



The deaths and destruction brought on by the two significant earthquakes that hit Kahramanmaraş on 6 February and directly affected 11 provinces deeply devastated our entire nation. We feel the pain of those who experienced this great disaster in our hearts and wish mercy to our citizens who lost their lives in the earthquake and patience to their relatives.

Alarko Holding will continue to stand by our people to overcome the effects of the disaster in unity and solidarity. We believe that by working together in solidarity and cooperation, we will persevere through these difficult times.



29.05.2023

FISCAL YEAR 2022
GENERAL ASSEMBLY MEETING

REGISTERED CAPITAL

TL 500,000,000

ISSUED CAPITAL

TL 435,000,000

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The leading element in every investment is people. Investments cannot be successful without the ingenuity, imagination, creativity, and labor of humans.

Dr. Üzeyir Garih



The success trajectory of a long-term business is shaped during the planning phase. Planning is the primary factor of success. Failure is almost always the result of poor planning.

Ishak Alaton

We will always remember you with love and respect...

ALARKO GROUP OF COMPANIES



CONTRACTING GROUP

- **ALSİM ALARKO SANAYİ TESİSLERİ VE TİCARET A.Ş.**
- KABATAŞ-MECİDİYEKÖY-MAHMUTBEY METRO PROJECT
- ANKARA METRO ELECTRO-MECHANICAL WORKS AND SIGNALIZATION SYSTEMS PROJECT
- ANKARA METRO ADDITIONAL ELECTRO-MECHANICAL WORKS AND SIGNALIZATION SYSTEMS PROJECT
- ALARKO-CENGİZ METRO JOINT VENTURE KAYNARCA-PENDİK-TUZLA METRO CONSTRUCTION AND ELECTRO-MECHANICAL WORKS PROCUREMENT, MONTAGE AND COMMISSIONING PROJECT
- BAKAD GREAT ALMATY BELTWAY PROJECT
- BUCHAREST SOUTHERN BELTWAY PROJECT LOT-1
- BUCHAREST SOUTHERN BELTWAY PROJECT LOT-2
- ALARKO-MAKYOL JOINT VENTURE-BUCHAREST INTERNATIONAL AIRPORT METRO CONNECTION 6. METRO ZONE LOT-1.1



ENERGY GROUP

- **ALTEK ALARKO ELEKTRİK SANTRALLARI TES. İŞL. VE TİC. A.Ş.**
- KARAKUZ HYDROELECTRIC POWER PLANT
- GÖNEN HYDROELECTRIC POWER PLANT
- KIRKLARELİ COMBINED NATURAL GAS CYCLE POWER PLANT
- **MERAM ELEKTRİK DAĞITIM A.Ş.**
- **ALCEN ENERJİ DAĞITIM VE PERAKENDE SATIŞ HİZM. A.Ş.**
- **CENAL ELEKTRİK ÜRETİM A.Ş.**
- **MERAM ELEKTRİK ENERJİSİ TOPTAN SATIŞ A.Ş.**
- **MERAM ELEKTRİK PERAKENDE SATIŞ A.Ş.**
- **ALGİZ ENERJİ A.Ş.**
- **PANEL ENERJİ A.Ş.**
- **ALEN ALARKO ENERJİ TİCARET A.Ş.**
- **ALARKO ENERJİ A.Ş.**



INDUSTRY AND TRADE GROUP

- **ALARKO CARRIER SANAYİ VE TİCARET A.Ş.**
- THE MAIN MANUFACTURING PLANT
- HEATING DEVICES MANUFACTURING PLANT
- DEALER SALES
- SYSTEM SALES
- AFTER SALES SERVICES
- TOTALINE DIVISION
- **ALARKO FENNİ MALZEME SATIŞ VE İMALAT A.Ş.**
- **TÜM TESİSAT VE İNŞAAT A.Ş.**
- **ALARKO TARIM SANAYİ VE TİCARET A.Ş.**



TOURISM GROUP

- ATTAŞ ALARKO TURİSTİK TESİSLER A.Ş.
- HILLSIDE BEACH CLUB
- HILLSIDE CITY CLUB - ETİLER
- CINECITY - ETİLER
- SANDA SPA (HBC, HCC-ETİLER)



LAND DEVELOPMENT GROUP

- ALARKO GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.
- ALDEM ALARKO KONUT İNŞAAT VE TİCARET A.Ş.
- AL-RİVA PROJESİ ARAZİ DEĞER. KONUT İNŞ. VE TİC. A.Ş.
- AL-RİVA ARAZİ DEĞER. KONUT İNŞ. VE TİC. A.Ş.
- AL-RİVA ARAZİ DEĞER. KONUT İNŞ. TURİSTİK TES. GOLF İŞL. VE TİC. A.Ş.
- ALARKO KONUT PROJELERİ GELİŞTİRME A.Ş.
- AO MOSALARKO



ALYAT TEKNOLOJİ YATIRIMLARI HOLDİNG A.Ş.

MESSAGE FROM THE CHAIRMAN



We are proud to have finished the year 2022 successfully as a Group.

Dear friends,

2022 was a year when the winds of change gained momentum on a global scale, demonstrating the importance of acting strategically and patiently, successfully integrating rationality with business methods, and rapidly adapting to changing conditions.

Global economic growth was predicted to be slightly lower than in 2021, taking into account the global developments, including post-Covid economic recovery and rebalancing. In the IMF's October 2022 report, global growth was revised down to 3.2%. 2023 is expected to be a year in which central banks maintain their tight monetary policies, but with a slower pace of tightening and more stable economic values. In the same report, the IMF forecasts 2.7% growth in 2023, with developing and emerging economies, particularly in Asia, expected to support this growth.

Our efforts to reform, transform and digitalize intensified in 2022, thanks to our Board of Directors' vision and the coordination of our esteemed CEO, Ümit Nuri Yıldız.

On the one hand, we provided all of our staff with digital tools so they could work from anywhere, and on the other, we completed our office's decorating project to make it more responsive to the demands of the new generation.

While our head office units underwent this renovation, we further solidified our connections with our businesses and subsidiaries Synergistic strategy discussions and training sessions for all levels were jointly organized with all Group companies, and considerably strengthened this connection. I am very happy that our most valuable resource, our personnel, is developing a stronger sense of belonging to our organization.

We accelerated the restructuring of our company's management in 2022 putting the new organizational structure into effect. We consolidated the new management structure under the coordination of four senior managers to streamline management and decision-making processes since we need agile management skills in light of global trends and changing needs. The new Group Presidencies of Finance, Strategy and Business Development, Information Technologies and Digital Transformation, and People and Organization, and their teams are actively involved in fostering synergy throughout the Group. They are young, dynamic, idea-generating, and quick to make decisions.

Successful cash management, as we have long recognized, is centrally controlled and structured by optimizing financial processes and providing the necessary support, whereas the Group companies' organic and inorganic growth efforts are assessed by the Strategy and Business Development Group Presidency. The Investor Relations and Corporate Communications units were merged under the Strategy and Business Development Group Presidency, which assumed an important role in developing projects that will contribute to value generation through societal activities and strengthen communication with

all stakeholders. Throughout the year, we noticed the positive effects of transparent and open communication within our new organization. The Group Presidency of Information Technologies and Digital Transformation has made important contributions to increasing digital literacy across the Group and promoting awareness of innovative thinking, all while actively improving and securing the existing infrastructure. The People and Organization Presidency, on the other hand, has ensured that employee satisfaction is carried to the highest levels with the structure it has reconstructed while taking the current level and demands of employees within the Group into account.

Our energy-generation and energy-distribution business lines contributed significantly to Alarko Holding's growth throughout 2022. Due to strategic positioning, planning, and foresighted operations, our energy generation business line generated a historic operating performance in the current challenging conditions, realizing an 11% increase in power generation in 2022 compared to 2021. The efficient production strategy and high output resulted in significant cash generation. Throughout the year, our energy generation and distribution companies successfully drove our consolidated turnover. Our consolidated indebtedness has fallen to its lowest level in recent years as a result of this success, enabling a favorable financial position for our new investments. With the renewable energy and energy storage initiatives we are pursuing, I believe we will be able to achieve a more balanced portfolio structure. Our electricity distribution and retail business line continued its successful operations. While our asset base in our distribution activities exceeded TL 7 billion by the end of 2022, we have become an exemplary organization not only for the residents of the region but also for all public authorities and consumers with the added value and service we create.

Alarko Holding stock performed well in 2022 as a result of these changes being reflected in our financial results. I'm pleased to see that all of our Group employees are motivated to make sure that these levels can be maintained. As a result of these developments, which were also monitored by the stock exchange administration, Alarko Holding was added to the BIST-30 index. Being one of the top 30 companies on the stock exchange has been a source of pride for us.

In 2022, our strategy and business development team worked hard to build new business lines and make additional investments in current ones. For 2023, we will continue to look for suitable investments in new industries as well as in our existing business lines.

Our Tourism Group and Alarko Real Estate Investment Trust (ALGYO) started the renovation of the hotel we purchased in Bodrum Gündoğan together. When these renovations are completed, we will have a new sister facility at our Fethiye Hillside Beach Club site. We anticipate that this project, for which we secured investment incentives and incentivized investment loans last year, will be the first example of our future tourism investments. I also wholeheartedly support the new tourism projects that our Tourism Group is seeking in Turkey and abroad.

There have been new developments in the warehousing and logistics sector due to the increasing volume of online trade. In line with these developments, our Land Development Group will continue to study the prospects for warehousing development and will seek to form collaborations that will allow such investments to be made on our existing properties.

Our Industry and Trade Group, on the other hand, will get closer to its goal of growing export turnover by increasing production capacity with the pump and combi-boiler factory that will be created with the additional investment planned

in Central Anatolia. The production and turnover numbers attained in 2022 as well as the level of profitability they attained are outstanding.

Our Contracting Group is working hard to rapidly complete the contracting projects undertaken in Turkey and overseas as planned. The Kazakhstan-BAKAD Motorway, constructed as a BOT (Build-Operate-Transfer) project, has reached the commissioning stage. We are still looking into potential PPP (BOT and BOO) projects in Kazakhstan, and we anticipate seeing the results of these discussions in 2023. While the Bucharest Ring Road Project, which we have undertaken in Romania, is nearing completion, the Bucharest Metro Project, which we are conducting in addition to the Bucharest Metro Project, is growing in importance in our Romanian business volume.

Dear friends,

We are proud to have finished the year 2022 successfully as a Group. I heartily thank all Alarko employees who have worked diligently and devotedly despite many uncertainties and high inflation around the world. In 2023, I hope that we will always prioritize health issues and that our country and the world will experience a much more successful and tranquil period in a peaceful environment.

May God Almighty bring all of our friends, health, happiness, peace, success, abundance, prosperity, and good fortune in the new year.

Please accept my warmest regards and best wishes,

İzzet Garih

MESSAGE FROM THE CEO

We, the Alarko Group, emerged from these times stronger and growing thanks to our nearly 70 years of experience, execution capability, balanced portfolio, cash management capacity, strategic prioritization, and agile management.



Distinguished Shareholders,

As in the previous decade, 2022 was a year in which we struggled with many variables on the micro, macro, national, and global levels, analyzing another emerging issue almost every month and addressing each risk individually.

We, the Alarko Group, emerged from these times stronger and growing thanks to our nearly 70 years of experience, execution capability, balanced portfolio, cash management capacity, strategic prioritization, and agile management.

We entered 2022 with the expectation that a healthy growth path would be established, as we had recorded a strong growth rate of 6% globally and over 11% in Turkey in 2021. In January, new variants of Covid 19 emerged, while production-led growth and strong trade volumes were supporting our expectations. Supply chain problems experienced in 2021 because of Covid 19 outbreak had been largely solved.

As the recovery was underway, Russia's invasion of Ukrainian territory on February 24 caused the largest humanitarian displacement and unrest in Europe since World War II. The war, which resulted in people being injured, killed, and losing their homes, increased volatility in the global economy.

Gold, oil, natural gas, and coal prices rose at a rapid pace, while stock markets reacted in the opposite direction. Although energy is currently the main item on the agenda, due to the current supply shortage, clean energy sources have been extensively discussed and questioned.

As the first quarter ended, the constructive and positive expectations of the beginning of the year were reversed. Global inflation caused by war, rapid increases in agricultural and energy prices, the closure of the Port of Shanghai as a result of the pandemic's escalation in Asia, and the resumption of supply challenges have all caused us professional managers to reconsider our strategies.

Global challenges have always triggered new changes, from the past to the present. The circular economy and the 4Rs, which have been on the business agenda for some time, are now being taken into account in future planning by all leaders and direction-setters. In general, embracing the 4R approach, which stands for Recycle, Resale/Rental, Refurbish, Repair, plays a significant role in alleviating the burden on the supply chain.

The rise in food prices accelerated in the second quarter of the year, increasing by about 75% over the last 2 years, and especially economically weak countries were caught off guard. Food has become both a social and environmental priority.

As of June, high inflation had an impact on the entire world, and issues with energy, clothing, food, and shelter—basic human needs—were felt everywhere. For the rest of the year, key executives focused on the impact of inflation on operations and consumers, as well as how to hedge against it.

As of the end of the summer, energy prices and, more importantly, the need for energy before winter took center stage in Europe. However, the effects of austerity measures, a favorable climate, and high yields from renewable energy sources were positive. Additionally, European natural gas reserves have reached their peak, and the crisis has been successfully averted for the time being thanks to China's stagnant economic growth, which has decreased energy demand and eased pressure on LNG prices.

Overall, 2022 was not only a year of economic change but also one in which the global geopolitical order was reconfigured and new technological developments occurred.

As central banks in Turkey and a few other countries maintained tight monetary policies, investment appetite was limited and borrowing costs rose, highlighting the significance of efficient use of cash and equity, which we have always emphasized.

In light of all of these developments, we created a road map based on various scenarios, as we have done in previous years while developing the Group's budget and strategic plans for the coming year. We have no doubt that we will be able to move quickly between these scenarios due to our flexible and quick decision-making processes. Our main goal for 2023 is to maintain our Group's sustainable growth and profitability momentum.

In 2023, we will take firm steps toward our goals while feeling the unwavering support of our valued shareholders. We wish you a healthy and peaceful year.

Ümit Nuri Yıldız

Our main goal for 2023 is to maintain our Group's sustainable growth and profitability momentum.

THE BOARD OF DIRECTORS



İzzet GARIH
Chairman

Born in 1961 in İstanbul, Mr. Garih graduated from the Department of Industrial Engineering of Michigan University, Ann Arbor, USA in 1983. He completed his Master's Degree in the field of Construction Engineering and Management at the same university in 1984. He worked as an engineer and manager in various projects at Alarko Land Development and Construction Group in 1987-2002. From 2002 to 2007, he was the Chairman of the Board of Directors at Alarko Gayrimenkul Yatırım Ortaklığı A.Ş. and Vice-Chairman of the Board of Directors at Alarko Holding A.Ş. in 2004-2015. He has been the Chairman of the Board of Directors at Alarko Holding A.Ş. since 2015. Married with three children, Mr. Garih speaks English.

İzzet Garih does not have eligibility for independence as of the Capital Markets Board Communiqué Numbered II-17.1.



