6	1.016.425.648	717.016.801
Long term provisions		**19.969.606**	**18.005.392**
- Long term provisions for employee benefits	15	19.969.606	18.005.392
Deferred tax liability	18	15.462.930	20.898.164
Total long-term liabilities		**1.051.858.184**	**755.920.357**
Total liabilities		**1.970.942.815**	**1.747.483.624**
Equity			
Equity attributable to the owners of the Company		**1.492.842.563**	**996.345.806**
Paid-in share capital	17	1.076.625.000	652.500.000
Share premium	17	5.421.856	3.996.748
Other comprehensive income or expenses not to be reclassified in profit or loss		**318.888.347**	**317.641.088**
- Revaluation reserves	17	310.820.016	310.820.016
- Actuarial gain/(loss)	17	8.068.331	6.821.072
Restricted reserves	17	5.104.290	5.104.290
Reserve from common control transactions	17	(1.759.039)	(1.759.039)
Retained earnings	17	18.862.718	(63.705.666)
Net profit for the Year	17	69.699.391	82.568.385
Non-controlling interest	17	**251.246**	**208.116**
Total equity		**1.493.093.809**	**996.553.922**
Total equity and liabilities		**3.464.036.624**	**2.744.037.546**

KATMERCİLER ARAÇ ÜSTÜ EKİPMAN SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE SIX- MONTH PERIOD ENDED 30 JUNE 2023
Monetary Unit: Turkish Lira ("TL")

	Note	Reviewed	Reviewed	Non-Reviewed	Non-Reviewed
		01.01.2023 30.06.2023	01.01.2022 30.06.2022	01.04.2023 30.06.2023	01.04.2022 30.06.2022
Revenue		649.497.477	329.549.365	423.634.084	171.054.034
Cost of sales (-)		(286.494.530)	(155.405.563)	(164.826.179)	(75.639.070)
Gross profit		**363.002.947**	**174.143.802**	**258.807.905**	**95.414.964**
General Administrative Expenses (-)		(46.419.400)	(28.090.851)	(31.758.867)	(17.765.511)
Marketing Expenses (-)		(40.824.117)	(37.285.191)	(25.523.801)	(20.382.261)
Research and Development Expenses (-)		(2.525.899)	(1.823.882)	(1.306.617)	(1.205.484)
Other Income		337.650.988	161.867.983	303.050.502	81.019.994
Other Expenses (-)		(235.866.212)	(101.903.785)	(207.548.103)	(53.376.314)
Operating Profit /(Loss)		**375.018.307**	**166.908.076**	**295.721.019**	**83.705.388**
Gain from Investment Activities		155.061	267.263	75.137	43.657
Loss from Investment Activities		-	(9.526.394)	-	(9.042.702)
Operating Profit/(Loss) Before Financial Income /(expenses) net		**375.173.368**	**157.648.945**	**295.796.156**	**74.706.343**
Financial Income		14.928.562	10.750.118	13.975.345	3.228.601
Financial Expenses (-)		(323.346.103)	(135.733.788)	(269.250.570)	(56.976.708)
Profit/(loss) Before Income Tax		**66.755.827**	**32.665.275**	**40.520.931**	**20.958.236**
Tax income / (expense)		**2.986.694**	**(12.371.728)**	**3.909.523**	**(7.968.840)**
- Current tax expense for the period		(2.846.611)	(3.604.684)	(1.751.315)	(2.071.687)
- Deferred tax income/(expense)		5.833.305	(8.767.044)	5.660.838	(5.897.153)
Distribution of Net Profit/ (Loss)		**69.742.521**	**20.293.547**	**44.430.454**	**12.989.396**
Non-Controlling Interest		43.130	24.880	19.149	2.375
Equity Holders of The Company		**69.699.391**	**20.268.667**	**44.411.305**	**12.987.021**

KATMERCİLER ARAÇ ÜSTÜ EKİPMAN SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE SIX- MONTH PERIOD ENDED 30 JUNE 2023
Monetary Unit: Turkish Lira ("TL")

	Reviewed	Reviewed	Non-Reviewed	Non-Reviewed
	01.01.2023 30.06.2023	01.01.2022 30.06.2022	01.04.2023 30.06.2023	01.04.2022 30.06.2022
Net Profit/(Loss) For the Period	**69.742.521**	**20.293.547**	**44.430.454**	**12.989.396**
Total Other Comprehensive Income/(Expenses)				
Not to Be Reclassified to Profit or Loss	**1.247.259**	**(1.010.851)**	**4.567.841**	**(446.970)**
Actuarial Gain/(Loss) Arising from Employee Benefits	1.559.073	(1.312.793)	5.709.802	(586.470)
Other Comprehensive Income / (Loss) Not to Be Reclassified to Profit or Loss	(311.814)	301.942	(1.141.961)	139.500
- Deferred Tax Income/(Expense):	(311.814)	301.942	(1.141.961)	139.500
Other Comprehensive Income (After Tax)	**1.247.258**	**(1.010.851)**	**4.567.841**	**(446.970)**
Total Comprehensive Income	**70.989.779**	**19.282.696**	**48.998.295**	**12.542.426**
Distribution of Total Comprehensive Income				
Non-Controlling Interest	43.130	24.880	19.149	2.375
Equity Holders of The Company	70.946.649	19.257.816	48.979.146	12.540.051

KATMERCİLER ARAÇ ÜSTÜ EKİPMAN SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX- MONTH PERIOD ENDED 30 JUNE 2023
Monetary Unit: Turkish Lira (“TL”)

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

				Other Comprehensive Profit / (Loss) Not to be Reclassified on Profit or Loss				Retained Earnings				
	Notes	Paid in Capital	Share Premiums	Identified Benefit Plans Reclassification Income /(Loss)	Increase from Revaluation Property, Plant and Equipment	Reserve from Common Control Transactions	Restricted Reserve	Retained Profit	Net Period Loss	Equity Holders of the Company	Non Controlling Interests	Paid-In Share Capital
PREVIOUS PERIOD												
January 2022 Opening	17	**652.500.000**	**3.996.748**	**3.323.869**	**36.826.372**	**(1.759.039)**	**4.913.435**	**(21.820.352)**	**(41.694.460)**	**636.286.573**	**128.577**	**636.415.150**
Transfers		--	--	--	--	--	190.855	(41.885.314)	41.694.460	--	--	--
Total Comprehensive Income	17	--	--	(1.010.851)	--	--	--	--	20.268.667	**19.257.817**	**24.881**	19.282.698
Balance at 30 June 2022 Closing	17	**652.500.000**	**3.996.748**	**2.313.018**	**36.826.372**	**(1.759.039)**	**5.104.290**	**(63.705.666)**	**20.268.667**	**655.544.390**	**153.458**	**655.697.848**
CURRENT PERIOD												
January 2023 Opening	17	**652.500.000**	**3.996.748**	**6.821.072**	**310.820.016**	**(1.759.039)**	**5.104.290**	**(63.705.666)**	**82.568.385**	**996.345.806**	**208.116**	**996.553.922**
Transfers		--	--	--	--	--	--	82.568.385	(82.568.385)	--	--	--
Total Comprehensive Income	17	--	--	1.247.259	--	--	--	--	69.699.391	**70.946.649**	**43.130**	70.989.779
Share Issue and Capital Increase	17	424.125.000	1.425.108	--	--	--	--	--	--	**425.550.108**	--	425.550.108
Balance at 30 June 2023 Closing	17	**1.076.625.000**	**5.421.856**	**8.068.331**	**310.820.016**	**(1.759.039)**	**5.104.290**	**18.862.718**	**69.699.391**	**1.492.842.563**	**251.246**	**1.493.093.809**

KATMERCİLER ARAÇ ÜSTÜ EKİPMAN SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX- MONTH PERIOD ENDED 30 JUNE 2023
Monetary Unit: Turkish Lira ("TL")

	Notes	Reviewed 30 June 2023	Reviewed 30 June 2022
A. CASH FLOWS FROM OPERATING ACTIVITIES		**(226.496.600)**	**(25.860.919)**
Net Profit/(Loss) for The Period		69.742.521	20.293.547
Adjustments to Reconcile Net Profit/(Loss)		**182.678.216**	**74.413.167**
Depreciation and Amortization		4.912.613	1.782.576
Provisions	14	5.129.534	7.837.455
Interest Income and Expense		23.975.002	12.268.744
Unrealized Exchange Loss / (Gain)		151.647.761	40.152.664
Other Profit / (Loss) Reconciliations		(2.986.694)	12.371.728
Changes in Working Capital		**(619.200.542)**	**(164.167.427)**
Increases / (Decreases) in Inventories	9	(165.066.038)	(153.752.938)
Increases / (Decreases) in Trade Receivables	7	(121.054.967)	(36.627.977)
Increases / (Decreases) in Other Receivables		(4.881.528)	(4.451.622)
Increases (Decreases) in Trade Payables	7	975.496	56.678.717
Increases (Decreases) in Other Payables		7.035.439	2.521.841
Other Increase / (Decreases) in Working Capital		(336.208.944)	(28.535.448)
Cash Flow from Operating Activities		**(366.779.805)**	**(69.460.713)**
Tax Payments / Returns	18	(2.846.611)	(3.650.224)
Other Cash Flows		143.129.816	47.250.018
B. CASHLOW PROVIDED BY INVESTING ACTIVITIES		**(13.032.113)**	**(10.481.582)**
Purchase of Property, Plant and Equipment and Intangible Assets		(15.766.384)	(963.500)
Cash Inflows from the Sale of Property, Plant and Equipment and Intangible Assets		2.600.000	--
Interest Received		134.271	8.312
Other Cash Inflows / Outflows		--	(9.526.394)
C. CASH FLOW PROVIDED BY FINANCING ACTIVITIES		**408.890.011**	**4.713.514**
Proceeds from Borrowings		65.000.000	30.000.000
Payments of Borrowings		(66.425.921)	(4.010.805)
Capital increase and Sales of Company Shares		425.550.108	--
Payment of Finance Lease Liabilities		(512.277)	(442.729)
Interest Paid		(36.787.097)	(18.758.335)
Other Cash Inflows / Outflows	4	22.065.198	(2.074.617)
NET INCREASE / (DECREASE) IN CASH EQUIVALENTS BEFORE FOREIGN CURRENCY CONVERSION ADJUSTMENTS (A+B+C)		**169.361.298**	**(31.628.987)**
NET INCREASE / (DECREASE) IN CASH AND CASH QUIVALENTS(A+B+C)		**169.361.298**	**(31.628.987)**
D. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	**4**	**47.763.271**	**93.945.220**
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD (A+B+C+D)	**4**	**217.124.569**	**62.316.233**

INDEX

1. ORGANIZATION AND ACTIVITIES

Katmerciler Araç Ustu Ekipman Sanayi ve Ticaret Anonim Sirketi ("Company") was established in 1985 by registered to İzmir Trade Registry and announced at 1380 numbered and 05.11.1985 dated trade registry gazette.

The Group's head office address: Ataturk Organized Industrial Zone 10032 Sokak No: 10 Çiğli / IZMIR. The Group has a branch which is located in Kızılırmak Mah. 1445 Sok. No: 2b/82 The Pragon İs Merkezi Çukurambar – Çankaya / ANKARA and has a branch which is located in production facility in Malıköy Mah. 23.Cad.No:3 Baskent OSB Sincan Ankara.

The Group also has a liaison office which is located in Küçükbakkalköy Mah. Kuçuk Setli Sk. Panoroma Plaza Atasehir İstanbul.

The Company and its subsidiaries (together referred as the "Group") operate in all manner of onboard equipment manufacturing, painting worship and weld workship fields. The business segment which details given below underlie Group's reporting by field of activity.