Vedat Aksel ALATON
Vice Chairman of the Board

Vedat Aksel Alaton was born in 1963, in İstanbul. He graduated from the Industrial Engineering Faculty of Northeastern University, USA in 1987. After working in Project Planning for one year in Hawker Siddeley he returned to Turkey and worked in Project Planning in Alamsaş (1988-1989), Alsim Alarko Contracting Group's various projects as Project Planning Engineer, Field Control Engineer and Site Engineer (1989-1990) and as General Manager for Alnor Seafood Products Company (1990-1991). He became Deputy Executive Vice President of Alarko Contracting Group in 1991 and Managing Director of Alarko Holding A.Ş. in 1995. He became a Member of the Board of Alarko Holding A.Ş. in 2000 and has been Vice Chairman of the Board of Alarko Holding A.Ş. since 2004. He speaks English and has one son.

Vedat Aksel Alaton does not have eligibility for independence as of the Capital Markets Board Communiqué Numbered II-17.1.



Ümit Nuri YILDIZ
Member of the Board,
CEO

Ümit Nuri Yıldız was born in Erzurum in 1966. He graduated from the Department of Business Administration, Faculty of Political Sciences of Ankara University in 1986. He obtained his MSc degree from University of Illinois. In 1987, he started working as Assistant Auditor at Board of Auditors of the Ministry of Finance. Yıldız continued to work in the Ministry as Auditor and Chief Auditor until 1997. He was appointed Deputy General Manager of the Turkish Employment Organization in 1997. He resigned from his position and joined the Alarko Group of Companies in 1998. Yıldız who is presently working as the CEO of Alarko Holding A.Ş. is also a member of the Board of various companies within the group. Yıldız speaks English and is married with two children.

Ümit Nuri Yıldız does not qualify as independent director according to the Capital Markets Board Communiqué Numbered II-17.1.



Leyla ALATON
Member of the Board

Leyla Alaton was born in İstanbul in 1961. She graduated from the Business Administration and Management Faculty of Fairleigh Dickinson University, New Jersey, USA. She completed her Masters Degree in Social Sciences at the University of New York. Upon returning to Turkey in 1986 she first worked as assistant to Dr. Üzeyir Garih. Later, she conducted the Publicity and Marketing of the Alkent - Etiler Uydüşehir and the Alsit Villakent projects. In 1992, she was elected "Businesswoman of the Year" by the National Productivity Center. In 1993, she was among the Leaders of the Future selected for the first time at the Davos World Economic Forum. In 1993, she founded her own company, Megatrend Public Relations Consultancy Company and gave consultancy to global giants such as Aerospatiale and Alcatel. Leyla Alaton is currently Board Member of Alarko Holding A.Ş. and board member of various non-governmental organizations and has the French Order of Legion d'Honneur. She has two children and speaks English and French.

Leyla Alaton does not have eligibility for independence as of the Capital Markets Board Communiqué Numbered II-17.1.



Niv GARIH
Member of the Board

Born in 1981, Niv Garih graduated from New York University, Stern School of Business, Department of Finance and International Business Administration with honors in 2006. Mr. Garih worked in JP Morgan's Asset Management division in New York from 2006 to 2008. He later returned to Turkey in 2009 and started working at Alarko Holding A.Ş.'s Business Development, Feasibility and Valuation departments. He directed Investor Relations department of Alarko Holding A.Ş. and its subsidiaries between 2014-2018. He has been a member of the Board of Alarko Holding A.Ş. since 2014. He was also elected as the Chairman of the Board of Alarko Carrier San. ve Tic. A.Ş. in April 2017. Niv Garih is married, has two children and speaks English and French.

Niv Garih does not have eligibility for independence as of the Capital Markets Board's Communiqué II-17.1

*The term office of the Members of the Board of Directors is between 14 July 2020 and 14 July 2023

AUDITOR
BDO Denet Bağımsız Denetim ve
Danışmanlık A.Ş.
(Member, BDO International Network)

INDEPENDENT AUDITOR
BDO Denet Bağımsız Denetim ve
Danışmanlık A.Ş.
(Member, BDO International Network)

* The term of office is between 01 January 2022 and 31 December 2022.



Ayhan YAVRUCU
Member of the Board

Ayhan Yavrucu was born in 1948, in the Develi district of Kayseri, Mr. Yavrucu graduated from the Faculty of Political Sciences of Ankara University in 1972. He started to work at the Ministry of Finance, Tax Inspectors Board as Deputy Tax Inspector the same year and worked as a Tax Inspector until 1977. Mr. Yavrucu joined Alarko Group of Companies on March 1, 1977 and has served in various levels in the Group. Between 1994 and 2018 he was the CEO of Alarko Group of Companies. Mr. Yavrucu is currently a Board Member of Alarko Holding A.Ş. and he is the Chairman of the Board of various companies of the Group. He speaks English, is married and has two children.

Ayhan Yavrucu does not have eligibility for independence as of the Capital Markets Board Communiqué Numbered II-17.1.



Neslihan TONBUL
Independent Board Member

Born in Istanbul, in 1959, Ms. Neslihan Tonbul, received a BA degree in economics and political science from Rutgers University (USA), and was awarded an MA degree in development economics and international relations from the Fletcher School of Law and Diplomacy at Tufts University. After beginning her international banking career in 1983 at the Irving Trust Company, New York, she moved to Istanbul in 1988, as the Middle East Region Manager. She has been a pioneer in the development of the finance industry, and continued to work for BNY Mellon until 2008. In 2009, Ms. Tonbul became a board member for Yaşar Holding, and then served on the boards of Prysmian, Turcas, Petrol, and ANEL, and she is currently serving as an Independent Board Member for Vakıfbank International AG, TOFAŞ, and PETKİM. She is a senior advisor for the New Zealand Development Agency and Cambridge Family Enterprise Group since 2014, and she also gives lectures at Koç University, Economics and Administrative Sciences Faculty. In addition to her professional work, Ms. Tonbul is also an active member of the civil society. Ms. Tonbul is a Trustee of the American Research Institute in Turkey (ARIT), Young Presidents Organization (YPO), and Turkish Education Volunteers Foundation (TEGV), and she is among founders of Turkish-American Business Forum. She has been mentoring Women Entrepreneurs at the EBRD since 2014. Ms. Tonbul is fluent in English, French, Azerbaijani, and she is also studying Italian and Persian.

Neslihan Tonbul has eligibility for independence as of the Capital Market Board Communiqué Numbered II-17.1.



Mahmut Tayfun ANIK
Independent Board Member

Born in Istanbul, in 1953, Mr. Mahmut Tayfun Anık received a BA degree in business administration from Boğaziçi University in 1977. Mr. Anık, started his career at the Treasury and Finance Departments in Turkey, and assumed various management positions in Logistics and Purchasing departments of Pirelli Turkey, Pirelli Germany, and Pirelli Italy. Since 2003, Mr. Anık has been serving as the Group Purchasing Director of Prysmian S.p.A., and he served as the Chairman of Board of Directors of Türk Prysmian Kablo ve Sistemleri A.Ş. between 2006 and 2014, and as the Chairman of Board of Directors of Oman Cables Industry between 2015 and 2017. Mr. Anık is fluent in English, German and Italian.

Mahmut Tayfun Anık has eligibility for independence as of the Capital Market Board Communiqué Numbered II-17.1.



Att. Med. Nihal MASHAKİ SEÇKİN**
Independent Board Member

Born in Amman/Jordan in 1980. She holds an undergraduate degree in law from Galatasaray University.

She started her career in 2005 as a lawyer and moved in 2008 to the financial services sector where she established and ran the Board General Secretariat and various committees under the Board of Directors in Türkiye Finans Bank as the Director of Corporate Governance and Company Secretary and later headed the legal advisory and litigation as the Chief Legal Officer. She was nominated for "the Best Company Secretary of The Year" award by the Institute of Chartered Secretaries and Administrators (ICSA), London UK in 2016 with her corporate governance transformation project.

In 2018, Ms. Mashaki moved to Şişecam as an Advisor to the Group CEO. She managed both local and the global projects on corporate governance and compliance. Subsequently in 2021 she advised the Group CEO of Karadeniz Holding with designing the governance framework for energy group Karpowership.

Mashaki is actively advising global listed companies with focus on operational excellence of the board and committees, streamlining decision-making processes and controls within intracompany and translating corporate governance and sustainability ambitions into concrete plans to meet goals within group companies.

Since 2012, she is a member of Corporate Governance Association of Turkey (TKYD). She obtained professional certificates from London Business School, ICSA, EM and IFC on leadership, corporate governance, company secretary and sustainability. She has been part of the IFC sustainability and corporate governance trainer to trainer (ToT) program since 2019. She has been supporting the project re promotion of gender diversity on corporate boards in Turkey that was led by European Bank for Reconstruction and Development (EBRD) since 2020, as a member and co-chairwoman of the committees.

Nihal Mashaki Seçkin has eligibility for independence as of the Capital Market Board Communiqué Numbered II-17.1.



Dr. Burak KOÇER**
Independent Board Member

Independent Board Member

Born in Istanbul in 1976, Burak Koçer graduated from Istanbul Erkek Lisesi (Istanbul High School) and the Faculty of Business Administration of Istanbul University. He then earned an MBA degree from Ball State University Miller College of Business in 2000. He received his PhD from Social Sciences Institute of Istanbul University in 2005 with his thesis in the field of boards of directors of publicly traded companies. Following his academic career, he has served as a manager in the fields of legal advisory and investment partnership since 2006. Between 2012 and 2018, Burak served as an independent board member at Bosch Fren Sistemleri A.Ş. and Federal-Mogul Izmit Piston ve Pim Üretim Tesisleri A.Ş. Since 2013, he has been providing consultancy services at Aspen Family Business Group based in the US, focusing on family companies and corporate governance.

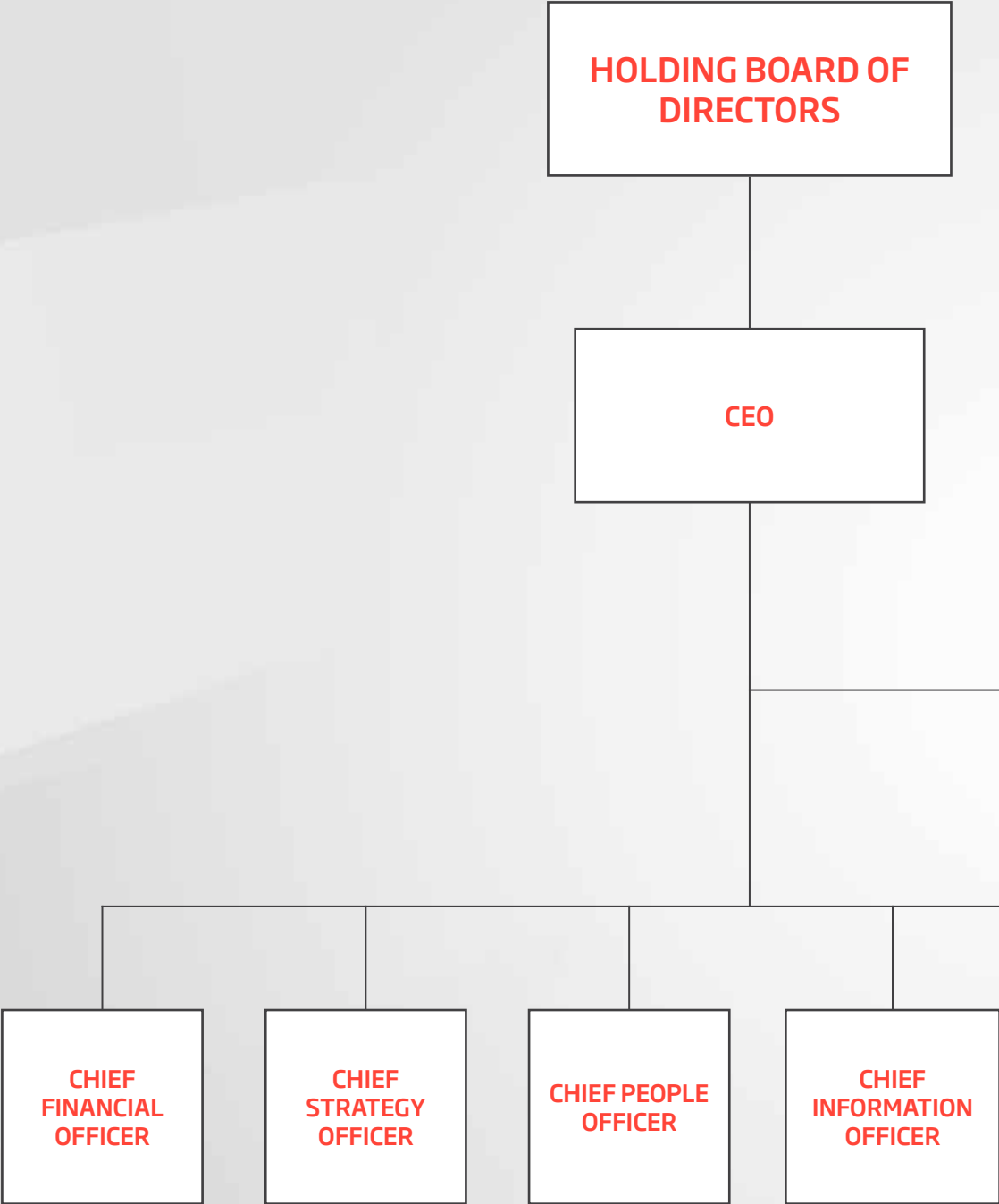
Mr. Koçer currently serves as Deputy Chair of the Board at Özgörkey Holding A.Ş. and as Chair of the Board at Koçer Danışmanlık A.Ş., where he is the founder. He has also been serving as a Board Member at Corporate Governance Association of Turkey (TKYD) since 2019.

Mr. Koçer holds an IFC Corporate Governance Trainer Certificate. He speaks German, English and Greek.

Dr. Burak Koçer has eligibility for independence as of the Capital Market Board Communiqué Numbered II-17.1.

** Dr. Burak KOÇER resigned voluntarily on 28.11.2022, and the necessary approval was obtained from the CMB for Att. Nihal Mashaki Seçkin to carry out this duty until the General Assembly.

ALARKO GROUP OF COMPANIES GENERAL ORGANIZATION CHART



* Organizational level is limited to the "General Manager" level in this chart.

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graph TD; A[AUDITING] --- B[GENERAL MANAGER CONTRACTING]; A --- C[GENERAL MANAGER TOURISM]; A --- D[GENERAL MANAGER INDUSTRY & TRADE]; A --- E[GENERAL MANAGER ENERGY Altek / Alen]; A --- F[GENERAL MANAGER ALARKO REAL ESTATE INVESTMENT CO.]
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AUDITING

**GENERAL
MANAGER**
CONTRACTING

**GENERAL
MANAGER**
TOURISM

**GENERAL
MANAGER**
INDUSTRY &
TRADE

**GENERAL
MANAGER**
ENERGY
Altek / Alen

**GENERAL
MANAGER**
ALARKO
REAL ESTATE
INVESTMENT CO.

MANAGEMENT STAFF

CHAIRMAN OF THE BOARD

İZZET GARIH

VICE CHAIRMAN OF THE BOARD

VEDAT AKSEL ALATON

PRESIDENT OF THE EXECUTIVE BOARD

ÜMİT NURİ YILDIZ

GROUP PRESIDENTS

MEHMET AHKEMOĞLU	FINANCIAL AFFAIRS
ALPASLAN SERPEN	STRATEGY & BUSINESS DEVELOPMENT
PINAR YAMANER	HUMAN & ORGANISATION
SERKAN DEMİR	INFORMATION TECHNOLOGY & DIGITAL TRANSFORMATION

GENERAL MANAGERS

EDİP İLKBAHAR	TOURISM
EROL UÇMAZBAŞ	MEDAŞ
İLKER ARSLANARGUN	MEPAŞ
ÜMİT BORAN	CONTRACTING
CEM AKAN	INDUSTRY AND TRADE
HAKAN AYTEKİN	ALTEK
HARUN H. MORENO	ALARKO REAL ESTATE INVESTMENT COMPANY

OPERATION MANAGERS

İHSAN ACAR	CENAL
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DEPUTY GENERAL MANAGERS

GÖKMEN ÜLGEN	CONTRACTING - ROMANIA BUSINESS DEVELOPMENT & CONSTRUCTION
NECATİ AKGÜN	CONTRACTING - FINANCIAL AND ADMINISTRATION
SERKAN YUNUSOĞLU	CONTRACTING- HEADQUARTER UNITS
HIRANT KALATAŞ	INDUSTRY AND TRADE-COMMERCIAL PRODUCTS SALES & AFTERSALES SERVICES
MURAT ÇOPUR	INDUSTRY AND TRADE - FACTORIES
KORAY FEDAR	INDUSTRY AND TRADE - DEALER SALES & MARKETING
K. HAYATİ ÇATBAŞ	ALTEK - TRADE
ALİ GÜMÜŞ	MEDAŞ - FINANCIAL & LEGAL AFFAIRS
ETHEM KONAR	MEDAŞ-INVESTMENTS
HALİL COŞKUN TUNCEZ	MEDAŞ - REGULATION & CUSTOMER SERVICES
İLKAY YÜKSEL	MEDAŞ-FIELD SERVICES & DISTRIBUTED GENERATION
SÜLEYMAN KIRIŞIKOĞLU	MEDAŞ-NETWORK AUTOMATION & PLANNING
YEŞİM İÇNAK KOÇAK	MEDAŞ-HUMAN & ORGANIZATION
ÖZKAN ECEVİT	CENAL
AYHAN ARI	TOURISM-FINANCIAL AFFAIRS & ADMINISTRATION
ÖZGÜR ÇAĞAN ŞİMŞEK	TOURISM -OPERATIONS & ORGANIZATION
SERKAN MEKİKOĞLU	TOURISM-BUSINESS DEVELOPMENT & MARKETING

DIRECTORS

BEYTULLAH DEMİR	HOLDING - BUDGET & FINANCIAL ANALYSIS
MELİS AYLIKÇI BERBER	HOLDING - CONSOLIDATION & REPORTING
ÖZGÜR KALYONCU	HOLDING - INVESTOR RELATIONS & CORPORATE COMMUNICATIONS
SÜLEYMAN SAMİ İNAL	HOLDING - FINANCIAL AFFAIRS
TAL GARİH	HOLDING - DIGITAL TRANSFORMATION & INNOVATION
ABBAS ŞAHİN	CONTRACTING - BAKAD PROJECT
ENDER BAŞAR	CONTRACTING - BUCHAREST ROAD PROJECT
ERTUĞRUL IRMAK	CONTRACTING - FINANCIAL AFFAIRS
İSMAIL EROĞLU	CONTRACTING - KABATAŞ - MAHMUTBEY METRO PROJECT
MEHMET EMRE AKSU	CONTRACTING - BUSINESS DEVELOPMENT & PROPOSAL
OSMAN İŞHAKOĞLU	CONTRACTING - PLANNING & PROJECT CONTROL
ALİ FUAT KOLAÇAN	INDUSTRY & TRADE - SYSTEM SALES - İSTANBUL
BEGÜM ÖĞÜT	INDUSTRY & TRADE - R & D
B. TAMER ŞENYUVA	INDUSTRY & TRADE - SYSTEM SALES
ÇAĞLAYAN SARAYOĞLU	INDUSTRY & TRADE - HUMAN RESOURCES
ERKAN TUNCAY	INDUSTRY & TRADE - AFTERSALES SERVICES & SPARE PARTS
EMİN YAVUZ	INDUSTRY & TRADE - DEALER SALES
GÖKHAN ALDINÇ	INDUSTRY & TRADE - SUPPLY CHAIN
VOLKAN ARSLAN	INDUSTRY & TRADE - MARKETING
EVREN COŞAN	ALTEK - FINANCIAL & ADMINISTRATION
TİMUR POLAT	LAND DEVELOPMENT - BUSINESS DEVELOPMENT & CONSTRUCTION
EREN CİHAN YELEL	MEPAŞ - ENERGY SALES
FATİH YETİMOĞLU	MEPAŞ - CUSTOMER SERVICES & OPERATIONS
HASAN ONGUN	MEPAŞ - INFORMATION TECHNOLOGIES & BUSINESS DEVELOPMENT
MEHMET AŞÇI	MEPAŞ - BILLING & DEPT FOLLOW-UP
KAAN BEYAZ	MEPAŞ - ENERGY & TRADE PORTFOLIO MANAGEMENT

PROJECT MANAGERS, DEPUTY PROJECT MANAGERS, FACTORY MANAGERS

AYHAN KALAYCI	CONTRACTING - PROJECT MANAGER
ERDOĞAN VARLIK	CONTRACTING - PROJECT MANAGER - BAKAD PROJECT
ERTUĞRUL AYDIN	CONTRACTING - PROJECT MANAGER - KAYNARCA - PENDİK - TUZLA METRO PROJECT
MURAT ERİŞ	CONTRACTING - BUCHAREST SOUTHERN BELTWAY PROJECT
MEHMET EKİCİ	CONTRACTING - PROJECT MANAGER - ANKARA METRO PROJECT
GÜNEY GÖKALP	CONTRACTING - DEPUTY PROJECT MANAGER - BAKAD
MURAT ŞENTÜRK	INDUSTRY AND TRADE - DUDULLU FACTORY MANAGER - HEAT PRODUCTION AND PANEL RADIATOR PRODUCTION
Ş. BORA NALBANTOĞLU	INDUSTRY AND TRADE - GEBZE FACTORY MANAGER - AIR CONDITION PRODUCTION AND PUMP PRODUCTION
CÜNEYT ÇAKALEL	TOURISM - CLUB MANAGER - HILLSIDE BEACH CLUB

FINANCIAL INDICATORS

ALARKO HOLDING HAS ACHIEVED SUCCESSFUL RESULTS IN TERMS OF SUSTAINABLE GROWTH AND PROFITABILITY IN 2022.

Summary Financial Position Statement TL Million	Audited 31.12.2022	Audited 31.12.2021
Total Assets	31.12.2022	Audited
Current Assets	31.12.2021	2,434
Fixed Assets	16,077	4,698
Total Liabilities	24,673	7,132
Current Liabilities	7,470	2,126
Non-current Liabilities	951	447
Shareholders' Equity	16,252	4,559

Summary Profit and Loss Statement TL Million	2022	2021
Revenues	7,123	2,017
Gross Profit	932	30
Operating Profit/(Loss)	1,046	453
Profit/(Loss) for the Period	11,864	1,584
Profit/(Loss) for the Period - Shares of the Parent Company	11,441	1,274

Ratios	31.12.2022	31.12.2021
Current Ratio	1.15	1.15
Liquidity Ratio	1.00	0.88
Cash Ratio	0.68	0.40
Ratio of Debt to Total Assets	0.34	0.36

TOTAL ASSETS

TL **24.673** MILLION

Total assets that have increased 246% In 2022 have reached TL 24,673 million.

SHAREHOLDERS' EQUITY

TL **16.252** MILLION

Shareholders' equity that have increased by 256% have reached TL 16.252 million.

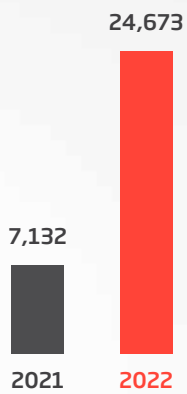
REVENUES

TL **7.123** MILLION

2022 revenue has increased by 253%, reaching TL 7.123 million.

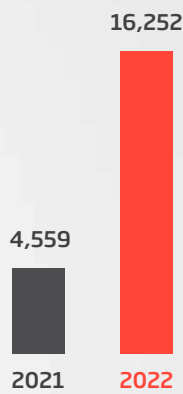
TOTAL ASSETS

(TL MILLION)



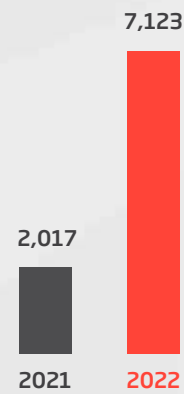
SHAREHOLDERS' EQUITY

(TL MILLION)



REVENUES

(TL MILLION)



GROSS PROFIT

TL **932** MILLION

2022 gross profit has reached to TL 932 million.

OPERATING PROFIT/(LOSS)

TL **1.046** MILLION

Operating profit has increased to TL 1.046 million, growing by 131%.

PROFIT/(LOSS) FOR THE PERIOD

TL **11.864** MILLION

The rate of increase in Alarko Holding's net profit, which reached TL 11,864 million, is 649%.

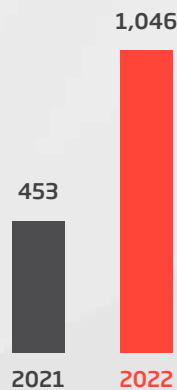
GROSS PROFIT

(TL MILLION)



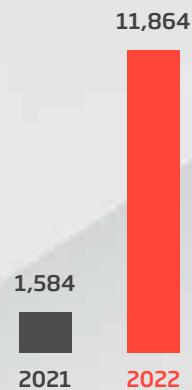
OPERATING PROFIT/(LOSS)

(TL MILLION)



PROFIT/(LOSS) FOR THE PERIOD

(TL MILLION)



DIGITAL TRANSFORMATION AT OUR GROUP

We consider Digital Transformation as an important part of the Group companies' plans.

Investing in innovation and cutting-edge technologies on the axis of digital change is one of the main priorities of Alarko Holding and Group Companies. Smart structures, agile workflows, real-time data provision, and digital ecosystem infrastructures are all being created at breakneck speed. A proactive and collaborative approach is adopted to deliver innovative, reliable, and sustainable people-centered technology strategies.

Technologies and business intelligence applications are used to service all Group companies and departments by maximizing the opportunities offered by digital transformation. Simplified business processes and a data-driven decision-making strategy boost employee productivity as well as the competitiveness of our business units and brand growth.

We consider Digital Transformation as an important part of the Group companies' plans. We study and implement the best solutions locally and globally for the industries in which our Group companies operate. We have projects in the fields of data analytics, automation tools, mobile technologies, augmented reality, artificial intelligence, the internet of things, robotic processes, multi-experience, and other Industry 4.0 applications. Seamless

end-to-end business processes and traceability methods are developed with agile configuration. It is aimed that all processes be measurable and include cutting-edge business lines that stand out in the marketplace.

Technology-enabled advanced data gathering and analysis assist our Group in increasing productivity and conducting more effective customer and competitor analyses across all of its companies. Roadmaps were developed after conducting digital transformation and strategy analyses with various consultants. Accordingly, the Holding and Group Companies' Digital Transformation Committees have been established and are carrying out their responsibilities. It is critical to be a sustainable company that has internalized technology and adds value to these activities.

Cyber Security

Cyber security projects continue to be prioritized across the Group of Companies. In addition to ensuring compliance with data integrity regulations regarding technologies and infrastructures where data is stored, transferred, and processed, risks are assessed and required controls are implemented in accordance with international cyber security standards.

AGENDA FOR THE ORDINARY GENERAL MEETING OF SHAREHOLDERS

- | | | |
|--|---|---|
| 1- Opening and observing a moment of silence. | 10- Briefing on the amendment to the Company's Policy on Determining Remuneration for Board Members and Senior Executives. | 18- Discussing and deciding on the authorization of the members of the Board of Directors as outlined in Articles 395 and 396 of the Turkish Commercial Code. |
| 2- Discussing and deciding on the election of the Meeting Chairpersonship. | 11- Briefing on the donations made by our Company in 2022. | 19- Briefing the General Meeting of Shareholders on the transactions specified in Article (1.3.6) of the "Corporate Governance Principles" annexed to the Capital Markets Board Communiqué No. II-17.1. |
| 3- Discussing and deciding on authorizing the Meeting Chairperson to sign the minutes of the General Meeting of Shareholders | 12- Briefing on and seeking approval of the shareholders for donations made in 2023, and discussing and deciding on the cap of donations to be made in 2023. | 20- Discussing and deciding on the approval of the Independent Audit Company selected by the Board of Directors for the audit of the accounts and transactions for the year 2023 in accordance with the Turkish Commercial Code and the regulations of the Capital Markets Board. |
| 4- Discussing and deciding on the confirmation of the appointment of the members of the Board of Directors appointed during the year under Article 363 of the Turkish Commercial Code. | 13- Briefing on the guarantees, pledges, mortgages, and sureties given by the Company in favor of third parties. | 21- Wishes and requests |
| 5- Reading and discussing the 2022 Annual Report of the Board of Directors, Auditor's Report, and Independent Auditor's Report. | 14- Discussing and deciding on the Board of Directors' proposal for dividend distribution. | BOARD OF DIRECTORS |
| 6- Reading, discussing, and approving the 2022 Statement of Financial Position and Comprehensive Income Statement. | 15- Discussing and deciding on the election of the Board of Directors and determination of the term of office and remuneration of its members. | |
| 7- Deciding on the release of the members of the Board of Directors for their activities in 2022. | 16- Briefing the General Meeting of Shareholders about the share buyback program and the shares acquired under this program. | |
| 8- Briefing on, discussing, and deciding on approval of the Company's Donation and Aid Policy. | 17- Discussing and deciding on the approval of the authorization of the Board of Directors to decide on the distribution of advance dividends for the 2023 financial year in compliance with the Company's Articles of Association and the Capital Markets Board's Dividend Communiqué No. II-19.1. | |
| 9- Briefing on, discussing, and deciding on approval of the amendment to the Company's Profit Distribution Policy. | | |

ANNUAL REPORT OF THE BOARD OF DIRECTORS

Distinguished Shareholders,

We hereby present the Annual Statement of Financial Position, Statement of Comprehensive Income and other financial statements which reflect the results of our company's activities in 2022 to your evaluation and criticisms.

- 1) This Annual Report covers the period between 01.01.2022 and 31.12.2022.
- 2) The terms in office of the members of the Board and the auditing firms for the year 2022 are given on page 12. The financial statements of the operational results obtained by Alarko Holding A.Ş. in 2022 were audited independently by BDO Denet Bağımsız Denetim ve Danışmanlık A.Ş. (Member, BDO International Network)
- 3) Our partnership's registered capital ceiling in 2022 was TL 500,000,000.
- 4) Our issued capital is TL 435,000,000 and our consolidated profit in 2022 was TL 11,863,642,480.
- 5) Our Annual General Assembly held on 27.04.2022 attended by 66 of our partners both in physical and electronical medium. Our partners with more than 10 % of our capital, owned 17.68 % of the shares İzzet Garih, 17.68 % of the shares Leyla Alaton, 16.68% of the shares Vedat Aksel Alaton and 15.24 % of the shares Dalia Garih.