Group 's main activities are as follows:

Painting Work - Painting of vehicle equipment
Weld Work - Onboard equipment weld workship
Vehicle Equipment Manufacturing- onboard equipment manufacturing for the fire, trash, vacuum, grooving, ecological vehicle, transport vehicle, defense industry vehicles and construction industry vehicles.

Company shares were offered to the public in 2010, as at 30 June 2022, 79,85% (31 December 2021: 79,85%) of shares are trading Istanbul Stock Exchange Inc. (Borsa İstanbul).

As of 30 June 2023, the total number of people employed by the Group is 390 (31 December 2022 : 411).

The ultimate parent of Group is İsmail Katmerci. (Note 17).

The nature of operations of the subsidiaries included in consolidation are presented as follows:

Company Title	**Nature of Business**	**Establishment Place**
Katmerciler Profil San. ve Tic. A.S.	Painting Works	Turkey
Isıpan Otomotiv ve Ust Ekipman Metal ve Makine San. ve Tic. A.S.	Weld Workship Onboard Equipment	Turkey
Gimkat Araç Ustu Ekipman San. ve Tic. A.S.	Manufacturing	Turkey

Company does not have any subsidiary whose shares are traded on the stock exchange market.

2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

2.1. Basis of Presentation

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

In addition, financial statements and footnotes are presented in accordance with the formats announced by the CMB on 7 June 2013.

Consolidated financial statements are prepared on the basis of historical cost except for in financial assets, investment properties and land and buildings recognized, property, plant and equipment measured at their fair value. When the historical cost is determined, the fair value of the amount usually paid for the assets is taken as basis. The measurement principle of fair value is disclosed in the related accounting policies.

Approval of financial statements:

The financial statements of the Company for the fiscal period ending on 30 June 2023 were approved by the management on 11 August 2023. The General Assembly and certain regulatory bodies have the right to amend the financial statements after their publication.

2.1.1. Functional and Presentation Currency

The consolidated financial statements are presented in ("TL"), which is Company's functional currency. The financial statements of the Group's subsidiaries are reported in terms of their local currencies which is ("TL") also as well.

2.1.2. Consolidation Principles

The consolidated financial statements include the accounts of the parent company, its subsidiaries on the basis set out in sections below. Control is obtained by controlling over the activities of an entity's financial and operating policies in order to benefit from those activities.

Subsidiaries

Subsidiaries are those entities on which the Group has the power to control. The Group controls the companies when it is incurred changeable returns due to relations of any companies or has a right to own these returns and has a power to affect these returns. The financial statements of the subsidiaries are included in the consolidated financial statements from the date on which control is transferred to the Group to the date on which control is transferred out from the Group. The Group has made adjustments on the financial statements of the subsidiaries to be inconsistent with the basis of applied accounting standards if it is necessary.

For each business combination, the Group elects to measure any non-controlling interests in the acquire either:

- At fair value; or
- At their proportionate share of the acquires identifiable net assets, which are generally at fair value

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners in their capacity as owners. Adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary. No adjustments are made to goodwill and no gain or loss is recognized in profit or loss.

Losses in non-controlling interest of subsidiaries are transferred to non-controlling interest even if the result is negative.

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (continued)

2.1. Basis of Presentation (continued)

2.1.2 Basis of Consolidation (continued)

Subsidiaries (continued)

On the loss of control, the Group derecognizes the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus of deficit arising on the loss of control is recognized in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently that retained interest is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

The table below demonstrates the rates of the effective ownership held in terms of percentages (%) as of 30 June 2023 and 31 December 2022 for all subsidiaries directly or indirectly controlled by the Group and included in the scope of consolidation:

				Effective Ownership Rate (%)	
Subsidiaries	**Main Operation**	**Functional Currency**	**Establishment & Operation Country**	**30 June 2023**	**31 December 2022**
Katmerciler Profil San. ve Tic. A.Ş.(Katmerciler Profil)	Painting Works	Turkish Lira	Turkey	100,00	100,00
Isıpan Otomotiv ve Üst Ekipman Metal ve Makine San. ve Tic. A.Ş. (Ekipman Metal)	Weld Workship	Turkish Lira	Turkey	95,67	95,67
Gimkat Araç Üstü Ekipman San. ve Tic. A.Ş.	Onboard Equipment Manufacturing	Turkish Lira	Turkey	100,00	100,00

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (continued)

2.1. Statement of Compliance to TFRS (continued)

2.1.2 Consolidation Principles (continued)

Consolidation adjustments

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealized gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment. Carrying value of shares owned by the Group and dividends arising from these shares has been eliminated in equity and profit or loss statements.

2.1.3. Correction of financial statements of hyperinflation periods

With the decision taken on 17 March 2005, the application of inflation accounting is no longer required for companies operating in Turkey and preparing their financial statements in accordance with Turkish accounting standards. Accordingly, TAS 29 is not applied starting from 1 January 2005. Therefore, as of January 1, 2005, TAS 29 "Financial Reporting in Hyperinflationary Economies" has not been applied in the accompanying condensed consolidated interim financial statements.

POA made an announcement on January 20, 2022 in order to eliminate the hesitations about for the entities which apply Turkish Financial Reporting Standards ("TFRS") will apply TAS 29, "Financial Reporting in Hyperinflationary Economies" (IAS 29 Financial Reporting in Hyperinflationary Economies) or not for the year ended 30 June 2023. In accordance with the announcement, companies that apply TFRS should not adjust financial statements for TAS 29 - Financial Reporting in Hyperinflationary Economies, Afterwards, no new statement was made by the POA about the TMS 29 application. As of the preparation date of the consolidated interim financial statements, POA did not make an additional announcement and no adjustment was made to the condensed consolidated interim financial statements in accordance with TAS 29.

2.1.4. Significant change in the Accounting Policies

Accounting policy changes arising from the first application of a new TAS are applied retroactively or prospectively in accordance with the transition provisions of the said TAS. Significant accounting errors are applied retrospectively and prior period financial statements are restated. Changes in accounting estimates are applied in the current period when the change is made only for a period, and both in the period when the change is made and prospectively.

New and revised standards and interpretations

The accounting policies used in the preparation of the consolidated financial statements for the accounting period ending on 30 June 2023 have been applied consistently with those used in the previous year, except for the new and amended TFRS and TFRS interpretations valid as of 1 January 2023, summarized below. The effects of these standards and interpretations on the Group's financial position and performance are explained in the relevant paragraphs.

a) Amendments and comments valid from 2023

TAS 1 (Amendments)	*Disclosure of Accounting Policies*
TAS 8 (Amendments)	*Accounting Estimates Definition*
TAS 12 (Amendments)	*Deferred Tax on Assets and Liabilities Arising from a Single Transaction*
TFRS 17 (Amendments)	*First Application of TFRS 17 and TFRS 9 with Insurance Contracts – Comparative Information*

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (continued)

2.1. Statement of Compliance to TFRS (continued)

2.1.4. Significant change in the Accounting Policies (continued)

TAS 1 (Amendments) Disclosure of Accounting Policies

This change requires businesses to base their accounting policies on materiality. This amendment to TAS 1 will be implemented in annual accounting periods starting on or after January 1, 2023, but early application is allowed.

TAS 8 (Amendments) Definition of Accounting Estimates

With this change, the definition of "accounting estimate" was included instead of the definition of "change in accounting estimates", sample and explanatory paragraphs regarding the estimates were added, and the issues of prospective application of estimates and retrospective correction of errors and the differences between these concepts were clarified.

TAS 12 (Amendments) Deferred Tax on Assets and Liabilities Arising from a Single Transaction

With these amendments, it has been clarified that the exemption regarding the initial recognition of an asset or liability in the financial statements is not valid in transactions in which equal amounts of taxable and deductible temporary differences occur when the asset and liability are first recorded.

These changes to TMS 12 will be implemented in annual accounting periods starting on or after January 1, 2023, but early application is also allowed.

TFRS 17 (Amendments) First Application of TFRS 17 and TFRS 9 with Insurance Contracts – Comparative Information

Changes have been made to TFRS 17 in order to reduce implementation costs and facilitate the disclosure of results and transition.

The Group has not yet implemented the following standards that have not yet entered into force and the following changes and interpretations to existing previous standards:

TFRS 17	*Insurance Contracts*
TFRS 4 (Amendments)	*Extension of the Temporary Exemption Period for the Application of TFRS 9*
TMS 1 (Amendments)	*Classification of Liabilities as Short or Long Term*
TFRS 16 (Amendments)	*Lease Obligation in Sale and Leaseback Transaction*
TAS 1 (Amendments)	*Long-Term Liabilities Containing Credit Agreement Terms*

TFRS 17 Insurance Contracts

TFRS 17 requires insurance liabilities to be measured at a current cover value and provides a more streamlined measurement and presentation approach for all insurance contracts. These requirements are designed to achieve consistent, principle-based accounting in insurance contracts. TFRS 17 has been postponed for 1 year for insurance, reinsurance and pension companies, and will replace TFRS 4 Insurance Contracts as of January 1, 2024.

TFRS 4 (Amendments) Extension of the Temporary Exemption Period for the Application of TFRS 9

With the effective date of TFRS 17 being postponed to 1 January 2024 for insurance, reinsurance and pension companies, the expiration date of the temporary exemption period regarding the implementation of TFRS 9 provided to these companies has also been revised to 1 January 2024.

TAS 1 (Amendments) Classification of Liabilities as Short or Long Term

The purpose of these changes is to ensure consistent application of the requirements of the standard by assisting companies in the decision-making process regarding whether debts and other liabilities that do not have a specific maturity in the statement of financial position should be classified as short-term (expected to be paid within one year) or long-term.

These changes to TAS 1 will be postponed by one year and will be implemented in annual accounting periods starting on or after January 1, 2024, but early application is also allowed.

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (continued)

2.1. Statement of Compliance to TFRS (continued)

2.1.4. Significant change in the Accounting Policies (continued)

TFRS 16 (Amendments) Lease Obligation in Sale and Leaseback Transactions

These amendments to TFRS 16 explain how a seller-lessee subsequently measures sale and leaseback transactions that meet the requirements in TFRS 15 to be recognized as sales.

These changes to TFRS 16 will be applied in annual accounting periods starting on or after January 1, 2024, but early application is also allowed.

TAS 1 (Amendments) Long-Term Liabilities Including Credit Agreement Conditions

The amendments to IAS 1 explain how the conditions that an entity must meet within twelve months after the reporting period affect the classification of a liability.

These changes to TAS 1 will be implemented in annual accounting periods starting on or after January 1, 2024, but early application is also allowed.

The possible effects of these standards, changes and improvements on the Group's consolidated financial position and performance are evaluated.

2.1.5. Restatement and Errors in the Accounting Policies and Estimates

If changes in accounting estimates are related to only one period, they are applied prospectively in the current period in which the change is made; if they are related to future periods, they are applied prospectively both in the period in which the change is made and in future periods. Significant accounting errors identified are applied retrospectively and previous period financial statements are rearranged. The significant accounting estimates and assumptions in the financial statements dated June 30, 2023 are consistent with the significant accounting estimates and assumptions in the consolidated financial statements for the year ending December 31, 2022, and there are no changes in the accounting estimates and assumptions in both periods.

2.2. Summary of Significant Accounting Policies

(a) Financial instruments

Financial Assets

Classification

Financial assets are classified in three categories of financial assets measured at amortized cost, financial assets measured at fair value through other comprehensive income and financial assets measured at fair value through profit of loss. The classification of financial assets is determined considering the Institute's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. The appropriate classification of financial assets is determined at the time of the purchase.