A dividend of 589,78%, 1.030,25% and 1.818,09% over cash paid capital and of 6,72%, 11,73%, 20,7 % over total equity was paid during the periods of 2019, 2020 and 2021 respectively. The proposal for the distribution of the profits for 2022 submitted by our Board of Directors to the approval of the General Assembly is on page 80 of this report. The value of our shares being traded at the Istanbul Stock Exchange at the time this report was prepared was TL 82.
- 6) The total amount of donations made by our partnership to various foundations and associations in 2022 was TL 1,588,550.44.
- 7) Information on the guarantees, pledges and mortgages lodged by our company in favor of third parties as of 31.12.2022 is given in footnote 23 of the financial statements.
- 8) The Board has convened 31 times in the year. 1 member has not attended to 4 meetings on their excuses. Board decisions have been taken unanimously. Therefore, there is no record of dissenting votes.
- 9) There are no important lawsuits brought against the Company which could impinge on its financial situation or activities as of 31.12.2022.
- 10) There were no related party transactions or transaction of importance to be presented to the approval of the independent members of the Board in 2022.
- 11) Shareholders who control the management, members of the Board of Directors, top executives and their spouses and blood and in-law relatives up to and including their second kin have not executed any transaction which may lead to conflict of interest with the Company or its affiliates. Members of the Board have no transactions of their own or on behalf of others that could be within the scope of the noncompetition covenant.
- 12) The table on page 62 of this report includes the subsidiaries of our company with their areas of operation, their capitals and the percentage of shares owned as of 31.12.2022.

ALARKO GROUP COMPANIES

The Alarko Group of Companies consists of numerous entities operating within the framework of Alarko Holding A.Ş. Although the companies of the Group are autonomous, they are managed and supervised centrally with regards to financing, financial coordination, auditing, legal affairs, management information systems, human resources, promotion, training, and organization as imposed by the central coordination and

control principle. The Alarko Group of Companies is gathered in the following 5 major fields of activity:

- CONTRACTING GROUP
- ENERGY GROUP
- INDUSTRY AND TRADE GROUP
- TOURISM GROUP
- LAND DEVELOPMENT GROUP

The activities of these Groups included in Alarko Group and Alarko Venture Capital Group which was established in 2020 within the Alarko Group of Companies, new projects and investments in 2022 and their future targets are given in detail in the following pages of this report.



Alarko Contracting Group, a hallmark of reliability and quality in business, has adopted customer satisfaction as a key premise, operates under the “Quality in Service and Production” principle, and completes public-private partnership projects, build-operate-transfer projects, and turnkey projects in Turkey and abroad.



3
CONTINENTS



7
FIELDS OF
ACTIVITY



+200
PROJECTS





CONTRACTING GROUP

The mission of Alarko Contracting Group is “to be an international contracting company of first choice for customers, employees, shareholders, and society in the reconstruction of the globalizing world.

Alarko Contracting Group, a hallmark of reliability and quality in business, has adopted customer satisfaction as a key premise, operates under the “Quality in Service and Production” principle, and completes public-private partnership projects, build-operate-transfer projects, and turnkey projects in Turkey and abroad.

Alarko Contracting Group is mainly engaged in leading projects of the sector in Turkey and abroad including refineries, petrochemical plants, chemical process plants, tank farms, construction of factories and installation of equipment, as well as construction of mineral processing and enrichment plants, metallurgy and electrometallurgy plants, iron and steel plants, cement and lime factories, hydroelectric power plants, thermal power plants, combined cycle power plants, heat recovery systems, oil pipelines, natural gas pipelines, water pipelines, urban natural gas distribution networks, compressor stations, pumping stations, wastewater treatment plants, drinking and potable water treatment plants, industrial water treatment plants, wastewater sea discharge lines, water

supply and irrigation systems, airports, railways, subways, light rail systems, signalization systems, motorways, highways, tunnels, bridges, satellite cities, mass housing, luxury housing, business centers, trade centers, hospitals, and hotels.

With its respected and reliable identity, Alarko Contracting Group, whose mission is “to be an international contracting company of first choice for customers, employees, shareholders, and society in the reconstruction of the globalizing world,” is a major player in Turkey and abroad.

Alarko Contracting Group achieves its objectives by utilizing the most advanced technology available. In our activities, we prioritize transparency, accountability, and discipline. Our most important policy is to work as a team at all levels, with mutual trust and respect for our employees, and to prioritize team success.

Alarko Contracting Group takes measures to prevent air, water, soil, and noise pollution in all of its operations. Our company holds ISO 9001:2015 Quality



Management System, ISO 14001:2015 Environmental Management System, and ISO 45001:2018 OHS Management System certificates, and our management systems and processes are constantly improved.

In 2022, our company and our projects were continuously and periodically audited, both internally and through external audits conducted by internationally recognized external audit firms. Potential environmental damage has been reduced to acceptable levels in our operations thanks to our environmental process management.

Alarko Contracting Group places a high value on the protection of occupational health and safety in all of its activities, viewing it as both a corporate value and a fundamental human right. In 2022, significant efforts were made with our occupational safety process management to achieve our zero accident target in our projects. We have made significant contributions to the communities and the environment where our projects are located through social process management. With the help of our quality process management

systems, productions that will maintain the highest level of customer satisfaction have been carried out in a way to reduce the costs of subpar quality.

The priority of Alarko Contracting Group in the processing of personal data is the protection of individuals' fundamental rights and freedoms, particularly the privacy of private life.

Competitiveness can only be achieved by enhancing employee knowledge and skill levels in tandem with technological advancements. "Knowledge and Education" will be the two most important strategic weapons in competition. Alarko Contracting Group will maintain its benchmark of "considering customer satisfaction to be the fundamental principle in its business understanding" with its staff that employs cutting-edge technology and has internalized a wide range of modern techniques.

Alarko Contracting Group's main goal is to ensure external and internal customer satisfaction, and timely, high-quality, and cost-effective project planning and management are essential. "Autonomous

management and centralized supervision" is the project management philosophy of Alarko Contracting Group. Each project is considered a separate profit center.

Alarko Contracting Group continuously improves its organizational and management systems to think strategically, develop effective decision-making policies, shorten job completion times, minimize costs, and constantly improve quality,

Alarko Contracting Group is committed to "Target-Oriented Management". In our performance management system, in addition to targets, the performance of all employees in terms of their general competencies and managerial competencies is continuously monitored. This enables us to help every employee get better at result-oriented working, efficient use of resources, representation, compliance with company policies and rules, embracing one's responsibilities, visionary leadership, transfer of powers as well as training others, strategic thought, political approach, and motivation.



CONTRACTING GROUP

Our Group, which has a broad geographical scope and continues to pursue new markets, prioritized business development activities in Uzbekistan in addition to its current operating regions, primarily Turkey, Romania, and Kazakhstan.

The latest status of projects under construction, completed during the year, those with ongoing maintenance and operation responsibilities, and those newly acquired is summarized below:

Istanbul Metropolitan Municipality Kabataş-Mahmutbey Metro Project

Kabataş-Mecidiyeköy-Mahmutbey Metro Project is the first fully automated driverless, 22.5 kilometers long metro line (M7) of European side, consisting of 19 stations and connecting 8 districts on the horizontal axis of the European side of Istanbul, the most important artery of the city.

The metro line, which will carry 70,000 passengers in one direction per hour and 1.6 million passengers per day, is divided into two sections: The Mecidiyeköy-Mahmutbey section, which has 15 stations and a line length of 18 kilometers and has been completed, and the Kabataş-Mecidiyeköy section, which has four stations and a line length of 4.5 kilometers and is still under construction.

Phase 1, which includes 15 stations between Mecidiyeköy and Mahmutbey, was accepted and opened for commercial operation on 28 October 2020, and 2 years of operation and supervision services were successfully completed with an average monthly service availability performance of 99.95%.

Fulya and Yıldız Stations on the 1.9 km line between Mecidiyeköy and Yıldız, which is included in the Phase 2 section of the Project, were successfully completed and put into passenger service at the end of 2022.

Travel time between Mecidiyeköy and Mahmutbey is 32 minutes (one direction). Travel time between Kabataş-Mecidiyeköy is planned to be 6 minutes (one direction).

In the project, a high-tech signaling system was designed and implemented for driverless metro operations. The system allows for driverless commercial operation with 4 to 8 train sets depending on passenger density. The M7 metro was designed with all of the needs and requirements of people with disabilities in mind, and all of its stations have tactile floor guideways, elevators, and camera systems that are constantly watching over them for the safety of passengers.

In the project where disabled-friendly metro vehicles are used, Platform Screen Doors (PSDs), which act as a barrier between the platform and the train and operate under the control of the



signalization system, are opened only when the metro vehicles approach the platform and closed automatically just before the trains start moving. This system ensures safe passenger transfers and train movements by preventing incidents such as rail line falls, suicide attempts, and unauthorized entries.

In Phase 1 of the project, four stations are integrated with other existing public transportation networks. There are integration points with Yenikapı-Hacıosman (M2) metro and Avcılar-Söğütlüçeşme Metrobus line at Mecidiyeköy station, Eminönü-Alibeyköy (T5) tram line at Alibeyköy Station, Topkapı-Mescidi Selam (T4) tram line at Karadeniz Mahallesi Station, and Kızıllı-Olimpiyat-Başakşehir (M3) metro at Mahmutbey Station. When the Gayrettepe-İstanbul Airport project is completed, it will be possible to transfer from Kağıthane Station to the Istanbul Airport direction.

The integration of the Kabataş and Beşiktaş regions, where Istanbul's maritime transportation is concentrated, with the metro network is a significant advantage of the Kabataş-Mecidiyeköy

metro line section. Construction for the Beşiktaş and Kabataş stations is currently underway, with Kabataş Station scheduled to open in 2024. When Kabataş Station is commissioned; it will be integrated with the F1 (Taksim-Kabataş) Funicular Line, the T1 (Bağcılar-Kabataş) Tram Line, and the IDO/City Lines piers.

In Istanbul, a city with an ancient history and a history of hosting various civilizations, historical artifacts, and ruins can be discovered during underground construction projects. Our archaeological excavation activities at Beşiktaş Station are meticulously carried out as an expected consequence of the value we, as the Alarko Contracting Group, place on human beings and nature, as well as historical and cultural assets. We also perform cleaning, separation, sorting, classification, documentation, and storage of cultural assets recovered from these excavations. A 25 m² historical ceramic floor covering (podima) from the Kabataş archaeological excavations was removed from the site using a special technique and transported to the Istanbul Archaeological Museums

Directorate warehouse for display. 148 kurgan and cremation graves from the first bronze age (4000-5000 BC) were discovered in Beşiktaş archaeological excavations, and these graves were exhumed using special methods and delivered to the Istanbul Archaeological Museums Directorate.

Istanbul Metropolitan Municipality Kaynarca-Pendik-Tuzla Metro Project

The Joint Venture, in which Alsim Alarko Sanayi Tesisleri ve Ticaret A.Ş. holds 50% of the shares, undertook the "Kaynarca - Pendik - Tuzla Metro Construction and Electromechanical Systems Supply, Installation and Commissioning Works" project with the contract signed on 14.04.2017, and then, in accordance with the termination right granted to the contractors in the Provisional Article 6 of the Public Procurement Contracts Law No. 4735, the termination of the contract was requested from the Contracting Entity and the work was liquidated with the liquidation protocol issued on 13.10.2022, with the Contracting Entity, i.e. Istanbul Metropolitan Municipality Rail System Department Anatolian Side Rail System Office.

Great Almaty Ring Road Project

The Great Almaty Ring Road (BAKAD) Project, which is part of the 66-kilometer-long West China-West Europe international highway project that will pass through the Almaty Region's Karasai, Ili, and Talgar districts, is Kazakhstan's and Central Asia's first Public-Private Partnership project. The Great Almaty Ring Road Project is also the first major privately funded project in Kazakhstan outside the oil and gas sector.

The Great Almaty Ring Road Project is financed by a partnership including Alarko Contracting Group and 3 international financial institutions, namely European Bank for Reconstruction and Development (EBRD), Islamic Development Bank (IsDB), and Eurasian Development Bank (EDB),



The main objective of the Great Almaty Ring Road Project is to create a ring road at the intersection of the international corridors “Khorgos-Almaty-Almaty-Bishkek-Taraz-Shymkent-Tashkent” and “Almaty-Karaganda-Astana”, known as the Silk Road.

The main objective of the Great Almaty Ring Road Project is to create a ring road at the intersection of the international corridors “Khorgos-Almaty-Almaty-Bishkek-Taraz-Shymkent-Tashkent” and “Almaty-Karaganda-Astana”, known as the Silk Road.

The Great Almaty Ring Road Project will reroute a significant portion of transit traffic through Almaty while also improving the city's and suburbs' environmental conditions. The Great Almaty Ring Road project will ease the burden on the city's transportation routes and serve approximately 2,000,000 people. The project's completion will speed up the socio-economic development of Almaty and the surrounding areas, reduce traffic congestion in Almaty, and play an important role in minimizing air pollution.

The Concession Agreement was signed on 7 February 2018 between the Government of the Republic of Kazakhstan, represented by the Ministry of Investment and Development (now Ministry of Industry and Infrastructure

Development) and the Concessionaire Turkish-Korean Consortium, including BAKAD Investment and Operation LLP established by Alsim Alarko Sanayi Tesisleri ve Ticaret A.Ş. (Alsim Alarko), SK ecoplant Co. Ltd. (SK), Makyol İnşaat Sanayi Turizm ve Ticaret A.Ş. (Makyol) and Korea Expressway Corporation (KEC). The share of Alarko Contracting Group in construction is 33.4%.

The contractual construction period of the BAKAD Project, which started on 6 August 2020, when the financial agreements were signed, is 50 months for construction and 15 years and 10 months for an operation, for a total duration of 20 years. The scope of work has been determined as “Engineering, Procurement and Construction” (EPC).

The Contracting Consortium, represented in Kazakhstan by Alsim Alarko, SK Ecoplant, and Makyol's branches, is carrying out the construction phase of the BAKAD Project under a 'turnkey' Engineering-Procurement-Construction Contract (EPC Contract) signed on 11 April 2019.



The length of the road is 66 km, consisting of 11 lots (9 lots of roads, 1 ITPS, and 1 Road Maintenance Building). The 14.5 km section is designed as 4 lanes and the 51.5 km section as 6 lanes. The main body of the road, the connection roads, bridges, and viaducts will be paved with asphalt. There are a total of 40 structures on the road, including 6 intersections, 7 overpasses, 7 underpasses, 1 railway underpass, 19 bridges, and 1 retaining wall (1,526 mt). There are 110 culverts totaling 4,941 meters in length, and there are 2,917 meters in length of overpasses, underpasses, and bridges. A total of 1,428 bored piles and 4,178 driven piles are installed as part of the bridge work. The BAKAD Project includes 1 administration building and maintenance facilities, ITPS (Intelligent Transport and Payment System), 12 free flow system points, 24 dynamic information panels, 32 closed circuit cameras/vehicle detection systems, 30 traffic sensors, 32 in-motion weight measurement systems, 2 meteorological stations, 1 call center, automatic license plate recognition system and road condition information systems, and 80 km fiber cabling.

The project's completion date under the contract will be 6 October 2024, which coincides with the financial closing date of 6 August 2020 and marks the end of the project's 50-month instruction term. The project is targeted to be completed earlier than the contractual deadline. The construction period of 50 months had been reduced to 30 months as of 31 October 2022, and the project was ready for provisional acceptance by the end of 2022. The BAKAD Project's operation phase, which includes road operation and maintenance, will be carried out by BARR Operation and Maintenance LLP, a joint venture between Alsim Alarko, SK Ecoplant, Makyol, and KEC.

Ankara Metro Project

The Project includes; the renovation of the electromechanical work and the signalization system of the existing Kızılay - Batıkent line, the electromechanical work the signalization system of the Batıkent OSB metro line, the signalization system of the Kızılay - Çayyolu 2 line, the signalization system of the Tandoğan - Keçiören line, the renovation or modification of the depot,

workshop and control center in Macunköy according to the requirements of the system, renovation of the signalization, announcement, wireless etc. systems.

Together with the electro-mechanic works of Kızılay - Çayyolu line having been subsequently added, Kızılay - Batıkent, Batıkent - Sincan, Kızılay - Çayyolu and Tandoğan - Keçiören lines have been commissioned with passenger transportation being started. The partial provisional and final acceptance procedures were completed for the other systems other than signalization works.

With the agreement signed in 2016, Additional Electro-Mechanic Works of Ankara Metros have been assumed, and the construction activities have been completed other than signalization as of the end of 2020.

AKM (Atatürk Cultural Center) - Kızılay line's signalization works have been included in the scope of the Agreement for Additional Electro-Mechanic Works of Ankara Metros in 2021, and the line is completed and put into operation by the end of 2022.



The Bucharest Southern Beltway Project connects the eastern A2 highway to Constanza with the western A1 highway to Pitesti on the south of the city.

Romania-Bucharest Southern Beltway Project Lot-1 and Lot-2 Lines

The Bucharest Southern Beltway Project connects the eastern A2 highway to Constanza with the western A1 highway to Pitesti on the south of the city.

Design projects have been completed for both lots of our contracted Bucharest Beltway Project, which consists of the construction of a 33-km highway consisting of two sections (Lot 1 and Lot 2). Construction activities are ongoing for both lots.

Both projects will be designed in the status of 2 x 2 lane asphalt-paved road divided by steel barriers according to the design speed of 140 km/hour as per the respective technical specifications. Within the scope of Lot-1 and Lot-2 projects, works will be carried out for 10 highway viaducts, 19 overbridges, 4 intersection arrangements, 55 culverts, 2 operation and maintenance fields, 4 temporary parking areas, highway traffic regulation and passenger information systems (ITS) and other closed security systems, as well as various road illumination and finishing works.

The term for performance of the works under the contract for both lots is 12 months for project preparation and obtaining construction permits and 30 months for construction works, reaching total 102 months with a guarantee term of 60 months. Both projects are planned to be completed within the contractual completion periods.

Bucharest International Airport Metro Connection 6th Metro Section Lot 1.11

Bucharest International Airport Metro Access Connection Line, Lot 1.1, is a metro line starting from the May 1 station of the existing M4 line to Tokyo station and the contract was signed on 08.03.2022.

In this project, the total length of the tunnel line is approximately 6.3 km and consists of 6 stations. This project will require 380 thousand m³ of concrete and 35 thousand tons of iron, 600 thousand m³ of excavation, 105 thousand m² of diaphragm wall, and 43 thousand m of piling.

In addition, the works under the project contract are summarized below:

- Development of the concept and application projects,
- Obtaining a building permit,



- Transfer of the existing electricity, data, natural gas, oil, water, and sewage infrastructure lines,
- Construction of a 5.234 m double tube metro main line tunnel
- Carrying out ground improvement works,
- Construction of diaphragm wall, excavation support systems, and reinforced concrete works of 6 stations (Tokyo, Aeroportul Banease, Gara Banease, Piata Montreal, Expozitiei, Pajura)
- Construction of diaphragm wall, excavation support systems, and reinforced concrete fabrication works of 3 galleries (switching zone) (Tokyo, Expozitiei, Pajura)
- Construction of 8 ventilation shafts. (Tokyo, Aeroportul Banease (2), Gara Banease, Piata Montreal, Expozitiei, Pajura, 1 Mai)
- Construction of 2 connection structures (1 Mai North, 1 Mai South)

Field work for design, design works, and organization of the worksite has started. Temporary office premises were rented on behalf of the consultant and the joint venture. The majority of the contractual documents have been approved. Traffic management plans are being developed. The Concept Design was submitted to the Contracting Entity on 17 October 2022. Necessary documents, reports, and technical drawings were developed to obtain authorization from the relevant authorities for the design work, which is required for obtaining a building permit. Design studies for implementation have also continued.

The contract specifies a total of 1461 days for the work, which includes 266 days for design and construction permits, 917 days for construction, and 278 days for trial and operation. The warranty period is 60 months. On 18.07.2022, the work has been instructed to start and the project is planned to be completed on 18.07.2026.

Kazakhstan Taldykol Lake Rehabilitation and Waste Water Treatment Plant, Phases 1, 2, 3, 4, and 5

The construction works of the new treatment plant, where the water is treated in accordance with UNESCO

standards and connected to the Esil River, which is located in residential areas and extends to Russia, have been completed under our commitment, and our responsibilities in the warranty period under the contract are summarized below.

Relevant Project	Final Acceptance Date	Warranty Period	Warranty End Date
Taldykol Phase-1	18.06.2013	108 Months	18.06.2022
Taldykol Phase-2	18.06.2013	108 Months	18.06.2022
Taldykol Phase-3	24.11.2017	72 Months	24.11.2023
Taldykol Phase-4	5.08.2016.	36 Months	5.08.2019.
Taldykol Phase-5	24.11.2017	60 Months	24.11.2022

Taldykol Treatment Projects, which is an ecological project contracted out by the Astana Governorate, includes sedimentations tanks, aeration tanks, gravity tanks, treatment building, aeration building, sludge dewatering and drying areas, grid filter building, raw sludge pump buildings, pumping stations. Compared to similar projects, they are the largest projects in the world in terms of the size of the area they cover.

Lake Taldykol has been cleaned completely; the swampy areas were drained and converted into recreational areas. The projects have been completed and wastewater treatment systems have been brought up to the scale required for a modern capital city. The existing reed beds were cleared of mosquitoes and bad odors, allowing natural life to resume and giving Astana a new face.





The main goal in electricity generation is to diversify our portfolio on a resource basis and improve our total generation capacity. We prioritize investing in renewable energy sources when increasing our generation capacity.



1,540
MW OF
INSTALLED
POWER



10,500
GWh
DISTRIBUTION



2,2 million
CONSUMERS





The main goal in electricity generation is to diversify our portfolio on a resource basis and improve our total generation capacity.

ENERGY GENERATION

The Market Clearing Price (MCP), which is determined by EXIST using free market dynamics, began to rise in tandem with the rise in foreign exchange and commodity prices following the pandemic, and the MCP, which was 279 TRY/MWh (40 USD/MWh) in 2020, began to rise especially in the second half of 2021, surpassed 1,000 TRY/MWh in December, and finished the year at an average of 506 TRY/MWh (55 USD/MWh). In 2022, this upward trend continued and in the second half of the year, the monthly average MCP first exceeded TL 2,000/MWh and then TL 3,000/MWh, approaching TL 4,000/MWh. 2022 average MCP closed at 2,510.72 TL/MWh (147.50 USD/MWh) Following this rise in MCP, the Maximum Settlement Price (MSP) mechanism, which started in April 2022, was still in effect as of the end of 2022, introduced a resource-based price limitation for power plants. The MCP is linked to USD and PPI and updated monthly, and it hovers around USD 80-82/MWh for renewable power plants. This practice is expected to continue in 2023, thus the MCP for renewable power plants is expected to continue at around USD 80/MWh as in 2022.

Between 2018 and 2020, Turkey's electricity demand remained relatively stable at 303-306 TWh. Especially in 2020, there was no significant increase in demand because of the pandemic. With the start of normalization and the base effect due to the pandemic, electricity consumption approached 333 TWh in 2021. In 2022, electricity consumption remained at 328.7 TWh due to economic stagnation and price elasticity. In 2023, demand is expected to reach 338 TWh with a 3% increase compared to the previous year.

We continue to add significant value with our energy generation portfolio amidst market dynamics brought on by the normalization process after the pandemic. This is done by selling energy in the Day-Ahead Market, Balancing Power Market, and Intraday Market, particularly with the help of rising prices in the Ancillary Services Market.

Electricity demand has been significantly affected by the pandemic that started in 2020 and has swept the whole world, but we estimate that this demand will increase in parallel with the growth in the country's economy in the medium and long term. With this in mind, our Energy



Group, on the one hand, economically utilizes our existing assets above 80 USD/MWh despite the MCP limitation, and on the other, continues to pursue new investment project opportunities in the coming period, with a focus on renewable energy.

The main goal in electricity generation is to diversify our portfolio on a resource basis and improve our total generation capacity. We prioritize investing in renewable energy sources when increasing our generation capacity. Opportunities offering high returns linked to foreign currency are pursued not only in Turkey but also abroad to achieve market diversification in the medium and long term.

The Ministry of Energy of Uzbekistan and IFC issued tenders for the procurement of two solar power plants with 100 MW and 150 MW capacities respectively. As the only company from Turkey to pre-qualify and participate in these tenders, we expect to win one of these projects. Financing and investment works will be initiated if the tender for one of the projects is won.

We are following tenders and competitions announced by the Ministry of Energy and Natural Resources and working to increase our capacity based on renewable resources.

Investment opportunities in new or already operating facilities based on renewable energy sources with foreign currency-linked electricity purchase guarantee in Turkey and abroad are being explored. Guaranteed income, Build Operate Transfer and Public Private Partnership projects in emerging economies in the Balkans and Central Asia are followed up.

Energy Generation in 2022

Hydroelectric and Solar Power Plants

In 2022, we continued to sell under the YEKDEM tariff, at our 76 MWe Karakuz Hydroelectric Power Plant. In 2021, a severe drought across the nation reduced generation volume, and when the impact of the drought lifted in 2022, we returned to average generation volume. In addition to energy generation, Secondary Frequency Control (SFC) Services, which generate economic value above the YEKDEM tariff are provided as

part of Ancillary Services. Because of the substantial rise in SFC prices, particularly in 2022, revenue from Ancillary Services accounted for approximately 25% of Karakuz HEPP's total revenue.

In line with the hybrid energy regulation, we are working on building a 1.5 MW SPP to use auxiliary resources at Karakuz Hydroelectric Power Plant in the first phase.

The Maximum Settlement Price (MSP) mechanism, which was implemented in April 2022 and is still in effect, limited the revenues earned by Gönen Hydroelectric Power Plant, which has an installed capacity of 10.6 MWe and is operated by our Company, at the rate of MCP. By working in accordance with the DSI program, production in 2022 was close to the long-term average, and this trend is expected to continue in 2023.

At the 82 MWe installed capacity Kırklareli Combined Cycle Natural Gas Power Plant, which was suspended due to market conditions, the sale of the 2nd phase of the plant, whose license was previously terminated, was completed. An application has been made to EMRA for the termination of the license of the 1st phase, and the sales transaction is planned to be made after the termination of the license. The proceeds from the sale will be directed to new investments based on renewable energy resources.

In 2022, generation in our fully unlicensed SPP facilities with an installed capacity of 52 MWe, which benefit from the YEKDEM tariff, was 95% budget-compliant.

Karakuz and Gönen hydroelectric power plants, which use renewable energy sources and are registered with the I-REC system started to create additional added value by generating certificates in 2021. Demand for I-REC certificates is being assessed, and opportunities to sell I-REC certificates to environmentally conscious organizations and customers are being pursued. Demand for these certificates is expected to rise in the coming years.



Karabiga Thermal Power Plant

The imported coal-fired Karabiga Thermal Power Plant, owned by Cenal Elektrik Üretim A.Ş., with a total installed capacity of 1320 MW and two units of 660 MW each, has successfully completed the assembly and testing of both units as well as all auxiliary facilities. The first unit of this power plant started commercial production on November 7, 2017, and the second unit on December 28, 2017.

Karabiga Thermal Power Plant, the first "ultra-supercritical" thermal power plant in Turkey and our region, was built with an investment of approximately 1.2 billion USD under the coordination of Cenal Elektrik Üretim A.Ş. without using any EPC contractor. The boiler, turbine, generator, electro filters, desulfurization system, and mills used in this power plant were manufactured with the latest ALSTOM GE technology. The majority of other auxiliary systems used are also of European origin or European design. ASME was used for critical manufacturing. In this power plant, both power units and all auxiliary systems are CE certified.

During the power plant's design and construction phases, special attention was paid to making it an environmentally friendly power plant. The flue gas emissions were designed to meet EU standards, and state-of-the-art equipment was used. To maximize the added value of the power plant, the principles of flexibility and efficiency have also been emphasized. The Karabiga Thermal Power Plant is currently the most effective coal-fired power plant in our nation and region.

All power plant commissioning work was performed by Turkish engineers, and operation and maintenance functions are also performed by its specialized personnel. The plant employs around 500 personnel, mostly from the region. During the construction, approximately 3500 people were employed and a significant added value and employment opportunity was created for the regional economy. In addition to the environmental and technological advantages of this power plant, both theoretical and practical training activities are organized in order to set an example in terms of occupational safety, and our policy of prioritizing occupational safety is effectively implemented in all our activities.

Given the changing market conditions, it was decided to carry out the improvement works with ABB through an advanced process control system (APC), which allows the units to change load faster and operate safely at low loads.

An agreement has been reached with ABB to make the turbine operating system safer, and it is anticipated that the first unit will be renewed during

the 2023 turnaround maintenance, and the other unit will most likely be renewed during the 2024 turnaround maintenance.

The installation and training of the Uniper performance monitoring system we purchased has been completed, and implementation has begun.

Karabiga Power Plant's annual generation volume is planned to be 9.1 billion kilowatt-hours in 2023. The energy generated in accordance with market conditions is offered to the market through various sales channels by the Trade Team established within Cenal Elektrik Üretim A.Ş.

ELECTRICITY DISTRIBUTION

Meram Elektrik Dağıtım A.Ş. (MEDAŞ) provides electricity distribution services in an area of 76,932 km² covering the provinces of Konya, Karaman, Aksaray, Nevşehir, Niğde, and Kırşehir and corresponds to approximately 10% of Turkey's total area. MEDAŞ, which has 37 independent enterprises, provides services to 6 provinces, 63 districts, 61 towns, 871 villages, and 499 village-



affiliated plateaus through a total of 70 enterprises and 33 sub-enterprises operating under these enterprises, with the goal of increasing efficiency and effectiveness by narrowing the geographical purview of the enterprises.

MEDAŞ used to provide electricity distribution and retail sales services, but it separated its operations in 2013 to comply with Electricity Market Legislation. The subscription, billing, and collection activities previously done by MEDAŞ were transferred to the newly established Meram Elektrik Perakende Satış A.Ş. (MEPAŞ) as a result of this arrangement to open the retail electricity sales market to competition, while operations including failure maintenance and repair, investments, index reading, electricity supply connection/disconnection remained within MEDAŞ.

Quality and intensive training activities continued in 2022. Technical and personal development training provided regularly by our Company aim to increase the knowledge and skills of our employees. Furthermore, special emphasis has been placed on occupational safety training, with

the goal of increasing the awareness and knowledge level of all employees, including expert team members, about occupational safety. In 2021, our training activities continued uninterrupted and 160,000 man/hours of training were provided. With our 3000 development/training videos, we continue to support lifelong learning by allowing people to choose the training they need at any time of day online.