Financial assets are not reclassified after initial recognition except when the Company's business model for managing financial assets changes; in the case of a business model change, subsequent to the amendment, the financial assets are reclassified on the first day of the following reporting period.

Recognition and Measurement

"Financial assets measured at amortized cost", are non-derivative assets that are held within a business model whose objective is to hold assets in order to collect contractual cash flows and the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Company's financial assets measured at amortized cost comprise "cash and cash equivalents", "trade receivables". Financial assets carried at amortized cost are measured at their fair value at initial recognition and by effective interest rate method at subsequent measurements. Gains and losses on valuation of non-derivative financial assets measured at amortized cost are accounted for under the statement of income.

"Financial assets measured at fair value through other comprehensive income", are non-derivative assets that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Gains or losses on a financial asset measured at fair value through other comprehensive income is recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses until the financial asset is derecognized or reclassified. When the financial asset is derecognized the cumulative gain or loss previously recognized in other comprehensive income is reclassified to retained earnings.

The Company may make an irrevocable election at initial recognition for particular investments in equity instruments that would otherwise be measured at fair value through profit or loss, to present subsequent changes in fair value in other comprehensive income. In such cases, dividends from those investments are accounted for under consolidated statement of income.

"Financial assets measured at fair value through profit or loss", are assets that are not measured at amortized cost or at fair value through other comprehensive income. Gains and losses on valuation of these financial assets are accounted for under the statement of income.

Derecognition

The Company derecognized a financial asset when the contractual rights to the cash flows from the asset expired, or it transferred the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset were transferred. Any interest in such transferred financial assets that was created or retained by The Company was recognized as a separate asset or liability.

Impairment

Impairment of the financial and contractual assets measured by using "Expected credit loss model" (ECL). The impairment model applies for amortized financial and contractual assets.

Provision for loss measured as below;

- 12- Month ECL: results from default events that are possible within 12 months after reporting date.
- Lifetime ECL: results from all possible default events over the expected life of financial instrument

Lifetime ECL measurement applies if the credit risk of a financial asset at the reporting date has increased significantly since 12-month ECL measurement if it has not.

The Company may determine that the credit risk of a financial asset has not increased significantly if the asset has low credit risk at the reporting date. However, lifetime ECL measurement (simplified approach) always apply for trade receivables and contract assets without a significant financing.

Trade receivables

Trade receivables that are created by way of providing goods or services directly to a debtor are measured at amortized cost, using the effective interest rate method. Short duration receivables with no stated interest rate are measured at the original invoice amount unless the effect of imputing interest is significant.

The Company has preferred to apply "simplified approach" defined in IFRS 9 for the recognition of impairment losses on trade receivables, carried at amortized cost and that do not comprise of any significant finance component (those with maturity less than 12 months). In accordance with the simplified approach, The Company measures the loss allowances regarding its trade receivables at an amount equal to "lifetime expected credit losses" except incurred credit losses in which trade receivables are already impaired for a specific reason.

If the amount of the impairment subsequently decreases due to an event occurring after the write-down, the release of the provision is credited to other operating income.

Unearned finance income/expense due to commercial transactions are accounted for under "Other Operating Income/Expenses" in the consolidated statement of income or loss.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank deposits with original maturities of more than three months and shorter than 1 year are classified under short-term financial investments.

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (continued)

2.2. Summary of significant accounting policies (continued)

(a) Financial instruments (continued)

Financial liabilities

Financial liabilities are measured initially at fair value. Transaction costs which are directly related to the financial liability are added to the fair value. Financial liabilities are classified as equity instruments and other financial liabilities.

Equity instruments

Ordinary shares are classified as equity. Additional costs attributed directly to the issuance of ordinary shares are recognized as a decrease in shareholders' equity after deduction of tax effect.

Other financial liabilities

Other financial liabilities are subsequently measured at amortized cost using the effective interest method plus the interest expense recognized on an effective yield basis.

The effective interest method calculates the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate discounts the estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Trade payables

Trade payables are payments to be made arising from the purchase of goods and services from suppliers within the ordinary course of business. Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

(b) Property, plant and equipment

(I) Recognition and measurement

Items of property, plant and equipment are stated historical costs less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of assets includes the following items:

- The material and direct labor costs;
- Expenses made in accordance to the company's purpose which are directly attributable to assets.
- Expenses; in case of disposal of the asset, de-structuring, relocating and also restoration of the area
- Capitalized borrowing costs.

Cost also includes transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

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

Lands have been recognized by using revaluation method. Increases of value are recognized under equity as "revaluation reserves".

Any gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognized in profit or loss.

Property, plant and equipment of the subsidiaries and joint ventures that operate in Turkey and acquired before 1 January 2005 are stated at restated cost until 31 December 2004 less accumulated depreciation and permanent impairment losses. Property, plant and equipment of such entities acquired after 1 January 2005 are stated at cost, less accumulated depreciation and permanent impairment losses.

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (continued)

2.2. Summary of significant accounting policies (continued)

(b) Property, plant and equipment (continued)

(ii) Subsequent expenditure

The cost of replacing a part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

(iii) Depreciation

Items of property, plant and equipment are depreciated from the date that they are available for use, or in respect of self-constructed assets, from the date that the asset is completed and ready for use.

Depreciation is recognized on a straight-line basis over the estimated useful lives of each component of an item of property and equipment. Depreciation is recognized in profit or loss unless it is included in the carrying amount of another asset Leased assets are depreciated over the shorter of the lease term and the useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term. Land is not depreciated.

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

(c) Intangible assets

(I) Recognition and measurement

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

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

(iii) Amortization:

Amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets.

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

(d) Research and development expenses

Research expenditure is recognized as an expense as incurred. Costs, except for listed below are classified as development expenditures and recognized as expense as incurred:

- If the cost related to the products can be defined and only if the cost can be measured reliably,

- If the technological feasibility can be measured,

- If the good will be sold or will be used within the Company

- If there's a potential market or can be proved that it is used within the Company,

- If necessary technological, financial and other resources can be provided to complete the project.

Development costs previously recognized as expense are not recognized as an asset in a subsequent period. Development costs that have been capitalized are amortized from the commencement of the commercial production of the product on a straight-line basis over the project lifetime.

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (continued)

2.2. Summary of significant accounting policies (continued)

(e) Inventories

Inventories consist of the raw materials owned by the Group, real estates under construction (semi-finished), ready for sale properties (goods) and other inventories as of the reporting date. Related stocks are held for production and sales. As of the reporting date, the goods on the road are shown in stocks if the right of use and ownership have been transferred to the Group.

Inventories are valued at the lower of cost and net realizable value.

Net realizable value refers to the amount obtained by subtracting the estimated total sales cost and estimated sales costs required to realize the sales within the normal flow of the business.

The cost of stocks includes all purchasing costs, conversion costs and other costs incurred to bring the stocks to their current state and position.

(f) Investment Property

Investment property is a land, building or part of a building or both held (by the owner or by the lessee under a finance lease) to earn rentals of for capital appreciation or both, rather than for use in the production or supply of goods or services or for administrative purposes or sale in the ordinary course of business.

Investment properties are measured initially at cost. Transaction costs are included in the initial measurement. Investment properties are measured in accordance with fair value model. Related changes are recognized in profit or loss in the period.

If the Group determines that the fair value of an investment property under construction is not reliably determinable but expects that the fair value of the property to be reliably determinable when construction is complete, it measures that investment property under construction at cost until either its fair value becomes reliably determinable or construction is completed (whichever is earlier). Costs incurred during the acquisition and construction of these assets and subsequent expenditures are capitalized if it is probable that they will increase the future economic benefits obtained from that asset.

Leased properties are not classified as investment property in the context of operating leases.

g) Impairment of Assets

Non-Financial Assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or that one not yet available for use, the recoverable amount is estimated each year at the same time. An impairment loss is recognized if the carrying amount of an asset or cash-generating unit (CGU) exceeds its recoverable amount.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (continued)

2.2. Summary of significant accounting policies (continued)

g) Impairment of Assets (continued)

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(h) Employee Benefits

(I) Severance Indemnities

In accordance with existing labor law in Turkey, the Company is required to make lump-sum severance indemnities to each employee who has completed over one year of service with the Company and whose employment is terminated without cause or who retire, are called up for military service or die.

In the financial statements, the Company has recognized a liability using the actuarial method. As a result of the adoption of TAS 19 (2011), all actuarial losses are recognized immediately in other comprehensive income. Actuarial gains and losses are recognized over the average remaining working lives of the employees. The employee severance indemnities are discounted to the present value of the estimated future cash flows using the discount rate estimate of qualified actuaries.

Provision for severance pay for each year is calculated based on total gross salary and other benefits. As of 30 June 2023, it is maximum 19.983 TL (31 December 2022: 15.371 TL).

TMS 19 ("Employee Benefits") requires actuarial valuation methods to be developed to estimate the Company's obligation under defined benefit plans.

(ii) Other short-term employee benefits

Short-term employee benefits are calculated without discount and identified as an expense when they are serviced. If expected payables are measurable reliably, they are recorded for the short-term vacation pay liabilities originated from the past services of employees. According to Turkish Business Law, if employment is terminated without due cause by the Company, the Company is subject to pay the gross amount of the dates of unused vacations employee considering the gross amount of salary.

(I) Subsequent Events

Events after the reporting period include all events up to the date when the financial statements are authorized for issue, even if those events occur after the public announcement of profit or of other selected information.

The Group adjusts the amounts recognized in its consolidated financial statements to reflect adjusting events after the reporting period. Non adjusting events are disclosed in the notes to the consolidated financial statements, if material.

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (continued)

2.2. Summary of significant accounting policies (continued)

(j) Provisions

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

(I) Onerous contracts

A provision for onerous contracts is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Company recognizes any impairment loss on the assets associated with that contract.

(k) Revenue

The Company transfers its revenue to a committed product or service customer and brings the proceeds to our financial statements. It is conceptually transferred when it passes (or passes).

The Company records the proceeds in the financial statements in accordance with the following basic principles:

(a) Determination of contracts with customers

(b) Determination of performance obligations in the contract

(c) Determination of the transaction price in the contract

(d) Dividing the transaction price into the contractual performance obligations.

(e) Revenue recognition when each performance obligation is met

In the event that all of the following conditions are met, the Company recognizes a contract with its customer as revenue:

(a) The parties to the Convention have ratified the contract (in accordance with written, oral or other commercial practices) and undertakes to carry out their own actions,

(b) The Company may define rights related to the goods or services to be transferred by each party,

(c) The Company may define payment terms for the goods or services to be transferred,

(d) The contract is essentially commercial,

(e) It is probable that the Company will be charged for the goods or services to be transferred to the customer.

When evaluating whether the collectability of a price is probable, the entity shall consider only the customer's ability to pay the price at the due date and its intent.

Service revenues are recognized as income in the period of service. Service revenues within the scope of maintenance contracts for more than one year are recognized by spreading equally to the contract periods and the amounts for the future periods are reflected to the financial statements as deferred income.

In the event that there is an important financing cost in the sales, the fair value is determined by discounting the future collections with the implied interest rate included in the financing cost. The difference between the fair value and the nominal value is considered as interest income on an accrual basis.

Interest income is accrued in the related period at the effective interest rate that reduces the estimated cash inflows from the financial asset to the carrying value of the asset during the expected life of the remaining principal amount.

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (continued)

2.2. Summary of significant accounting policies (continued)

(l) Government Subsidies and Incentives

Unconditional government grants received are recognized in profit or loss under other revenues if these incentives become receivable. Other government incentives are recorded as deferred income at fair value if there is sufficient assurance that the Group will meet the necessary conditions for the incentive and that this incentive will be received, and then they are systematically recognized under other income in profit or loss throughout the useful life of the asset.

The incentives given to the Group regarding the costs incurred are systematically recognized under other revenues in profit or loss in the periods when the costs occur.

(m) Related Parties

Parties are considered related to the Company if:

(a) directly, or indirectly through one or more intermediaries, the party:

- *(i)* controls, is controlled by, or is under common control with the Company (this includes Parent, subsidiaries and fellow subsidiaries);
- *(ii)* has an interest in the Company that gives it significant influence over the Company; or
- *(iii)* has joint control over the Company;

(b) the party is an associate of the Company

(c) the party is a joint venture in which the Company is a venturer;

(d) the party is member of the key management personnel of the Company as its parent;

(e) the party is a close member of the family of any individual referred to in (a) or (d);

(f) the party is an entity that is controlled or significantly influenced by, or for which significant voting power in such entity resides with directly or indirectly, any individual referred to in (d) or (e)

(g) the party is a post-employment benefit plan for the benefit of employees of the Company, or of any entity that is a related party of the Company.

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

A number of transactions are entered into with related parties in the normal course of business.

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (continued)

2.2. Summary of significant accounting policies (continued)

(n)Leases

Right of use asset

The right of use asset is initially recognized at cost comprising of:

a) Amount of the initial measurement of the lease liability;
b) Any lease payments made at or before the commencement date, less any lease incentives received;
c) Any initial direct costs incurred by the Group; and
d) The costs assumed by the Group related to the restoration of the underlying asset to bring it in line with the terms and conditions of the lease (except those assumed for manufacturing inventory).

To apply a cost model, the Group measure the right-of-use asset at cost:

a) Less any accumulated depreciation and any accumulated impairment losses; and
b) Adjusted for any remeasurement of the lease liability

The Group applies IAS 16 "Property, Plant and Equipment" to amortize the right of use asset and to assess for any impairment.

The Group apply IAS 36 Impairment of Assets to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

Lease Liability

At the commencement date, The Group measure the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group use the lessee's incremental borrowing rate.

At the commencement date, the lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

a) Fixed payments, less any lease incentives receivable;
b) Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
c) Payments of penalties for terminating the lease, if the lease term reflects the Group exercising an option to terminate the lease.

After the commencement date, the Group measure the lease liability by:

a) Increasing the carrying amount to reflect interest on the lease liability;
b) Reducing the carrying amount to reflect the lease payments made; and
c) Remeasuring the carrying amount to reflect any reassessment or lease modifications, or to reflect revised in-substance fixed lease payments.

Extension and termination options

In determining the lease liability, the Group considers the extension and termination options. The majority of extension and termination options held are exercisable both by the group and by the respective lessor. Extension options are included in the lease term if the lease is reasonably certain to be extended. The group remeasures the lease term, if a significant event or a significant change in circumstances occurs which affects the initial assessment.

Facilitative practices

Lease agreements with lease periods of 12 or fewer months, and agreements related to information technology equipment identified as impaired by the Group (mostly printers, laptops, mobile phones and the like), are considered within the scope of the exemption in the TFRS 16 lease standard, and payments related to these agreements continue to be recognized as expenses in the period in which they occur.

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (continued)

2.2. Summary of significant accounting policies (continued)

(o) Finance income and finance cost

Financial income consists of interest income and foreign exchange gains from cash and cash equivalents.

Financial expenses consist of interest and commission expenses of bank loans and impairment losses and exchange differences recognized on cash and cash equivalents and financial liabilities.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in profit and loss using the effective interest method. Foreign currency gains and losses are reported on a net basis as either finance income or finance cost depending on whether foreign currency movements are in a net gain or net loss position.

(p) Taxation

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

(I) Current tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Current tax payable also includes any tax liability arising from the declaration of dividends. Implementation details in Turkey are given in Note:26.

(ii) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases which is used in the computation of taxable profit. Deferred tax is not recognized for the following temporary differences:

- the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit;
- differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future; and

Taxable temporary differences related to initial recognition of goodwill.

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences to the extent that is probable that future taxable profits will available against which they can be utilized. The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

(iii) Tax Risk

The company takes into consideration whether it has the uncertain tax positions and tax surcharges and also interest surcharges. This assessment relate to the future events includes assumptions and judgments. Existence of new information about the Company's current tax liability will change the current tax expense which occurred during the term.

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (continued)

2.2. Summary of significant accounting policies (continued)

(r) Cash Flow Statement

Cash flows for the period are classified as cash flows from operations, investing activities and financing activities. Cash flows from operations are the cash flows generated from the principal activities of the Group. The Group presents the cash flows from operating activities by using the indirect method such as adjusting the accruals for cash inflows and outflows from gross profit/loss, other non-cash transactions, prior and future transactions or deferrals.

Cash flows from investing activities represent the cash flows used in/provided from investing activities (purchase of property, plant and equipment and intangible assets and financial investments).

Cash flows from financing activities represent the funds used in and repayment of the funds during the period.

Cash and cash equivalents are short term investments with high liquidity that comprise cash balances and call deposits with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value.

(s) Dividends

Dividend receivables are recorded as income in the period of declaration. Dividend payments are recognized in consolidated financial statements when a distribution of profit decided by General Assembly

(t) Segment Reporting

The Group does not conduct segment reporting of financial information since there are no different types of products and different geographical regions which require segment reporting.

(u) Gain or losses from investing activities

Gain on investing activities comprises profit on sales of property, plant and equipment, profit on sales of securities rental income and time deposit interest income.

Loss from investing activities comprises losses from sales of securities.

(v) Other operating income and expenses

Other operating income comprises of allowance for bad debt receivables which are no longer required, foreign exchange differences arising from financial instruments other than debt instruments, rediscount interest income and income from other activities.

Other operating expenses comprises of allowance for bad debt receivables, grants, foreign exchange differences arising from financial instruments other than debt instruments, rediscount interest expenses and other operating expenses.

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (continued)

2.2. Summary of significant accounting policies (continued)

(y) Determination of fair value

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(I) Trade and other receivables

The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. This fair value is determined for disclosure purposes

(ii) Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. Fair values of trade and other receivables are determined as their costs and are assumed to approximate to their carrying value

2.3 Summary of Significant Accounting Judgements, Estimates and Assumptions

The preparation of the consolidated financial statements in accordance with TFRS requires management to make judgments, estimates and assumptions that affect both the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The accounting judgements, estimates and assumptions used in preparing the consolidated financial statements, are consistent with the accounting judgements, estimates and assumptions used in preparing the consolidated financial statements as at 31 December 2022.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

3. SEGMENT REPORTING

Since the proportion of the revenues from the departments other than "On-Board Equipment Production ", which is the main section reported earlier, is lower than 1% of the total revenues, and the " Weld Workship " and "Painting Work" sections are inseparable part of main section and cannot generate revenue by themselves.

4. CASH AND CASH EQUIVALENTS

	30.06.2023	**31.12.2022**
Cash on Hand	130.536	204.875
Banks	**220.327.467**	**47.558.396**
-Demand Deposits	**220.327.467**	**47.558.396**
TL	178.545.275	14.621.645
USD	35.833.813	5.188.096
EURO	5.948.379	27.748.655
Total	**220.458.003**	**47.763.271**

As of 30 June 2023, there are cash blockages amounting to TL 3.333.434 (31.12.2022: TL : 2.360.292) in the accounts of the Company.

Explanations on the nature and level of risks in cash and equivalents are made on note 21.

5. FINANCIAL INVESTMENTS

	30.06.2023		**31.12.2022**	
Financial assets at fair value through profit or loss	**Nominal Value**	**Carrying Value**	**Nominal Value**	**Carrying Value**
Seker Bank Bonds	100.000	116.944	100.000	109.720
Halkbank Bonds	2.917	3.120	2.917	2.765
Total	**102.917**	**120.064**	**102.917**	**112.485**

6. FINANCIAL BORROWINGS

	30.06.2023	31.12.2022
a) Bank Borrowing	1.098.437.844	829.209.558
b) Financial Leases	14.533.536	11.321.689
Total	**1.112.971.380**	**840.531.247**

a) Bank Loans

30.06.2023

	Average Interest Rate (%)	Short-Term	Short-Term Portion of Long-Term Borrowings	Long-Term	Total
Currency					
TL	9,5 – 22,5	78.344.608	4.800.970	130.828.908	**213.974.486**
USD	7,57	9.178.334	376.597	9.713.073	**19.268.004**
EURO	2,40 – 7,45	223.842	2.057.936	862.913.576	**865.195.354**
Total		**87.746.784**	**7.235.503**	**1.003.455.557**	**1.098.437.844**

31.12.2022

	Average Interest Rate (%)	Short-Term	Short-Term Portion of Long-Term Borrowings	Long-Term	Total
Currency					
TL	9,5 – 22,5	94.018.958	9.573.350	101.524.384	**204.581.015**
USD	7,57	12.974.776	535.677	7.033.159	**20.543.612**
EURO	2,40 – 7,45	1.407.888	2.914.291	599.227.075	**604.084.931**
Total		**108.401.622**	**13.023.318**	**707.784.618**	**829.209.558**

	30.06.2023	31.12.2022
Less than a year	94.982.288	121.424.940
Between 1-2 year	320.960.534	243.140.114
Between 2-3 year	251.961.556	200.274.831
Between 3-4 year	220.850.650	172.041.001
More than 4 year	209.682.818	92.328.672
Total	**1.098.437.846**	**829.209.558**

As of the reporting date, the bank loans have been secured over the values of the buildings of EUR 14.430.000, and TL 365.000.000. (31.12.2022: EUR 14.430.000, TL 365.000.000).

6. FINANCIAL BORROWINGS (continued)

b) Financial Lease Obligations

Financial lease obligations show the unpaid portion of leasing obligations of plant, machinery and equipment acquired through financial leasing.

- Net carrying value of financial lease assets as at balance sheet dates:

Net Value	**30.06.2023**	**31.12.2022**
Machinery, Equipment and Instalments (net)	14.533.536	11.321.689

30.06.2023

	Less than 1 year	**Between 1-5 years**	**Total**
Amount of minimum lease payments			
TL denominated financial lease	37.314	260.343	297.657
EUR denominated financial lease	2.065.487	14.756.845	16.822.332
USD denominated financial lease	3.304	53.872	57.176
Total	**2.106.105**	**15.071.060**	**17.177.164**
Present value of payments			
TL denominated financial lease	13.356	163.852	177.208
EUR denominated financial lease	1.550.089	12.764.777	14.314.866
USD denominated financial lease	-	41.462	41.462
Total	**1.563.445**	**12.970.091**	**14.533.536**

31.12.2022

	Less than 1 year	**Between 1-5 years**	**Total**
Amount of minimum lease payments			
TL denominated financial lease	74.362	260.344	334.706
EUR denominated financial lease	2.832.214	10.448.825	13.281.039
USD denominated financial lease	5.050	39.008	44.058
Total	**2.911.626**	**10.748.177**	**13.659.803**
Present value of payments			
TL denominated financial lease	26.262	163.852	190.114
EUR denominated financial lease	2.063.244	9.038.309	11.101.553
USD denominated financial lease	-	30.022	30.022
Total	**2.089.506**	**9.232.183**	**11.321.689**

6. FINANCIAL BORROWINGS (continued)

b) Financial Lease Obligations (continued)

Financial leasing's are related to purchasing of machinery and fixtures whose rental periods are 5 years. Company has options to buy these machinery and fixtures. The Company's obligations under finance leases, the lessor of the leased asset is secured by property right on.