Our Company's top priority is to ensure the highest level of occupational health and safety (OHS). Within this framework, inspections were carried out in all 37 regions in 2022 with the field inspection officer staff, and necessary actions were planned. The weight ratio of occupational accidents (the total number of days lost due to occupational accidents occurring in a given working period) was reduced by 28% compared to the previous year.

Our efforts to make MEDAŞ a "technology company" continued in 2022.

The Business Intelligence and Data Analytics Department was formed to lay down the infrastructure of a big data analytics center and data

Meram Elektrik Dağıtım A.Ş. (MEDAŞ) provides electricity distribution services in an area of 76,932 km², corresponds to approximately 10% of Turkey's total area.



warehouse (BIG DATA), which is required for the current reporting and business intelligence tools. All information systems integrated with GIS, WFM, DMS/OMS, and SCADA software that were replaced with the Network Automation Project implemented in previous years are still undergoing necessary changes. KET management and Investment Tracking System (ITS) software were redeveloped and commissioned. Similar internal software development processes will continue in the coming years.

In 2022, a total of 1,696 Electricity Generation Plants (1,696 MWe in total), mostly Renewable Energy Generation Plants, were defined in the SCADA system. In 2022, 4,379 meters were added to the Automatic Meter Reading System (AMRS). In 2022, AMRS system infrastructure was prepared for remote activating and deactivating street lighting circuits via the AMRS system.

As part of our R&D activities; project applications are made to EMRA twice a year and 10 of our projects were accepted by EMRA in 2022. Our projects prioritize

uninterrupted, quality, and sustainable energy supply and domestic production. EMRA accepted our application for the organization of an inter-university idea competition, intrapreneurship program, pre-incubation program, and energy hackathon programs. Our main goal with these projects is to respond faster to the needs and demands of 3.8 million inhabitants in our region, as well as to make our company one of Europe's exemplary distribution businesses by improving service quality and efficiency.

In order to ensure regular and healthy meter readings, the meter reading process was improved upon the completion of the transition from the handheld terminal to the android-based system, thus contributing to digitalization efforts. Furthermore, relevant improvements were made in periodic reporting by continuously developing algorithms and maximizing resource use. Instant warning and notification mechanisms have been developed in the system, minimizing the possibility of human error. Our reading rate, which was 94.23% in 2021, increased to 94.49% in

the first 10 months of 2022. The highest reading rate of all time, 95.63%, was achieved in August 2022.

In the first 10 months of 2022, MEDAŞ call center received 1,200,000 calls. According to year-end projections, the call center accessibility rate is 99.9%, the response rate is 99.5% and the service level is above 97%. Chatbot and Whatsapp will be launched in 2023 as alternative channels to reduce the call load of Call Center Customer Representatives. Chatbot will be integrated with Whatsapp and web chat. A callback service will be activated.

In 2022, as in 2021, the efforts to improve customer satisfaction yielded results, and our Company was recognized by the Ministry of Energy and Natural Resources as one of the distribution companies in Turkey with the highest satisfaction rate.

As in previous years, we continued to conduct maintenance activities for the distribution facilities in 2022. Furthermore, approximately TL 2.1 billion



was spent in 2022 on technological investments and improvements, renovation, and capacity expansion in electricity distribution facilities. With maintenance and investment activities aimed at supplying uninterrupted and high-quality energy to our customers, we have achieved significant reductions, particularly in the technical loss rate, which is expected to decline to 5.60% by the end of 2022.

ELECTRICITY TRADING

MEDAŞ, which offers electricity distribution and retail sales, separated its activities in 2013 to comply with the Electricity Market Law. The subscription, billing, and collection activities previously done by MEDAŞ were transferred to the newly established Meram Elektrik Perakende Satış A.Ş. (MEPAŞ) as a result of this arrangement to open the retail electricity sales market to competition. The legal separation process started in 2013 and was finalized by the end of 2015 with the physical separation of hardware, software, service points, and personnel as specified in EMRA legislation.

MEPAŞ provides electricity retail sales services to approximately 2.5 million customers in an area of 76,932 km² covering the provinces of Konya, Karaman, Aksaray, Nevşehir, Nide, and Kırşehir, which corresponds to approximately 10% of Turkey's surface area, via 11 Customer Service Centres (CSC), 8 affiliated customer service points, and 39 dealer channels and expanded the number of services available to customers through alternative service channels in order to increase customer satisfaction. Improvement efforts continue to ensure that our customers can perform as many transactions as possible online without coming to the facility. Subscription transactions, subscription cancellations, debt query and payment, invoice objection, and information update transactions are all handled via the company website, online transaction center application, or call center in this context.

MEPAŞ continued its efforts to provide cheaper electricity to its eligible consumers. Therefore, the field sales and corporate sales teams were

strengthened at the start of 2022. Both MEPAŞ and MESAŞ increased their eligible consumer portfolios for commercial, industrial, and agricultural irrigation subscriber groups during the year to meet their number and consumption targets.

ALEN, a 100% Alarko subsidiary within the Alarko Energy Group, was conducting market transactions with its supply license. However, due to the near-absence of energy trade volume across the country as a result of market conditions, as well as legislative provisions allowing generation license companies to trade, the commercial activities carried out by ALEN were consolidated under ALTEK. ALEN will continue to hold a supply license and will be ready to become more active again in the future when market conditions require it. A license amendment application was submitted to EMRA under the self-storage regulation to add a total of 1,000 MWh of storage activities in four different regions to ALEN's electricity license.





Our Industry and Trade Group 's core business is manufacturing and importing heating, cooling, ventilation, and water pressurization products, and providing sales and after-sales services for these products.



246
DEALERS
289
SERVICES



EXPORT
CHAMPION FOR
8 YEARS
IN A ROW



17%
EXPORT
RATE





INDUSTRY AND TRADE GROUP

We continued to sell air handling units, fan coils, and rooftop air conditioners in domestic and international markets in 2022, using the technology and brand of our company's partner Carrier, which is widely regarded as the inventor of modern air conditioning.

Our core business is manufacturing and importing heating, cooling, ventilation, and water pressurization products, and providing sales and after-sales services for these products.

We continued to sell air handling units, fan coils, and rooftop air conditioners in domestic and international markets in 2022, using the technology and brand of our company's partner Carrier, which is widely regarded as the inventor of modern air conditioning.

According to Turkish HVAC&R Exporters Association (ISIB) data, our company has been recognized as the company exporting the greatest number of air handling units every year since 2013.

In air-handling units, we will continue to market Carrier 39HQ for the upscale market, and the Alarko ALS series, which we procure on an OEM basis, for the domestic midscale market. We will continue to work on the optimization of air handling units and reach competitive prices/options. We aspire to become a market leader in both the domestic and export markets for automated air handling units with high-added value.

Cost reduction studies for new-generation rooftop air conditioners are planned to be completed in 2023. In addition, we started developing rooftop units with R454B and planning to launch the product in 2024. With the introduction of the eco-design legislation on January 1, 2023, our goal is to double our domestic market share in a few years with our new generation of rooftop air conditioners.

Our sales strategy in chiller market will continue in 2022, leveraging the long-term benefits of our environmentally friendly products with advanced technology, as well as our lifecycle cost approach. In chiller, where competition is fierce, we will continue to deliver products under the Carrier brand from Carrier plants in France, Spain, America, and China to the upscale market.

Toshiba brand Universal Smart X Series EDGE, modular chillers, and heat pumps were introduced to the market, and the first major project sales were made. In 2023, we will continue advertising and promoting this product to achieve its acceptance by the market.



As regards, fan-coil devices, manufacturing of 42CT concealed ceiling-type fan coils started in Gebze with Carrier technology, and sales were strong in the domestic market. In 2023, export sales are expected to be at least as high as the domestic market.

As regards the heat pumps, we have added Alarko Flair to our product range to compete in the low-scale and midscale markets, and the market share of this product increased. We will start producing heat pumps with the Alarko brand in 2023.

The combi boiler with integrated Wi-Fi module and touchscreen glass door, for which R&D studies are currently underway, will be available in three capacities of 24-28-35 kW in the first quarter of 2023. The combi boiler collection will be expanded with the addition of a fourth combi boiler series to Super Fit, Seradens Super, and Seradens Super Plus, serving various customer groups. Aldens floor-standing boilers that we currently offer in the 175-425 kW capacity range will be expanded to 500-1,150 kW capacities in 2023, completing the series in this product.

Auxiliary equipment used in central heating, such as boilers, expansion tanks, unit heater, plate heat exchangers, etc., will continue to be contract manufactured and supplied by local manufacturers under the Alarko brand. We entered the “underfloor heating” market, which is an alternative to radiator heating, in 2021 as the sole authorized dealer of Blansol in Turkey, and our sales and brand recognition in this product grew in 2022. In 2023, the market for this product and our sales will continue to grow exponentially.

The panel radiator production line was sold in order to focus on products with higher added value in production, and an agreement was reached with a local company for the supply of products as OEM under the Alarko brand for domestic market sales.

The ALDH10 and ALDH15 series, which will complete the booster pump range, is expected to be ready and launched to the market in 2023.

The beta version of our web-based selection program for water pressurization system products has been finished and is being tested, with the full version set to launch in the first quarter of 2023.

The development of eight models of our new series OPTIMA BYS circulation pumps with ECM technology was completed and the pumps were launched at the end of 2022. The digital and analog communication cards that will be used with these models in building management systems (BMS) have been designed and tested, and are planned to be sold as an option with the products in early 2023.

The Water Pressuring Systems Products Selection Program (WPSPSP) has been integrated with CRM and B2B programs to contribute to sales and market share growth, and a new web-based, automatically updated version that will serve a much wider user base will be completed and commissioned in the first quarter of 2023.



We continue to carry out feasibility studies for solar panel systems solutions for individual and commercial use.

We continue to carry out feasibility studies for solar panel systems solutions for individual and commercial use, and product and engineering services will be provided in this field with pilot dealers to be selected in 2023.

In 2022, sales of Flair wall-mounted, commercial, multi split air conditioners, VRF and heat pump products continued under the Alarko brand. Commercial and pool type heat pumps are planned to be added to the product range in 2023.

In 2023, sales of wall-mounted, multi-split, commercial air conditioners under the Carrier brand as well as VRF devices will continue through the wholesaler channel.

In 2023, we will continue advertisement and promotion activities started in summer 2022 for the target audience for our Toshiba brand Haori series split air conditioners, which are a first in the sector and can be covered with the fabric selected by the consumers.

Training activities will continue to be conducted in many different provinces in 2023, based on the needs identified, to guarantee that our own employees, dealers, and service centers are equipped with the best knowledge in the face of increasing competition.

The Notification Management Project is ongoing in order to collect customers' malfunction notifications and installation requests, direct them to the relevant services, track, manage, measure the performance of the process and make the necessary improvements using a single software application, and efforts have been initiated for the Product Tracking System Project, which will take the project to a more advanced stage. The Product Tracking System Project will ensure that products can be tracked until the end of their life cycle.

In 2022, split air conditioners, multi-split air conditioners, heat pumps, and combi boilers were integrated into the "Product Tracking System". In 2023, with the inclusion of condensing boilers,



Optima pumps, and booster pumps, the after-sales service processes of all products sold by the dealership unit will be managed digitally.

Carrier Excellence quality management system activities are carried out in every designated business unit, both in offices and factories. All performance indicators are reported monthly to the Middle East and Türkiye Quality Director.

Compliance activities according to the amended 2015 version of ISO 9001 quality management standard have been completed across all the departments with necessary risk analyses and process flows being defined, and recertification was made by both TSE and BSI. We also play a leading role in its sector by holding quality certificates such as ISO 14001, ISO 27001, ISO 50001, and ISO 45001.

In today's world, where the effects of digitalization on business processes are felt acutely, we initiated the Digital Marketing Project, which involves the renewal of our corporate online and e-commerce site, to keep up with this

development and be a part of digital transformation. Consumers have begun to place orders for our products using our existing e-commerce site and other e-commerce platforms.

E-commerce and digital marketing will continue to be used as a tool to retain existing customers and attract and acquire new ones with its mobile-friendly interface, in addition to our traditional points of contact consisting of our sales offices and authorized sellers. As part of the Digital Marketing Project, the purchasing process, which starts online, is integrated with the Alvima Accounting System and the After Sales Services Notification Management System and is designed to include all steps from the assignment of the authorized service to the completion of the assembly and the measurement of satisfaction with the service, and improvements are continuing. By 2023, it is intended to digitalize internal processes and archive records in a virtual setting using the Document Management System Application.

PRODUCTION ACTIVITIES

Main Production Plant

Our main plant, which is located on a total of 60,000 square meters in the Gebze Organized Industrial Zone, consists of a modern complex that includes an indoor production area of 17,000 square meters, plant offices of 3,000 square meters, a test and R&D building of 2,000 square meters, as well as social and training facilities and management offices, totaling an indoor area of 36,000 square meters. In this plant, central air conditioning products such as air handling units, rooftop units, and fan coil devices are manufactured under the Carrier brand, while water pressurization products such as submersible pumps, engines, and circulation pumps are manufactured under the Alarko brand.



Our e-commerce sales have increased significantly in 2022, and this increase is likely to continue in 2023.

Heating Equipment Production Plant

Installed on an area of 18,000 square meters in Istanbul Dudullu Organized Industrial Zone, the Heating Equipment Production Plant has an indoor area of 12,000 square meters. In this plant, heating equipment including condensing combi-boilers and wall-type/floor-mounted condensing boilers are manufactured under the Alarko brand. The sale of the Dudullu Plant completed in 2022 and negotiations are underway to move to a new plant with an indoor area of 12,000-15,000 m² in a city close to Istanbul. In the new plant, combi boilers and condensing boilers currently manufactured in Dudullu Plant as well as heat pumps, for which an investment decision is made, will be manufactured.

TRADING AND MARKETING ACTIVITIES

We have an extensive and strong sales and service network across Turkey, serving with offices in Gebze, Ankara, Izmir, Antalya, and Adana and 130 Alarko Carrier, 55 Toshiba, 80 water group Alarko Carrier specialized dealers, and 284 after-sales service units throughout the country.

In response to market trends and expectations, we also offer import products in our product range in addition to what we manufacture at our plants, by acting as a distributor for leading foreign companies. We are customer-oriented and offer a variety of products to dealers and produce complete solutions for customers. In addition to our traditional distribution channels, we have completed our efforts to develop a sales channel through our website, and e-commerce sales have increased significantly in 2022, and this increase is likely to continue in 2023.

We offer our customers complete system solutions, as well as a very extensive product portfolio in the air-conditioning sector by complementing our portfolio with products that we procure from our partners, including chiller units, cooling towers, dry coolers, condenser units, automatic control devices, humidifiers, cold rooms, air conditioners for operating rooms, boilers for central heating systems and auxiliary equipment for installations.



We create a significant difference in customer experience by offering complete building automation solutions that convert complex commercial facilities such as shopping malls, hotels and hospitals into “smart buildings” with our expert teams, using products of U.S. Automated Logic company, for which we are acting as a distributor. Ecoenergy, a company reducing electricity costs by monitoring energy consumption in buildings, has started pilot projects for some franchise stores. In addition to the products we supply in the air-conditioning sector, we are also specialized in special projects such as hygienic premises, data centers, and processing premises, taking strength from our experience gathered over long years and the engineering solutions we offer. We appeal to all customer profiles with our heating products, which include boilers for central heating systems and combi boilers, and radiator bundle for personal heating. As regards individual air conditioners, we are offering high-efficiency air conditioners that can be used for heating and cooling depending

on the season, under the brands Toshiba, Carrier, and Alarko in compliance with recent regulations.

Totaline spare parts markets have been offering spare parts and technical services equipment for the air-conditioning and water pressurization markets since 2002. Headquartered in Dudullu, Istanbul, Totaline has five stores in İkitelli, Ankara, İzmir, and Antalya. In addition to its 5 stores, Totaline started supplying products to its customers over the internet at isk-market.com in 2020.

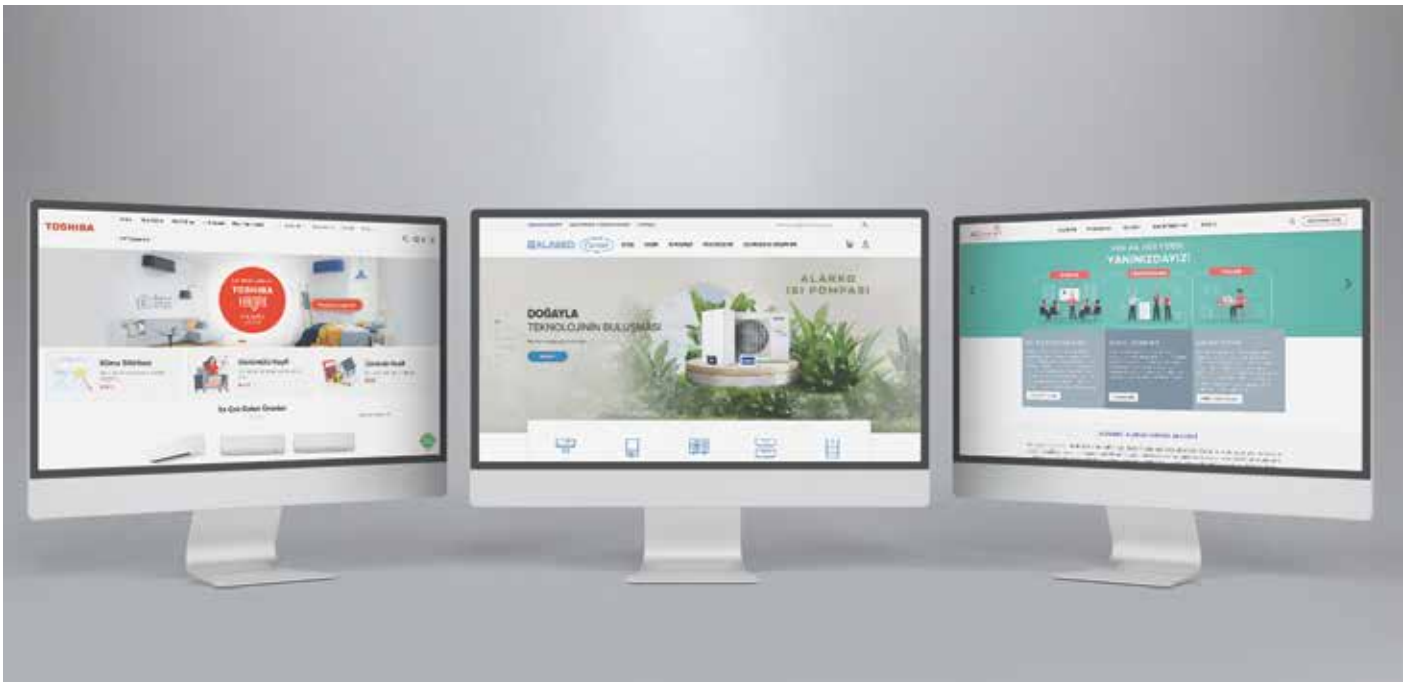
We will continue to ensure that the appearance and functions of the corporate website match e-commerce requirements, increase the number of visitors and that the website is displayed in the top ranks by search engines.

In 2022, we continued to provide our customers with promotion and discovery service via remote video conference to help them choose the most suitable combi boiler, air-conditioning, and air-purifying devices for their houses and to provide them with information on our products.

Online training and orientation of our dealers, services, and employees through Alarko Carrier ACAdemi will continue. We will also continue to offer personal development training courses as well as legally required training courses conducted jointly by HR, OHS, and Health departments. We will be offering more video training materials with strong visual components.

Post-training assessment surveys are now conducted via web application for all online and formal training, which can be accessed by any electronic device.

We were selected to perform various prestigious air-conditioning and water pressurization projects in Turkey and abroad in 2022 as in the previous years and will continue to undertake significant projects in line with our principle of “high-quality service and production” also in the future.





Alarko Tourism Group, Turkey's first and leading actor in the "leisure" sector, distinguishes itself through pioneering and innovative concepts, is inspired by global trends with its knowledge, experience, and intuition, and manages its brands through unique solutions developed according to location, texture, and time, based on the dynamics behind the trends.



7
SERVICE
POINTS



99%
GUEST
SATISFACTION



100+
AWARDS





TOURISM GROUP

Alarko Tourism Group has become a model in the tourism industry through its Hillside Beach Club, Hillside City Club-Etiler, Cinecity Cinemas, and Sanda Spa businesses.

Alarko Tourism Group, Turkey's first and leading actor in the "leisure" sector, distinguishes itself through pioneering and innovative concepts, is inspired by global trends with its knowledge, experience, and intuition, and manages its brands through unique solutions developed according to location, texture, and time, based on the dynamics behind the trends. It continued to meet the needs of its guests at the highest level in 2022, thanks to the systems and values it developed to ensure the sustainability of service quality with the goal of excellence in service understanding. The Group's mission of "Feeling Good," the fine details in its service approach, and its positive behavior philosophy all contribute to new perspectives in the "leisure" sector.

Alarko Tourism Group has implemented new practices, events, and activities that appeal to all ages and interests through its **Hillside Beach Club**, **Hillside City Club-Etiler**, **Cinecity Cinemas**, and **Sanda Spa** businesses; adopted the principle of providing qualified, holistic, and personalized service to its guests; developed a service understanding that exceeds expectations, unique marketing approaches, and extraordinary management systems, and has become a model in the tourism industry.

HILLSIDE BEACH CLUB

Hillside Beach Club is a 5-star holiday resort that sets an example in the tourism industry, is committed to continuous development, manages to surprise its guests with innovations every year by constantly increasing its quality and attractiveness, adopting a friendly, sincere, and high-quality service approach, and is known as "the



favorite of the picky” with its heartfelt service understanding that goes beyond expectations, and manages to make its guests experience the holiday of their dreams with its unique systems and values. **Hillside Beach Club** welcomed approximately 25,000 guests in 2022 and continues to outperform the competition by offering its guests a combination of comfort, quality, sports, and entertainment, as well as excellent facilities, with a 76% guest return rate, which is exceptional in the global tourism industry.

Hillside Beach Club, which continues to contribute to the promotion of our country with the international awards it has received to date, has been named the **“World’s Best ‘Leisure’ Hotel”** for the second time in a row at the prestigious tourism awards Haute Grandeur 2022, which determines the best holiday experience by evaluating many different

criteria and in which chain brands such as Four Seasons, Ritz, Rosewood, and Mandarin Oriental participate in various categories. Furthermore, **Hillside Beach Club**, which truly implements the “Feeling Good” concept in all of its practices and is praised by its guests for its service approach that takes into account every detail, has been named the best in Europe in the **“Best Resort Service”** category.

Hillside Beach Club also won the **“Luxury Seaside Resort”** award at the **World Luxury Hotel Awards**, where guest votes determine the best luxury hotels and spas around the world, and chains such as The Ritz-Carlton, Kempinski, and Mandarin Oriental compete in various categories. Among the significant achievements of **Hillside Beach Club** in 2022 are the **“Travellers’ Choice”** award from TripAdvisor, the world’s most visited travel planning and

booking website and the **“Certificate of Excellence in Guest Satisfaction”** award from British Airways, the UK’s largest airline company.

Hillside Beach Club continued to promote our country in 2022 by being featured in international publications such as **The Times, Conde Nast Traveler, The Telegraph, Financial Times, and Forbes**, which are recognized as international references.

Hillside Beach Club, which has ten certificates, each of which requires working, improving, and auditing in different areas, remains one of only 1,000 hotels in the world to receive the **“Travelife Gold”** certificate, which is a sustainability system implemented by the UK Travel Organization ABTA and can be obtained by meeting 160 sustainability requirements. This year, **Hillside Beach Club** also renewed



TOURISM GROUP

its **Occupational Health and Safety ISO 45001** certification through the practices carried out by the sustainability department.

In the 2022 season, in addition to the now-classic events, which are eagerly anticipated by its guests, like Feel Good Week, Father Son Camp, and Tennis Cup, it has also organized various special weeks that have generated a buzz.

Hillside Beach Club, where guests can enjoy a quiet or active holiday based on their preferences with events and activities that appeal to all ages and interests, also hosted the **"London Jazz in the Sun"** event with specially selected artists and program as part of the EFG London Jazz Festival, one of the most popular festivals in Europe, and the "Summer Screenings" festival with the **British Film Institute**, the UK's most prestigious institution for art and film.

HILLSIDE CITY CLUB

Hillside City Club is part of the Alarko Tourism Group and operates in Etiler, Istanbul, leading the fitness world with pioneering applications. **Hillside City Club**, which has played a pioneering role in transforming the concept of fitness into a comprehensive sector with its health and customer-oriented approach, has succeeded in creating a sector-wide approach. With the motto "much more than a sports club," **Hillside City Club** has evolved into a real-life center for more than 20 years, developing various activities that combine art, music, movies, sports, and entertainment to improve its members' social lives, and it also organizes "Hillside Outside", an event, held outside the club and attracts the attention of the devoted "community" it has built up over the years.

Serving as a multifunctional sports center with a unique approach, **Hillside City Club** offers Gym, Studio, and Cycle classes at the Hillside Outdoor Club, which offers outdoor sports opportunities in the city, as well as personal classes in the "Personal Training" area in order to provide the most comfortable service to its members.

In addition to its indoor theaters, **ING Cinacity Cinemas**, which runs within the facility, provides moviegoers with the opportunity to enjoy "Başka Sinema" and a selection of vision films every Tuesday and Thursday at its Outdoor Cinema. The new concept, which includes a mix of brands such as **Minoa Village**, **Palms Cafe**, **Starbucks Coffee**, and **Sanda Spa**, not only expands Hillside City Club's comprehensive customer service concept but also increases customer satisfaction with strong synergy. With



its spacious terrace amidst the greenery, **Minoa Village**, which opened in Hillside Etiler, has quickly become a gathering place in the city. **Hillside City Club** is also the first choice of brands in terms of sponsorship, with long-term sponsorship agreements with leading companies such as ING Bank, Under Armour, Volvo, Philips, and Coca-Cola.

Hillside City Club and Lale Card members came together for several joint events as part of “Sanat Kulüpte” (Art in the Club), a collaboration that brings together the artistic world of the **Istanbul Foundation for Culture and Arts** (İKSİV) and Hillside members. Members of the **Hillside City Club** benefited from a variety of events, including festival gatherings and jazz concerts, as well as chats with directors, and movie screenings.

SANDA SPA

Sanda Spa has become one of the most preferred and recognized brands in the spa industry since its inception 19 years ago at Hillside Beach Club-Fethiye. The business, which played a significant part in elevating the industry to where it is today, has led the way in advancing the natural spa culture through its innovations and commitment to excellent customer service. Offering more than 60 relaxing treatments with Elemis and Body Coffee products, Sanda Spa continues its mission of “Feeling Good” at its two facilities located in **Hillside Beach Club** and **Hillside City Club** in Etiler, İstanbul.

HILLSIDER MAGAZINE and HILLSIDE NOW

One of the longest-running magazines in the magazine industry, **Hillsider Magazine** has been published for **100** issues and has maintained its appeal for 27 years with its distinctive style. The magazine, which has a readership with a high standard of living and taste because of its high quality, offers inspiring content in art, music, travel, and food and beverage, as well as special interviews and shootings. Hillsider, which has received numerous design awards, was one of the first examples of corporate publishing and is regarded as a collector’s item by its fans.

Aside from **Hillsider Magazine**, the **HillsideNOW** channel, which has over 150,000 followers, was the first in Turkey to adapt to the dynamics of the digital world and broadcast on Instagram Stories, reaching approximately 5 million people per month in 2022 and attracting attention in the field of digital publishing. **HillsideNOW** is also recognized for its original, inspiring, and intriguing content, as well as interviews with influential people.





Our Land Development Group closely monitors the real estate markets and conducts analyses based on the real estate portfolio it has built with land plots acquired in our country's most prestigious regions since Alarko's inception and the experience it has gained in land development.



50+
YEARS OF
EXPERIENCE



5,000
FLATS AND
VILLAS



7
LEADER
PROJECTS





LAND DEVELOPMENT GROUP

The work we have been doing with relevant boards to develop our real estate on the Bosphorus band has been accelerated in 2022.

Our Land Development Group closely monitors the real estate markets and conducts analyses based on the real estate portfolio it has built with land plots acquired in our country's most prestigious regions since Alarko's inception and the experience it has gained in land development. The Company disposes of these properties that are not appropriate for its use from time to time, while land plots that can generate added value are kept in its portfolio with planning that will help use these plots optimally.

Due to recent high inflation, the necessity of having a real estate portfolio has been proven once again.

While the value of all real estate has grown faster than inflation, this trend is especially evident in logistics and tourism investments.

This has been demonstrated by the rise in the worth of our real estate holdings, which are ideally suited to meeting the demands of these developing sectors.

In 2022, we continued to work on the licensing of properties suitable for project development while also quickly addressing zoning plan studies for the correct use of the land plots in our real estate portfolio before the appropriate administrations.

The work we have been doing with relevant boards to develop our real estate on the Bosphorus band has been accelerated in 2022. Once the permits are obtained, an infrastructure will be built that can be used by the tourism sector as a very unique mansion complex.

In addition, we continue to work hard to ensure that our other significant real estate properties in Istanbul's northwestern outskirts are put to good use.



ALYAT TEKNOLOJİ YATIRIMLARI HOLDİNG A.Ş.

The Company invests in technology-based promising new-generation companies.

Alyat Teknoloji Yatırımları Holding A.Ş. was founded as a member of Alarko Group of Companies with the aim of investing in technology-based promising new-generation companies. The investment strategy of the company involves 5 main categories for the digital companies growing at tremendous speed all over the world. These categories are online marketplaces, healthcare, financial technology, real estate technology and supply chain/ logistics. The geographic distribution of the capital has been planned as 50-70% for America, whereas 30-50% of the capital is planned to be invested in Africa, Latin America, South Asia and Middle East.

ALARKO GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

Alarko Gayrimenkul Yatırım Ortaklığı A.Ş. is the first REIT company in Turkey founded to invest in real estate and real estate projects, real estate-based rights, money, and capital market instruments, with 47% of its shares traded publicly. In the projects it will develop, our Company aims to create human-centered modern tourism and living centers and works to boost the effectiveness of its properties that generates rental income.

The strong financial structure of our Company provides opportunities to invest in new projects. We hope that our new holiday resort investment in Bodrum Gündoğan in 2021 will benefit both our Company and our country. We believe that after renovations, this touristic facility, which has approximately 1022 beds and is located on 42,000 m² of land plot with a 600-meter beach, will be an important investment that will provide foreign currency income to our country as a modern hotel and holiday resort. The Tourism Investment Incentive Certificate

received from the Ministry of Industry for this investment as well as the long-term special utilization loan given as part of this incentive have been indications of the trust in our Company.