The interest rates are fixed for the entire rental period. Contract average effective interest rate is about 7% per annum.

7. TRADE RECEIVABLES AND PAYABLES

a) Trade Receivables:

As at balance sheet date, the details of Group's trade receivables are as follows:

Short-Term Trade Receivables	**30.06.2023**	**31.12.2022**
Current Accounts	561.906.822	493.047.837
Postdated Checks	95.450.000	40.961.186
Less: Unrealized Finance Income	(4.088.103)	(2.375.380)
Doubtful Trade Receivables (*)	24.595.697	18.112.012
Less: Provisions for Doubtful Trade Receivables	(24.595.697)	(18.112.012)
Expected Credit Loss	(822.806)	(242.697)
Sub Total	**652.445.913**	**531.390.946**

Current Accounts, Notes Receivables and Checks maturity details are as follows:

Customers, Notes Receivables and Postdated Checks	**30.06.2023**	**31.12.2022**
Maturity between 1-3 months	394.414.093	347.105.864
Maturity between 3-6 months	262.942.729	186.903.159
Total	**657.356.822**	**534.009.023**

As of 30 June 2023, the weighted average interest rates to calculate unrealized finance income for the short-term trade receivables in terms of TL, USD are respectively % 12,61, %5,64 .(31.12.2022: respectively % 9,64, %4,94.)

As of 30 June 2023, the trade receivables amounting of TL 24.595.697 (31.12.2022: 18.112.012 TL) are doubtful receivables. As of 30 June 2023, a provision of TL 822.806 has been made for the expected credit loss. (31.12.2022: TL 242.697). As of June 30, 2023, there is no provision set aside during the period. (31.12.2022: 1,369,922 TL)

The details of doubtful trade receivables are as follows:

Doubtful Trade Receivables	**30.06.2023**	**31.12.2022**
Opening	18.112.012	11.514.054
Period Expense	-	1.369.922
Exchange Differences	6.510.612	3.336.064
Less: Cancelled within the Period	(26.927)	-
Closing	**24.595.697**	**16.220.040**

7. TRADE RECEIVABLES AND PAYABLES (continued)

b) Trade Payables:

As at balance sheet date, the details of Group's trade payables are as follows:

Short-term Trade Payables	30.06.2023	31.12.2022
Suppliers (*)	103.949.242	129.704.223
Notes Payables (*)	111.307.897	92.342.725
Less: Unrealized Finance Expense	(2.781.459)	(1.965.449)
Other Trade Payables	40.084.968	31.503.653
Total	**252.560.648**	**251.585.152**

(*) Details of suppliers and notes payables are as follows:

* Suppliers and Notes Payables	30.06.2023	31.12.2022
Maturity between 0-6 months	129.154.284	144.330.515
Maturity between 6-9 months	86.102.855	77.716.433
Total	**215.257.139**	**222.046.948**

As of 30 June 2023, the weighted average interest rates to calculate unrealized finance expense for the short-term trade payable in terms of TL, USD are respectively % 12,61 and %5,64. (31.12.2023: %9,64 %4,94)

8. OTHER RECEIVABLES AND PAYABLES

Short-Term Other Receivables	30.06.2023	31.12.2022
Deposits and Guarantees	159.857	393.082
Receivables from Tax Office	11.821.622	6.709.943
Receivables from Social Security Institution	23.041	5.845
Other Receivables	4.412	18.534
Total	**12.008.932**	**7.127.404**

Long-Term Other Receivables	30.06.2023	31.12.2022
Deposits and Guarantees	22.676	22.676
Total	**22.676**	**22.676**

Short-Term Other Payables	30.06.2023	31.12.2022
Tax and funds Payables	10.013.964	2.998.305
Other Payables	158.877	139.097
Total	**10.172.841**	**3.137.402**

9. INVENTORIES

	30.06.2022	31.12.2022
Raw Materials and Supplies	722.388.570	584.673.786
Work-in Progress	495.060.205	467.072.775
Finished Goods	51.000.740	51.636.916
Other Inventories	18.160.143	18.160.143
Total	**1.286.609.658**	**1.121.543.620**

As of 30 June 2023, the Group has TL 110.000.000 insurance on its inventories. (31.12.2022: 34.500.000TL)

Group does not have any pledged inventory in return for loans as at 30 June 2023. (31.12.2022: None).

10. PREPAID EXPENSES AND DEFERRED INCOME

Short-Term Prepaid Expenses

	30.06.2023	31.12.2022
Advances Given	659.604.431	405.419.890
Prepaid Expenses for Future Months	13.931.587	6.043.145
Total	**673.536.018**	**411.463.035**

Long-Term Prepaid Expenses

	30.06.2023	31.12.2022
Advances Given for Real Estate (*) (Not 20)	57.652.255	49.026.274
Prepaid Expenses for Future Years	17.473.214	13.943.009
Total	**75.125.469**	**62.969.283**

(*) Advances Given: Result from the amounts given for ongoing investments in Ankara Başkent Organized Industrial Zone.

(**) TL 15.831.865 is due to prepaid interest expenses of rediscount credits.

Short-Term Deferred Income

	30.06.2023	31.12.2022
Deferred Income	539.664.632	601.644.407
Total	**539.664.632**	**601.644.407**

11. INVESTMENT PROPERTY

	01.01.2023		**30.06.2023**
Fair Value	Opening Balance	Disposal (Sale)	Closing Balance
Land	19.505.000	-	19.505.000
Building	6.020.000	-	6.020.000
Investment Property	**25.525.000**	**-**	**25.525.000**

	01.01.2021		**30.06.2022**
Fair Value	Opening Balance	Disposal (Sale)	Closing Balance
Land	4.000.000	-	4.000.000
Building	1.390.000	-	1.390.000
Investment Property	**5.390.000**	**-**	**5.390.000**

TSKB Gayrimenkul Değerleme A.S., which is an independent expertise company licensed by CMB, which is independent from the Group, valuated the Group's lands, buildings and apartments located in Gaziemir / İzmir and its buildings located in Guzelbahçe / İzmir and Atasehir. The Group Management believes that the valuation companies have professional background and have up-to-date information about the class and location of the investment properties.

According to expertise report dated 30 September 2022, the total fair value of the value of the lands in Guzelbahçe / İzmir is 19.505.000 TL and the fair with the amount of buildings in Atasehir / İstanbul TL 6.020.000. The fair value of real estate is determined by the methods of market value, cost method and discounted cash flow methods respectively.

As of the balance sheet date, there are no liabilities resulting from the construction or development, maintenance, repair or improvement contracts of the investment property.

In the current period, the Group earned TL 126.693 rent income from investment property (31.12.2022: TL 142.834). The mortgage on the investment properties of the Group amounts to TL 45.000.000, EURO 5.830.000 (31.12.2022: TL 45.000.000, EURO 5.830.000).

12. PROPERTY, PLANT AND EQUIPMENT

TSKB Gayrimenkul Değerleme A.S., which is an independent expertise company with CMB license, which is independent from to the Group, has valued the factory building and lands in Çiğli / İzmir and the Factory Building construction in Ankara. The group management believes that the valuation companies have professional background and have up-to-date information about the class and location of the investment property.

According to expertise report dated 30 September 2022, total fair values of factory building and lands located in Çiğli / İzmir amounts TL 254.458.257, the total value of lands and factory building located in Ankara Industrial Estate set as TL 132.705.060 and the total value of office building located in Çankaya / Ankara set as TL 4.090.000. Property fair values are calculated according to market value method and discounted cash flow methods.

The Group has purchased property, plant and equipment amounting to TL 7.884.819 (31.12.2022: TL : 6.454.916) in the interim period and there is no sale of property, plant and equipment in the interim period.(31.12.2022:227.182 TL).

As of 30.06.2023, there is a mortgage on the Tangible Assets in the amount of 8.600.000 EUR and 320.000.000 TL. (31.12.2022: There is a mortgage in the amount of 8.600.000 EUR and 320.000.000 TL.) There is an insurance coverage of 84.679.813 TL. (31.12.2022: 66.560.413 TL)

13. INTANGIBLE ASSETS

The Group has development expenses of 7.881.565 TL (31.12.2022: 11.594.264 TL), which were capitalized from Research and Development expenses in accordance with TAS 38 standard article 57, during the interim period. The Group has not purchased any intangible assets during the interim period (31.12.2022: 151.700 TL), and there are no sales of intangible assets. (31.12.2022: None.)

Cost of Borrowing

None. (31.12.2022: None)

14. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

Short-Term Payable Provision	**30.06.2023**	**31.12.2022**
Warranty Expense Provision	1.465.746	2.955.947
Provisions for Lawsuits	1.208.230	807.708
Total	**2.673.976**	**3.763.655**

Ongoing Lawsuits and Execution Proceedings

There are 9 lawsuits amounting TL 1.208.230 filed and continuing as of 30 June 2023 which Group raised a full provision (31.12.2022: TL 807.708).

14. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (continued)

Collateral, Pledges, Mortgages, Bails

Collaterals, Pledges, Mortgages and Sureties position table as of 30 June 2023 ve 31 December 2022 as below:

CPMB's given by the Company (Collaterals, Pledges, Mortgages, Sureties)	TL Equivalent	USD	EUR	QAR	30.06.2022 TL
A. CPMB's given for company's own legal personality	1.161.648.349	2.099.175	18.874.656	840.380	570.118.895
B. CPMB's given on behalf of fully consolidated Companies	-	-	-		-
C. CPMB's given of behalf of third parties for ordinary course of business	-	-	-		-
D. CPMB's given within the scope of Corporate Governance Communique's 12/2 clause					
I) Total amount of CPMB's given on behalf of majorly shareholder	-	-	-		-
ii) Total amount of CPMB's given on behalf of other Group companies which are not in scope of B and C	-	-	-		-
iii) Total amount of CPMB's given on behalf of third parties which are not in scope of C	-	-	-		-
Total	**1.161.648.349**	**2.099.175**	**18.874.656**	**840.380**	**570.118.895**

CPMB's given by the Company (Collaterals, Pledges, Mortgages, Sureties)	TL Equivalent	USD	EUR	QAR	31.12.2022 TL
A. CPMB's given for company's own legal personality	898.856.988	4.369.443	18.229.405	740.380	472.740.011
B. CPMB's given on behalf of fully consolidated Companies	-	-	-		-
C. CPMB's given of behalf of third parties for ordinary course of business	-	-	-		-
D. CPMB's given within the scope of Corporate Governance Communique's 12/2 clause					
I) Total amount of CPMB's given on behalf of majorly shareholder	-	-	-		-
ii) Total amount of CPMB's given on behalf of other Group companies which are not in scope of B and C	-	-	-		-
iii) Total amount of CPMB's given on behalf of third parties which are not in scope of C	-	-	-		-
Total	**898.856.988**	**4.369.443**	**18.229.405**	**740.380**	**472.740.011**

Group have not been given any "Other CPM". (31.12.2022: None).

14. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (continued)

Collaterals, Pledges, Mortgages and Sureties position table as of 30 June 2023 ve 31 December 2022 as below:

	30.06.2023					31.12.2022				
Collaterals, Pledges, Mortgages	**Total TL Equivalents**	**USD**	**EUR**	**QAR**	**TL**	**Total TL Equivalents**	**USD**	**EUR**	**QAR**	**TL**
Collaterals	390.386.129	2.099.175	4.444.656	840.380	205.118.895	246.196.381	4.369.443	3.799.405	740.380	84.990.011
Mortgages	771.262.220	-	14.430.000	-	365.000.000	652.660.607	-	14.430.000	-	365.000.000
Total	**1.161.648.349**	**2.099.175**	**18.874.656**	**840.380**	**570.118.89**	**898.856.988**	**4.369.443**	**18.229.405**	**740.380**	**449.990.011**

15. EMPLOYEE BENEFITS

Provision for Short-Term Employee Benefits	**30.06.2023**	**31.12.2022**
Unused Vacation Provision	3.773.375	2.984.190
Total	**3.773.375**	**2.984.190**

Provision for Long-Term Employee Benefits	**30.06.2023**	**31.12.2022**
Provision for employee termination benefits	19.969.606	18.005.392
Total	**19.969.606**	**18.005.392**

Scope of Employee Benefit Obligations	**30.06.2023**	**31.12.2022**
Payables to Personnel	10.088.552	1.928.204
Social Security Premiums Payable	3.604.875	2.248.647
Total	**13.693.427**	**4.176.851**

Under the Turkish Legislations, the Company is required to pay termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause, is called up for military service, dies or who retires after completing 25 years of service and reaches the retirement age (58 for women and 60 for men).
Retirement pay liability is not subject to any kind of funding legally. Provision for retirement pay liability is calculated by estimating the present value of probable liability amount arising due to retirement of employees. IAS 19 ("Employee Benefits") stipulates the development of Company's liabilities by using actuarial valuation methods under defined benefit plans.
As at balance sheet date, provisions calculated according to assumption % 5 expected salary increasing rate and % 12,61 inflation rate and retiring assumption as follows. (31.12.2022: %5 expected salary increasing rate, %9,64 inflation rate)

Main assumption is that maximum liability amount increases parallel to inflation rate for every service year. Therefore, discount rate used is the expected real rate adjusted for the future inflationary effects. Because of this, provisions in the accompanying financial statements as of June 30, 2023 are calculated by estimating present value of probable liabilities arising due to retirement of employees.

Group's retirement pay provision calculated over amounting to TL 19.983 (31.12.2022: TL 15.371) which is effective from 1 January 2023.

15. EMPLOYEE BENEFITS (continued)

The movement of provision for severance pay are as follows:

	1 January-30 June 2023	**1 January-30 June 2022**
Provision as of 1 set January	18.005.392	9.900.617
Service Cost	1.731.938	1.145.792
Interest Cost	1.420.100	939.031
Cancellation / Adjustments	371.249	17.879
Actuarial Gain / Loss (*)	(1.559.073)	1.312.793
Total Provisions as of Period End	**19.969.606**	**13.316.112**

(*) For the year ended 30 June 2023, TL (1.559.073) (30.06.2022: 1.312.793) actuarial gain / losses recognized in other comprehensive income.

The total other service cost and interest costs have been included to the general administrative, marketing and general production expenses.

16. OTHER ASSETS AND LIABILITIES

Other Current Assets	**30.06.2023**	**31.12.2022**
Deferred VAT	72.102.707	94.238.890
Work Advances	950.204	5.363.186
Other	242.842	-
Total	**73.295.753**	**99.602.076**

17. CAPITAL, RESERVES AND OTHER EQUITY COMPONENTS

a) Capital

Company's capital structure as of 30 June 2023 and 31 December 2022 are as follows:

	30.06.2023		**31.12.2022**	
	%Rate	Share Amount	Share Rate	Share Amount
Shareholders	(%)	TL	(%)	TL
İsmail Katmerci	9,26	99.676.173	9,26	60.409.802
Havva Katmerci	2,69	28.957.500	2,69	17.550.000
Mehmet Katmerci	2,82	30.343.500	2,82	18.390.000
Aysenur Orancı	2,69	28.957.500	2,69	17.550.000
Furkan Katmerci	2,69	28.957.500	2,69	17.550.000
Listed (*)	79,85	859.732.827	79,85	521.050.198
Paid-in Capital	**100,00**	**1.076.625.000**	**100,00**	**652.500.000**

(*) The listed part of the capital is trading in Istanbul Stock Exchange, Inc. (BIST).

Company's paid-in capital is TL 1.076.625.000 (31.12.2022: 652.500.000 TL) The paid-in capital consists of 652.500.000 registered shares. Each share nominal value is 1 TL. 86.130.000 pcs. of shares nominative A Group and 990.495.000 pcs. of shares are nominal B Group shares. A group shares are privileged and 68.904.000 pcs. owned by İsmail Katmerci, 4.306.500 pcs. own by Havva Katmerci, 4.306.500 pcs owned by Mehmet Katmerci, 4.306.500 pcs owned by Aysenur Orancı and 4.306.500 pcs owned by Furkan Katmerci. Privileged shares give right to owner as mentioned below;

17. CAPITAL, RESERVES AND OTHER EQUITY COMPONENTS (continued)

a) Capital (continued)

The company consists of 5 people elected by the board of directors by the general assembly among Group A shareholders in accordance with the provisions of the Turkish Commercial Code. (Article 10 of the Articles of Association) All issued shares have been paid as of 03.04.2023..

b) Gain from Sales of Treasury Shares

	30.06.2023	31.12.2022
Gain from Sales of Treasury Shares	5.421.856	3.996.748
	5.421.856	**3.996.748**

c) Revaluation and Remeasurement Reserve

	30.06.2023	31.12.2022
Property, Plant and Equipment Revaluation and Remeasurement Gain / (Loss)	310.820.016	310.820.016
	310.820.016	**310.820.016**

Property, Plant and Equipment Revaluation and Remeasurement Gain / (Loss)	30.06.2023	30.06.2022
Opening Balance	310.820.016	36.826.372
Closing Balance	**310.820.016**	**36.826.372**

d) Other Cumulative Comprehensive Income / Expense not to be Reclassified in Profit or Loss

	30.06.2023	31.12.2022
Defined Benefit Plans Actuarial Gain / Loss	8.068.331	6.821.072
	8.068.331	**6.821.072**

e) Restricted Reserves

	30.06.2023	31.12.2022
Legal Reserves	5.104.290	5.104.290
Total	**5.104.290**	**5.104.290**

f) Retained Profit / (Loss)

	30.06.2023	31.12.2022
Retained Profit / (Loss)	18.862.718	(63.705.666)
Total	**18.862.718**	**(63.705.666)**

g) Non-controlling Interests	30.06.2023	31.12.2022
Net Profit/(Loss) for the Period	69.699.391	82.568.385
Total	**69.699.391**	**82.568.385**

h) Non-Controlling Interests	30.06.2023	30.06.2022
Balance at 1 January	208.116	128.577
Non-Parent Profit / Loss Share	43.130	24.881
Non-Parent Shares	**251.246**	**153.458**

17. CAPITAL, RESERVES AND OTHER EQUITY COMPONENTS (continued)

ı) Effect of Business combinations under Common Control	**30.06.2023**	**31.12.2022**
Effect of business combination under common control (*)	(1.759.039)	(1.759.039)
Total	**(1.759.039)**	**(1.759.039)**

(*) The Company purchased Isıpan and Profil's TL 89.000 and TL 466.677 nominal number of shares by paying respectively TL 89.000 and TL 4.017.133 from shareholder İsmail Katmerci in the past years. This operation considered as "Effect of business combination under common control" and TL 1.759.039 difference between purchasing price and fair value discounted from purchasing price and presented as "Merge Effect of Common Control Transactions" in equity.

j) Dividend Distribution

Publicly held companies make their dividend distribution according to CMB's announcement No-II-19, which published at 1 February 2014.

Partnerships, profits will be determined by the General Assembly in accordance with the dividend distribution policy and in accordance with the provisions of the relevant legislation by the General Assembly distributes. Comes within the scope of the notification a minimum distribution rate has not been determined. Companies based in contract or in the manner specified in the dividend distribution policy will pay dividends. In addition, dividends may be paid in installments of equal or different, consistent and interim financial statements of the profits in advance may distribute dividends in cash.

TCC based on separation of reserves required by the articles of association or dividend distribution policy for the shareholders determine dividend allotted other reserves to allocate to the next year to transfer profit and dividend shareholders , management board members subsidiaries to their employees and shareholders, persons other than the profit share to be distributed could not be given , as determined for the shareholders in cash dividends are paid on these shares may not be distributed to persons on the card.

18. INCOME TAXES

		01.01-30.06.2023		**01.01-30.06.2022**
Profit/(Loss) for the year		69.742.521		20.293.547
Less: current period tax expense		2.986.694		(12.371.728)
Profit/loss after tax	**%**	**66.755.827**	**%**	**32.665.275**
Calculated tax via statutory rate	20%	(13.351.165)	23%	(7.513.013)
Non-deductible expenses	(12)%	(8.021.846)	12%	(4.040.052)
Discounts / Exceptions	(20)%	24.404.096	--	-
Different tax rates effect and other	0%	(44.390)	3%	(818.663)
Total tax income/(expense) recognized in profit or loss	**12%**	**2.986.694**	**35%**	**(12.371.728)**

Corporate Tax

The Group is subject to corporate tax resolutions applied in Turkey. Provision is made in the accompanying financial statements for the estimated tax liabilities related to the Group's results for the current period.

Corporate tax is applied on taxable corporate income, which is calculated from the statutory accounting profit by adding back non-deductible expenses, and by deducting dividends received from resident companies, other exempt income and investment incentives utilized.

18. INCOME TAXES (continued)

The effective tax rate in 2023 is %23 (2022: %23).
In accordance with the "Law No. 7440 on Restructuring of Certain Receivables and Amendments to Certain Laws" published in the Official Gazette on March 12, 2023, the exemption and discount amounts deducted from corporate earnings in accordance with the regulations in the law, by being shown in the corporate tax return for 2022. Additional tax must be calculated at the rate of 10% on the bases subject to corporate tax, without associating it with period earnings, and at the rate of 5% on exempt earnings. As of June 30, 2023, the additional tax amount calculated within the scope of the said regulation has been accrued in the financial statements. The first installment of 5,146,101 TL of payments regarding the tax in question was made in May 2023, and the 2nd installment will be paid in August 2023.

In Turkey, advance tax returns are filed on a quarterly basis. The advance corporate income tax rate is 23% in 2022 (2021: 25%). Losses are allowed to be carried 5 years maximum to be deducted from the taxable profit of the following years. However, losses occurred cannot be deducted from the profit occurred in the prior years retroactively.

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns between 1-25 April following the close of the accounting year to which they relate. Tax authorities may, however, examine such returns and the underlying accounting records and may revise assessments within five years.

Income Tax Withholding

In addition to corporate taxes, for which their share of the profit from the distribution of dividends in the event of the company's income in the statements, including non-resident institutions and branches of foreign companies in Turkey on any dividends distributed, except for the calculation of income tax withholding is required. Income tax for the period 24 April 2003 - 22 July 2006 was 10%. This rate changed starting from 22 July 2006 with the decision of Council of Minister numbered 2006/10731 to be 15%. Undistributed dividends incorporated in share capital are not subject to income tax withholding.

Deferred Tax

Deferred tax is accounted for using the liability method in respect of temporary differences arising from differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable (statutory) profit. Deferred tax is calculated using tax rates that have been enacted in the period in which assets acquired and/or liabilities carried out and included in the statement of income as income or expense.

Deferred tax rate is between %10-%20. (2022: %10 - %23)
The details of tax income / expense for the years ended 30 June are as follows:

	30.06.2023	30.06.2022
Income tax expense recognized in profit or loss		
Current tax expense		
Current tax expense	(2.846.611)	(3.604.684)
Deferred tax income/(expense):	**5.833.305**	**(8.767.044)**
Arising from Temporary Differences	5.833.305	5.370.248
Arising from Tax losses carried forward	-	(14.137.292)
	2.986.694	**(12.371.728)**

Recognized in Other comprehensive Income	**30.06.2023**	**30.06.2022**
Recognized Deferred tax income/(expense):		
Actuarial differences tax effect	(311.815)	301.942
Total	**(311.815)**	**301.942**
Total tax effect income/ (expense)	**2.674.879**	**(12.069.786)**

18. INCOME TAXES (continued)

Current Period Tax Assets/Liabilities

	30.06.2023	**31.12.2022**
Assets related to current period tax	298.625	297.585
Total	**298.625**	**297.585**

Current tax reconciliation

	30.06.2023	**30.06.2022**
Balance at 1 January	(297.585)	-
Recognized in profit or loss	2.846.611	3.604.684
Paid	(2.847.651)	(3.650.224)
Total	**(298.625)**	**(45.540)**

Deferred Tax Assets/Liabilities

	30.06.2023	**31.12.2022**
Deferred Tax Asset	809.857	723.600
Deferred Tax Liabilities	(15.462.930)	(20.898.164)
Total	**(14.653.073)**	**(20.174.564)**

Deferred tax reconciliation

	30.06.2023	**30.06.2022**
Balance at 1 January	(20.174.564)	23.409.178
Recognized in profit or loss	5.833.305	(8.767.044)
Recognized in other comprehensive income	(311.814)	301.942
Total	**(14.653.073)**	**14.944.076**

19. EARNING PER SHARE

Earnings Per Share	**01.01.2023 30.06.2023**	**01.01.2022 30.06.2022**
Net Profit / (Loss), Parent	69.699.391	20.268.667
Weighted Average Number of Shares	1.076.625.000	652.500.000
Earnings / (Loss) Per Share from Continuing Operations	0,06	0,03

20. RELATED PARTY DİSCLOSURES

	30.06.2023					
	Receivable		Liabilities		Advances	
	Short-Term		Short-Term		Long-Term	
Balances with Related Parties	Trade	Non-Trade	Trade	Non-Trade	Trade	Non-Trade
KTM Gayrimenkul Yatırım Tah.Tic.A.Ş.(*)	--	--	--	--	57.652.255	--
Total	**--**	**--**	**--**	**--**	**57.652.255**	**--**

	31.12.2022					
	Receivable		Liabilities		Advances	
	Short-Term		Short-Term		Long-Term	
Balances with Related Parties	Trade	Non-Trade	Trade	Non-Trade	Trade	Non-Trade
KTM Gayrimenkul Yatırım Tah.Tic.A.Ş.(**)	--	--	--	--	49.026.274	--
Total	**--**	**--**	**--**	**--**	**49.026.274**	**--**

(*)It arises from the advances paid for the ongoing production facilities in Ankara Başkent Organized Industrial Zone, which are shown in the prepaid expenses item in the fixed assets in the balance sheet.

Transactions with related parties between 01.01.-30.06.2023 and 01.01.-31.12.2022 as follows:

01 January - 30 June 2023		
Transactions with Related Parties	**Purchases**	**Sales**
Shareholders (*)	--	8.496
Total	**--**	**8.496**

01 January - 31 December 2022		
Transactions with Related Parties	**Purchases**	**Sales**
Shareholders (*)	--	10.620
Total	**--**	**10.620**

(*) It is a result of the leasing of the properties owned by the shareholders.

21. QUALITY AND LEVEL OF RISKS FROM FINANCIAL INSTRUMENTS

a) Capital Risk Management

The aims of Group are to be beneficial for all shareholders and maintaining the best capital combination to reduce capital cost and keeping on entity when managing the capital.

The Group's share capital structure consists of the financial liabilities disclosed in Note 6, the cash and cash equivalents disclosed in Note 4 and paid-in capital, other reserves, premiums / discounts on shares, revaluation gains and losses, including the restated measurement of profit / loss, defined benefit plans, retained earnings / losses, retained earnings reserves and retained earnings/losses disclosed in Note 17.

Group capital cost and each risk regarding capital evaluate by executives. According to the evaluate company aim to equalize the capital structure by borrowing, redemption, dividend payment and issuance of shares.
The Group uses Liabilities / Equity rate while they follow capital sufficiency. This rate is found by net liabilities divided by total equity. Net liabilities are counted by cash and cash equivalents minus total liabilities which appears in balance sheet.

Equity to debts ratio as of 30 June 2023 and 31 December 2022 are as follows:

	30.06.2023	**31.12.2022**
Financial Liabilities	1.112.971.380	840.531.247
Less: Cash and Cash Equivalents	(220.458.003)	(47.763.271)
Net Financial Liabilities	**892.513.377**	**792.767.976**
Total Equity	1.493.093.809	996.553.922
Liabilities / Equity Ratio	0,60	0,80

The Group's current capital risk management strategy does not differ from previous periods.

b) Financial Risk Factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

b.1) Credit Risk

Financial losses due to Group's receivables and financial assets which result from not implementing agreement clauses related to financial assets by a customer or other party constitutes credit risk. Company trying to decrease credit risk by making operations with confidential parties and attain enough collateral. Trade receivables contain lots of customers gathered on same sector and geographical area. Credit consideration making over Customer's trade receivables permanently.

21. QUALITY AND LEVEL OF RISKS FROM FINANCIAL INSTRUMENTS (continued)

b) Financial Risk Factors (continued)

b.1) Credit Risk (continued)

Types of credit risks subject to financial instruments:

30.06.2023	**Receivables**				**Cash and Cash Equivalents**
	Trade Receivables		**Other Receivables**		
Current Period	**Related Parties**	**3rd Parties**	**Related Parties**	**3rd Parties**	**Banks Deposit**
The maximum amount of exposure to credit risk at the end of the reporting period (A+B+C+D) (1)	**--**	**652.445.913**	**--**	**12.031.608**	**220.327.467**
- Total receivable that have been secured with collaterals, other credit enhancements etc.	--	-	--	-	-
A. Financial assets that are either past due or impaired (2)	--	653.268.719	--	12.031.608	220.327.467
B. The amount of financial assets that are past due as at the end of reporting period but not impaired	--	-	--	-	-
C. The amount of financial assets that are impaired (3)	--	-	--	-	-
- Overdue (gross book value)	--	-	--	-	-
- Impairment (-)	--	-	--	-	-
- Net value guaranteed with collateral etc.	--	-	--	-	-
- Not overdue (gross book value)	--	24.595.697	--	-	-
- Impairment (-)	--	(24.595.697)	--	-	-
- Net value guaranteed with collateral etc.	--	-	--	-	-
D. Expected credit loss	--	(822.806)	--	-	-

21. QUALITY AND LEVEL OF RISKS FROM FINANCIAL INSTRUMENTS (continued)

b) Financial Risk Factors (continued)

b.1) Credit Risk (continued)

31.12.2022	Receivables				Cash and Cash Equivalents Trade Receivables
	Trade Receivables		Other Receivables		
Current Period	Related Parties	3rd Parties	Related Parties	3rd Parties	Related Parties
The maximum amount of exposure to credit risk at the end of the reporting period (A+B+C+D) (1)	--	**531.390.946**	--	**7.150.080**	**47.558.396**
- Total receivable that have been secured with collaterals, other credit enhancements etc.	--	-	--	-	-
A. Financial assets that are either past due or impaired (2)	--	531.633.643	--	7.150.080	47.558.396
B. The amount of financial assets that are past due as at the end of reporting period but not impaired	--	-	--	-	-
C. The amount of financial assets that are impaired (3)	--	-	--	-	-
- Overdue (gross book value)	--		--	-	-
- Impairment (-)	--	-	--	-	-
- Net value guaranteed with collateral etc.	--	-	--	-	-
- Not overdue (gross book value)	--	18.112.012	--	-	-
- Impairment (-)	--	(18.112.012)	--	-	-
- Net value guaranteed with collateral etc.	--	-	--	-	-
D. Off balance sheet credit risk amount	--	(242.697)	--	-	-

(1) It was not considered collaterals taken which is raising credit reliability when the amounts were determined.
(2) All of the trade receivables are receivables from clients. Company management predicted that it would not be encountered any problem regarding Collection of Receivables because of considering their past experiences.

(3) Impairment tests, Company's receivables from customers regarding the policy framework set by the management is made in doubtful receivables.

21. QUALITY AND LEVEL OF RISKS FROM FINANCIAL INSTRUMENTS (continued)

b) Financial Risk Factors (continued)

b.2) Liquidity Risk Management

Liquidity risk is the risk that an entity will be unable to meet its net funding requirements The Company's objective is to maintain a balance between current assets and liabilities through close monitoring of payment plans and cash projections. The Company manages short, medium- and long-term funding and liquidity management requirements by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profile of financial assets and liabilities.

The table below summarizes the maturity profile of the Company's financial liabilities based on contractual payments. The Company does not have any derivative liabilities.

Current Period (30.06.2023)

Terms According to Agreements	Book Value	According to the Contracts Total Cash Outflows (=I+II+III)	Less than 3 months (I)	3 to 12 months (II)	1 to 8 years (III)
Non-derivative financial liabilities	**1.375.704.870**	**1.375.704.870**	**186.559.613**	**172.719.609**	**1.016.425.648**
Bank Credits	1.091.202.342	1.091.202.342	46.711.340	41.035.445	1.003.455.557
Short Term Portion of Long-Term Credits	7.235.503	7.235.503	-	7.235.503	-
Financial Leasing Liabilities	14.533.536	14.533.536	521.148	1.042.297	12.970.091
Trade Payables	252.560.648	252.560.648	129.154.284	123.406.364	-
Other Payables	10.172.841	10.172.841	10.172.841	-	-
TOTAL	**1.375.704.870**	**1.375.704.870**	**186.559.613**	**172.719.609**	**1.016.425.648**

Previous Period (31.12.2022)

Terms According to Agreements	Book Value	According to the Contracts Total Cash Outflows (=I+II+III+IV)	Less than 3 months (I)	3 to 12 months (II)	1 to 8 years (III)
Non-derivative financial liabilities	**1.095.253.801**	**1.095.253.801**	**180.539.312**	**197.697.688**	**717.016.801**
Bank Credits	816.186.240	816.186.240	1.204.042	107.197.580	707.784.618
Short Term Portion of Long-Term Credits	13.023.318	13.023.318	-	13.023.318	-
Financial Leasing Liabilities	11.321.689	11.321.689	88.262	2.001.244	9.232.183
Trade Payables	251.585.152	251.585.152	176.109.606	75.475.546	-
Other Payables	3.137.402	3.137.402	3.137.402	-	-
TOTAL	**1.095.253.801**	**1.095.253.801**	**180.539.312**	**197.697.688**	**717.016.801**

b.3) Market Risk Management

The market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.
In the current year, the Group's exposure to market risks or exposures to the risk management and assessment, has not changed compared to the previous year.

21. QUALITY AND LEVEL OF RISKS FROM FINANCIAL INSTRUMENTS (continued)

b) Financial Risk Factors (continued)

b.3.1) Foreign Exchange Risk Management

Foreign currency transactions expose the Group to foreign currency risk. These risks are monitored and limited by the analysis of foreign currency position.

The group's foreign currency denominated monetary and non-monetary assets and liabilities as of the date of the balance sheet are as follows:

KONSOLİDE DÖVİZ POZİSYONU TABLOSU						
30.06.2023						
	TL Equivalent	USD	EURO	QA	SE	GBP
1.Trade Receivables	539.028.666	7.005.609	12.720.115	-	-	-
2a. Monetary Financial Assets (including cash and bank accounts)	42.715.343	1.416.735	217.763	-	-	-
2b. Non-Monetary Financial Assets	564.745.351	19.297.320	2.350.654	27.200	-	1.725
3.Other	-	-	-	-	-	-
4.Current Assets (1+2+3)	**1.146.489.360**	**27.719.664**	**15.288.532**	**27.200**	**-**	**1.725**
5. Trade Receivables	-	-	-	-	-	-
6a. Monetary Financial Assets	-	-	-	-	-	-
6b. Non-Monetary Financial Assets	-	-	-	-	-	-
7.Other	-	-	-	-	-	-
8.Non-Current Assets (5+6+7)	-	-	-	-	-	-
9.Total Assets (4+8)	**1.146.489.360**	**27.719.664**	**15.288.532**	**27.200**	**0**	**1.725**
10.Trade Payables	76.051.690	1.597.821	1.228.962	11.623	45.350	-
11.Financial Liabilities	13.386.799	370.015	136.104	-	-	-
12a.Other Monetary Financial Liabilities	-	-	-	-	-	-
12b.Other Non-Monetary Financial Liabilities	486.109.582	5.067.346	12.618.278	-	-	-
13.Short-Term Liabilities (10+11+12)	**575.548.071**	**7.035.182**	**13.983.343**	**11.623**	**45.350**	**-**
14.Trade Payables	-	-	-	-	-	-
15.Financial Liabilities	885.432.889	377.745	31.103.160	-	-	-
16a.Other Monetary Financial Liabilities	-	-	-	-	-	-
16b.Other Non-Monetary Financial Liabilities	-	-	-	-	-	-
17.Long-Term Liabilities (14+15+16)	**885.432.889**	**377.745**	**31.103.160**	**-**	**-**	**-**
18.Total Liabilities (13+17)	**1.460.980.960**	**7.412.927**	**45.086.503**	**11.623**	**45.350**	**-**
19.Off Balance Sheet Derivative Instruments Net Assets / (Liabilities) (19a-19b)	-	-	-	-	-	-
19a.Total Assets Hedged	-	-	-	-	-	-
19b.Total Liabilities Hedged	-	-	-	-	-	-
20.Net Foreign Currency Assets / (Liabilities) (9-18+19)	**(314.491.600)**	**20.306.737**	**(29.797.971)**	**15.578**	**(45.350)**	**1.725**
21.Monetary Items Net Foreign Currency Assets / (Liability) Position (IFRS 7.B23) (1+2a+5+6a-10-11-12a-14-15-16a)	**(393.127.369)**	**6.076.763**	**(19.530.347)**	**(11.623)**	**(45.350)**	**-**
22. Total Fair Value of Financial Instruments Used for Currency Hedge 1.Trade Receivables	-	-	-	-	-	-

21. QUALITY AND LEVEL OF RISKS FROM FINANCIAL INSTRUMENTS (continued)

b) Financial Risk Factors (continued)

b.3.1) Foreign Exchange Risk Management (continued)

CONSOLIDATED FOREIGN EXCHANGE POSITION TABLE					
31.12.2022					
	TL Equivalent	USD	EURO	GBP	SE
1.Trade Receivables	466.737.776	9.509.924	14.493.093	-	-
2a. Monetary Financial Assets (including cash and bank accounts)	35.535.130	336.165	1.467.254	-	-
2b. Non-Monetary Financial Assets	356.352.957	16.647.967	2.253.634	27.200	-
3.Other	-	-	-	-	-
4.Current Assets (1+2+3)	**858.625.863**	**26.494.056**	**18.213.980**	**27.200**	**-**
5. Trade Receivables	-	-	-	-	-
6a. Monetary Financial Assets	-	-	-	-	-
6b. Non-Monetary Financial Assets	-	-	-	-	-
7.Other	-	-	-	-	-
8.Non-Current Assets (5+6+7)	-	-	-	-	-
9.Total Assets (4+8)	**858.625.863**	**26.494.056**	**18.213.980**	**27.200**	**-**
10.Trade Payables	85.346.669	1.331.127	3.028.656	-	45.350
11.Financial Liabilities	19.895.876	722.550	320.314	-	
12a.Other Monetary Financial Liabilities	-	-	-	-	-
12b.Other Non-Monetary Financial Liabilities	513.848.765	2.200.744	23.427.180	1.117.140	-
13.Short-Term Liabilities (10+11+12)	**619.091.309**	**4.254.421**	**26.776.150**	**1.117.140**	**45.350**
14.Trade Payables	-	-	-	-	-
15.Financial Liabilities	615.328.565	377.745	30.512.588		
16a.Other Monetary Financial Liabilities	-	-	-	-	-
16b.Other Non-Monetary Financial Liabilities	-	-	-	-	-
17.Long-Term Liabilities (14+15+16)	**615.328.565**	**377.745**	**30.512.588**	**-**	**-**
18.Total Liabilities (13+17)	**1.234.419.874**	**4.632.166**	**57.288.738**	**1.117.140**	**45.350**
19.Off Balance Sheet Derivative Instruments Net Assets / (Liabilities) (19a-19b)	-	-	-	-	-
19a.Total Assets Hedged	-	-	-	-	-
19b.Total Liabilities Hedged	-	-	-	-	-
20.Net Foreign Currency Assets / (Liabilities) (9-18+19)	**(375.794.012)**	**21.861.890**	**(39.074.757)**	**(1.089.940)**	**(45.350)**
21.Monetary Items Net Foreign Currency Assets / (Liability) Position (IFRS 7.B23) (1+2a+5+6a-10-11-12a-14-15-16a)	**(218.298.204)**	**7.414.668**	**(17.901.211)**	**-**	**(45.350)**
22. Total Fair Value of Financial Instruments Used for Currency Hedge	-	-	-	-	-

21. QUALITY AND LEVEL OF RISKS FROM FINANCIAL INSTRUMENTS (continued)

b) Financial Risk Factors (continued)

b.3) Market Risk Management (continued)

b.3.1) Foreign Exchange Risk Management (continued)

The Group is exposed to foreign exchange risk arising primarily with respect to transactions denominated in USD and EURO.
The following table details the Company's sensitivity to a 10% increase and decrease in the TL against USD, Euro. 10% is used in the reporting of currency risk to the key management and it represents the management's expectation on the potential exchange rate fluctuations. Sensitivity analysis can only made on the year-end outstanding foreign currency denominated monetary items and it shows the year-end effects of the 10% of exchange currency fluctuation on the related items.

Exchange Rate Risk Analysis Table			
30.06.2023			
	Profit / Loss		**Equity**
	Appreciation of Foreign Currency	Depreciation of Foreign Currency	Appreciation of Foreign Currency
10% change in USD against TL:			
1-USD Net Assets / Liabilities	52.438.290	(52.438.290)	-
2-The Amount of USD Hedging (-)	-	-	-
3-USD Net Effect (1+2)	**52.438.290**	**(52.438.290)**	-
10% change in EUR against TL:			
4- EUR Net Assets / Liabilities	(83.893.207)	83.893.207	-
5-The Amount of EUR Hedging (-)	-	-	-
6-EUR Net Effect (4+5)	**(83.893.207)**	**83.893.207**	-
TOTAL (3+6)	**(31.454.917)**	**31.454.917**	-
10% change in Other Currency against TL:			
7- Other Net Assets / Liabilities	5.757	(5.757)	-
8- The Amount of Other Hedging (-)	-	-	-
9- Other Net Effect (7+8)	**5.757**	**(5.757)**	-
TOTAL (3+6+9)	**(31.449.160)**	**31.449.160**	-

Exchange Rate Risk Analysis Table			
31.12.2022			
	Profit/Loss		**Equity**
	Appreciation of Foreign Currency	Depreciation of Foreign Currency	Appreciation of Foreign Currency
10% change in USD against TL:			
1-USD Net Assets / Liabilities	40.878.018	(40.878.018)	-
2-The Amount of USD Hedging (-)	-	-	-
3-USD Net Effect (1+2)	**40.878.018**	**(40.878.018)**	-
10% change in EUR against TL:			
4- EUR Net Assets / Liabilities	(77.895.138)	77.895.138	-
5-The Amount of EUR Hedging (-)	-	-	-
6-EUR Net Effect (4+5)	**(77.895.138)**	**77.895.138**	-
TOTAL (3+6)	**(37.017.120)**	**37.017.120**	-
10% change in Other Currency against TL:			
7- Other Net Assets / Liabilities	(562.269)	562.269	-
8- The Amount of Other Hedging (-)	-	-	-
9- Other Net Effect (7+8)	**(562.269)**	**562.269**	-
TOTAL (3+6+9)	**(37.579.390)**	**37.579.390**	-

22. FINANCIAL INSTRUMENTS (FAIR VALUE OF FINANCIAL RISK MANAGEMENT DISCLOSURES)

Group management think that the carrying values of financial instruments represent their fair values.

30.06.2023	Financial Assets at Fair Value Through Profit or Loss	Financial Asset Measured at Amortized Cost	Financial assets at Fair Value Through Other Comprehensive Income	Financial Liabilities Measured at Amortized Cost	Book Value	Note
Financial Assets						
Cash and Cash Equivalents	-	220.458.003	-	-	220.458.003	4
Trade Receivables	-	652.445.913	-	-	652.445.913	7
Other Receivables	-	12.008.932	-	-	12.031.608	8
Financial Investments	120.064	-	-	-	120.064	5
Financial Liabilities						
Financial Payables	-	-	-	1.112.971.380	1.112.971.380	6
Trade Payables	-	-	-	252.560.648	252.560.648	7
Other Payables	-	-	-	10.172.841	10.172.841	8

31.12.2022	Financial Assets at Fair Value Through Profit or Loss	Financial Asset Measured at Amortized Cost	Financial assets at Fair Value Through Other Comprehensive Income	Financial Liabilities Measured at Amortized Cost	Book Value	Note
Financial Assets						
Cash and Cash Equivalents	-	47.763.271	-	-	47.763.271	4
Trade Receivables	-	531.390.946	-	-	531.390.946	7
Other Receivables	-	7.127.404	-	-	7.150.080	8
Financial Investments	112.485	-	-	-	112.485	5
Financial Liabilities						
Financial Payables	-	-	-	840.531.247	840.531.247	6
Trade Payables	-	-	-	251.585.152	251.585.152	7
Other Payables	-	-	-	3.137.402	3.137.402	8

22. FINANCIAL INSTRUMENTS (FAIR VALUE OF FINANCIAL RISK MANAGEMENT DISCLOSURES) (continued)

Financial Instrument fair values determine as follows;

- First Level: Financial Instruments valuated with market values of the similar instruments which traded on active market.

- Second Level: Financial Instruments valuated with data uses to find price which observable directly or indirectly on the market in addition to first level.

- Third Level: Financial Instruments valuated with data which not based on data uses to find fair value of the instruments on the market.

23. SUBSEQUENT EVENTS

<u>30.06.2023:</u>

- The severance pay ceiling, which was 19.983 TL on 30 June 2023, was increased to 23.490 TL, effective from 1 July 2023.

- According to the law published in the Official Gazette dated July 15, 2023, changes have been made to Law No. 5520, the Corporate Income Tax Law. Accordingly, starting from October 1, 2023, the corporate income tax rate has been increased from 20% to 25%. In addition, the 1-point reduction in the corporate income tax rate applied exclusively to the income from exports by companies has been changed to a 5-point reduction. Furthermore, with the changes made, as of July 15, 2023, the 50% tax exemption rate for real estate sales gains specified in Law No. 5520 has been abolished. However, this exemption will be applied at a rate of 25% for the sales of real estate assets that were in the assets of businesses before July 15, 2023.