The "Hillside Beach Club" tourism facility continues to generate rental income for the Company. With the extension of the term of our "Hillside Beach Club" facility's surface rights to 49 years, our tourism revenues from this facility will continue to grow steadily in the long term.

Furthermore, money and capital market instruments with carefully calculated risks will continue to provide the greatest financial return.

The project design of our existing land plots has been put on hold due to the supply-demand imbalance in the real estate sector and uncertainties in construction costs, and it is expected to make the best use of them in the coming years when conditions improve with the decrease in inflation and loan interest rates.



İSHAK ALATON'S VIEW



ROADMAP FOR SUCCESS

"What matters is how you live, not how long you live" an ancient philosopher said... The nature of the things a person experiences throughout his/her lifetime determines the quality of the great adventure that we call "life". Here is another piece of philosophy: "Most people die without living, while some people continue to live after death".

Last year, before I turned seventy, while I was still active as Chairman of the Board of Directors of Alarko Holding, I expressed my confidence in new-generation shareholders and professional managers, and my wish to assign my authorities to them in the coming years. I believe that, by passing the flag to young people, I will contribute to the eternity of the company.

While gradually reducing my daily workload, I make more time for the conferences and seminars on social events. As a private entrepreneur of a highly dynamic country, I take it as a duty to talk about the positive aspects of Turkey abroad. Inside the country, on the other hand, I always enjoy coming together with university students in particular. When they ask me about the "roadmap for success", they are in fact sharing with me the worries they feel as they are about to enter the productive stage of their life.

I understand their worries very well. I experienced the same problems before I turned twenty. I was looking for novel solutions. Instead of enjoying the relative safety and comfort of taking the path walked by everyone, I took the risk of discovering new ways not tried before. In the early 50s, I started my productive life as a welder at a locomotive factory in Sweden. The three years I spent in Sweden built the basis of my roadmap for success. I built the foundations of my philosophy there, while facing endless difficulties.

We will enter the 2000s in just eighteen months. While Turkey had a population of

twenty million at the beginning of the 50s, we are now heading towards seventy million. The competitive environment is much more challenging than it was in the past. I hear a prejudice being often repeated, the prejudice that success in today's business life is much more difficult than it was in the 50s... I disagree with this view and argue that, despite growing competition, it is easier to achieve success today. I point out that, while drawing the roadmap for success, a young person must first of all be self-confident and be aware that one can achieve success through lifelong "self-education". This opinion is based on concrete data.

First, let us remember the three revolutions in human history. The Agricultural Revolution started about ten thousand years ago and lasted until the late 18th century. The Industrial Revolution started in England and Europe 200 years ago, and lasted until the second half of the 20th century. In the last thirty or forty years, the Information Revolution has flourished, taking us to our present day. Some futurologists say that, in the beginning of the 2000s, the information revolution will be followed by a fourth or maybe a fifth revolution. The production of information is growing geometrically, and the momentum is steadily turning upwards.

A few months ago, I met senior managers at the Microsoft facilities in Seattle, USA. I wanted to talk to these people, who work in large, comfortable buildings amongst lush gardens, to set the framework of the contribution they could make to Turkey's education system. There, I saw clearly that we need to develop new education systems to move forward in the waters of the Information Revolution.

Out of the tens of thousands of people working at the Microsoft offices in Seattle, only 8% spend manual labor. 92% of them contribute to production through their brain power, in other words, through information. When I was young, these figures were exactly reversed at the locomotive factory in Motala, Sweden. Ninety

out of hundred employees were blue collars, while only ten were white collars. It seems that this radical change over the last fifty years will bring up the question whether labor unions are still necessary as we enter the 2000s.

The market value of Microsoft is currently around 250 billion dollars... This is well above the annual output of Turkey, a country of 65 million people. The total value of the 500 Turkish companies listed on the Istanbul Stock Exchange is only 60 billion dollars, in other words, about one fourth of Microsoft's value. But let's not sink in despair.

Microsoft has at its helm a young man in his forties. It is rumored that this man, Bill Gates, does not have a proper university degree. A young man who has opened up new horizons for the people he worked with, shared his success with them, and became the richest person in the world today with a sixty billion dollar fortune, the owner of around one fourth of the company...

Here, right at this moment, I can hear your objections. "Yes, but that's the USA, not Turkey..." How can we raise a Bill Gates and have our own Microsoft here? I think we can easily achieve this, we have no reason not to. We have equal chances in logical terms. Without an exception, everybody is born with two legs, two arms, a body and a head with a brain of around three hundred grams. This must be the equality that Karl Marx dreamed of. Absolute equal opportunity... We only need to use that three-hundred-gram brain well.

Let us leave Turkey aside and see what's happening in India, a country known as unqualified and crowded, which we believe is less developed than our own. In some cities in the southern parts of the country, new IT companies are being established. The existence of advanced communication systems makes distance meaningless. Many large companies in the USA and Europe, particularly in the field of aviation and other branches of transportation, subcontract their IT services to these companies in India. Indian technicians, satisfied with wages equal to one tenth or one fifth of those of their American and European peers, take part in this labor transfer. Last year, India earned approximately twenty billion dollars thanks to this service system, which started only five years ago.

In my youth, the driving force was money. Today, money is less important. Information is becoming the driving force... The production of information is a competitive field where everybody starts under equal conditions. Every person takes part in this competition with a brain of three hundred grams. Make a lifelong education program a part of your roadmap for success. Believe in yourself and your knowledge. Bill Gates did it. You will do it, too...

May 1998

* İshak Alaton's article was taken from his book entitled "Görüş ve Öneriler".

DR. ÜZEYİR GARİH'S VIEW



TRANSFORMATION OF BUSINESS LIFE

Dear friends, the ways and methods of doing business are going through a major change around the world.

Until the mid-twentieth century, while foodstuff made from crops grown by villagers was used by industry, industrial workers produced the plows and tractors that the agricultural population needed, thus forming a production cycle.

In principle, this simple cycle still exists. However, as information and communication became a part of the cycle, things seem to have become more complicated now, and the cycle has become more efficient and result-oriented.

The Chinese invented paper and gunpowder. The Europeans preferred to use paper, while the Ottomans opted for gunpowder.

While states physically tyrannized people using gunpowder for some time, the Europeans embraced freedom of thought thanks to the invention of paper first, and the invention of the printing press later, and gained access to information and science, got rid of the hegemony of the Catholic Church, and shortly afterwards, they took rapid steps through religious reform towards pragmatic thought, and later, the Renaissance.

Structures like the Hagia Sophia, built around a thousand years ago, were constructed by masters and workers, while the cathedrals which were planned on paper were constructed much more efficiently and in a shorter time.

The introduction of the steam engine and railways immediately afterwards ensured the transportation of products and people from one place to another much more easily, severely disrupting feudalism in Europe, and paving the way for the idea of independence and free trade.

The invention of mobile phones and computers has given people true independence.

No matter where you are, you can now access information online, and immediately transfer it to anyone you want. This system has emancipated people from their buildings and desks.

The production cycle I defined at the beginning has gained unprecedented speed and efficiency through information and communication.

The Tower of Babel is an interesting story demonstrating the immense costs of lack of communication.

In ancient times, while the Babylonians were building a tower to reach their god, which they believed lived in the skies, they lost communication when god gave a different language to each worker, and the tower, which could not be completed, remained in ruins.

Communication is the fastest and most effective way of accessing information.

Websites now tell us what is happening in any field you can imagine.

Websites function as virtual technoparks. They render any type of information accessible, improving production and trade, and making people happier.

I hope we can adapt our education system to the emerging Information Age as soon as possible.

* Dr. Üzeyir Garih's article was taken from his book entitled Deneyimlerim IV.

SUBSIDIARIES AND PARTICIPATIONS

The titles, fields of activity of our company's subsidiaries, affiliates and joint ventures, and our company's direct and indirect shareholding ratios are as follows.

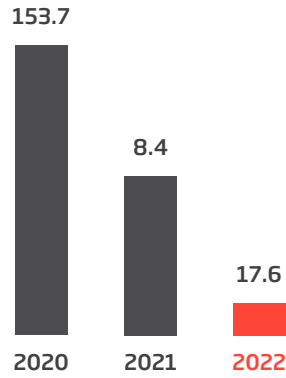
Companies	Sector	Authorized Capital (TL)	Direct Share (%)	Direct and Indirect Share(%)
Alarko Carrier Sanayi ve Ticaret A.Ş.	Production of Heating and Cooling, Equipment Manufacturing, Contracting, Tourism	10,800,000	42.03	43.12
Alsim Alarko Sanayi Tesisleri ve Ticaret A.Ş.	Turnkey contracting, construction and tourism	200,000,000	99.91	99.91
Alarko Fenni Malzeme Satış ve İmalat A.Ş.	Marketing of industrial products and after sales services	230,000	88.68	99.99
Attaş Alarko Turistik Tesisler A.Ş.	Touristic facility management	21,500,000	0.46	99.91
Alarko Gayrimenkul Yatırım Ortaklığı A.Ş.	Real estate investment	64,400,000	16.41	51.20
Alen Alarko Enerji Ticaret A.Ş.	Electric energy trade, export and import	2,000,000	16.95	99.94
Altek Alarko Elektrik Sant. Tes. İşl. ve Tic. A.Ş.	Electric energy production	92,500,000	40.13	99.96
Alarko Enerji A.Ş.	Housing, construction	226,975,276.31	89.24	99.93
Aldem Alarko Konut İnşaat ve Ticaret A.Ş.	Housing, construction	50,000	0.13	99.91
Al-Riva Projesi Arazi Değerlendirme Konut İnşaat ve Tic. A.Ş.	Housing, construction	6,839,063.84	11.55	12.13
Al-Riva Arazi Değerlendirme Konut İnşaat ve Tic. A.Ş.	Housing, construction and touristic facility management	3,308,555.70	2.49	2.63
Al-Riva Arazi Değerlendirme Konut İnşaat Turistik Tesis. Golf İşl. ve Tic. A.Ş.	Real estate project construction and use	10,489,764.84	2.16	2.28
AO Mosalarako	Construction	Ruble 30,000,000	-	51.20
Tüm Tesisat ve İnşaat A.Ş.	Construction	141,000	49.15	50.15
Alarko Tarım Sanayi ve Ticaret A.Ş.	Agriculture, food, food business and technologies	75,000	100.00	100.00
Alyat Teknoloji Yatırımları Holding A.Ş.	Holding Companies's Activites	220,000,000	99.50	99.50
Alarko Konut Projeleri Geliştirme A.Ş.	Real estate development, construction and marketing	22,193,713	0.0005	99.91
Alcen Enerji Dağıtım ve Perakende Satış Hizmetleri A.Ş.	Build, operate or transfer energy distribution plants	214,560,000	0.0006	49.96
Meram Elektrik Dağıtım A.Ş.	Electrical energy distribution	496,032,904.58	0.0000	49.96
Meram Elektrik Enerjisi Toptan Satış A.Ş.	Electrical energy trade	4,050,000	0.1	49.96
Meram Elektrik Perakende Satış A.Ş.	Electrical energy trade	13,545,520.42	0.0001	49.96
Cenal Elektrik Üretim A.Ş.	Building and Operating Electric Power Plant	1,666,667,350	-	49.96
Algiz Enerji A.Ş.	Building and Operating Electric Power Plant	845,000	-	49.96
Panel Enerji A.Ş.	Building and Operating Electric Power Plant	6,500,000	-	49.96
Bakad Investment & Operation LLP	Construction works	64,958,100,605 KZT		33.27
Bakad International B.V.	Holding	147,691,309 USD	-	33.27
Alsim Alarko SRL	Construction	240,000 RON	-	99.91
BARR Operation and Maintenance LLP	BAKAD Beltway Operating and Maintenance	23,000,000 KZT	-	49.95

EARNINGS FROM SUBSIDIARIES

a) Our corporation's shares in dividends paid out over the last three years by the companies in which it has either minority or majority shareholdings:

Company Title	(TL)		
	2020	2021	2022
Alarko Carrier Sanayi ve Ticaret A.Ş.	1,720,330	10,440,000	-
Alsim Alarko Sanayi Tesisleri ve Ticaret A.Ş.	143,735,908	64,940,357	-
Alarko Gayrimenkul Yatırım Ortaklığı A.Ş.	6,659,631	8,245,257	17,441,890
Alarko Tarım Sanayi ve Ticaret A.Ş. ^(*)	53,375	216,610	114,347
Attaş Alarko turistik Tesisler A.Ş.	10,067	3,801	-
Alarko Konut Projeleri Geliştirme A.Ş.	1	2	10
Alcen Enerji ve Perakende Satış Hizmetleri A.Ş.	-	-	12,143
Meram Elektrik Perakende Satış A.Ş.	213	50	-
Meram Elektrik Enerjisi Toptan Satış A.Ş.	13,201	26,109	-
AO Mosalarko	1,476,802	1,575,216	-
TOTAL	153,669,528	85,447,402	17,568,390

EARNINGS FROM SUBSIDIARIES (TL MILLION)



b) The 2021 profits of the companies within the Alarko Group from which we receive dividends, the distributable profits remaining after tax and legal reserves are set aside and the dividends distributed from the past year's reserves are given in the table below.

Alarko Group Managed Companies	2021 Profit for the Period	Distributable Profit (A)	Distributed Dividends (B)	(B/A) %
Alarko Gayrimenkul Yatırım Ortaklığı A.Ş.	1,261,477,309	1,261,477,309	106,260,000	9
Alarko Tarım Sanayi ve Ticaret A.Ş. ^(*)	167,116	125,407	114,347	91
Alarko Konut Projeleri Geliştirme A.Ş.	2,667,028	2,313,913	2,204,438	95
Alcen Enerji ve Perakende Satış Hizmetleri A.Ş.	724,036,952	724,036,952	659,190,683	91

^(*) Previous title: Saret Sanayi Taahhütleri ve Ticaret A.Ş.

BUSINESS VOLUME AND PERSPECTIVES FOR 2023

BUSINESS VOLUME

We present to the view of our shareholders the following table which shows the consolidated results of the last five years in figures and the volume we have reached as a result of the activities which we described in earlier section of the report.

Companies and Businesses According to Activities^(*) (million TL)

	2018	2019	2020	2021	2022
Construction and Land Development	817	1,001	1,170	4,258	10,831
Energy	7,354	9,382	12,297	19,802	60,123
Indusrtly and Trade	651	603	809	1,265	2,210
Tourism	150	177	141	300	600
TOTAL	8,972	11,163	14,417	25,672	73,764

^(*) The revenues of our affiliates and jointly-controlled companies have been included in this amount, and said revenue shows the total amounts before the elimination process.

PERSPECTIVES FOR 2023

Our company has adopted the principle of working according to a plan and it has made it a tradition to reflect this in its annual reports. Our aim is to contribute to the comparison of the results of 2022 with the volumes which we foresee for 2023 and to their evaluation.

Starting from this point, the turnovers planned for 2023 are as follows according to groups of activities:

Companies and Businesses According to Activities	2023 Revenue Target ^(*) (million TL)
Construction and Land Development	9,766
Energy	78,237
Indusrtly and Trade	3,661
Tourism	1,005
TOTAL	92,669

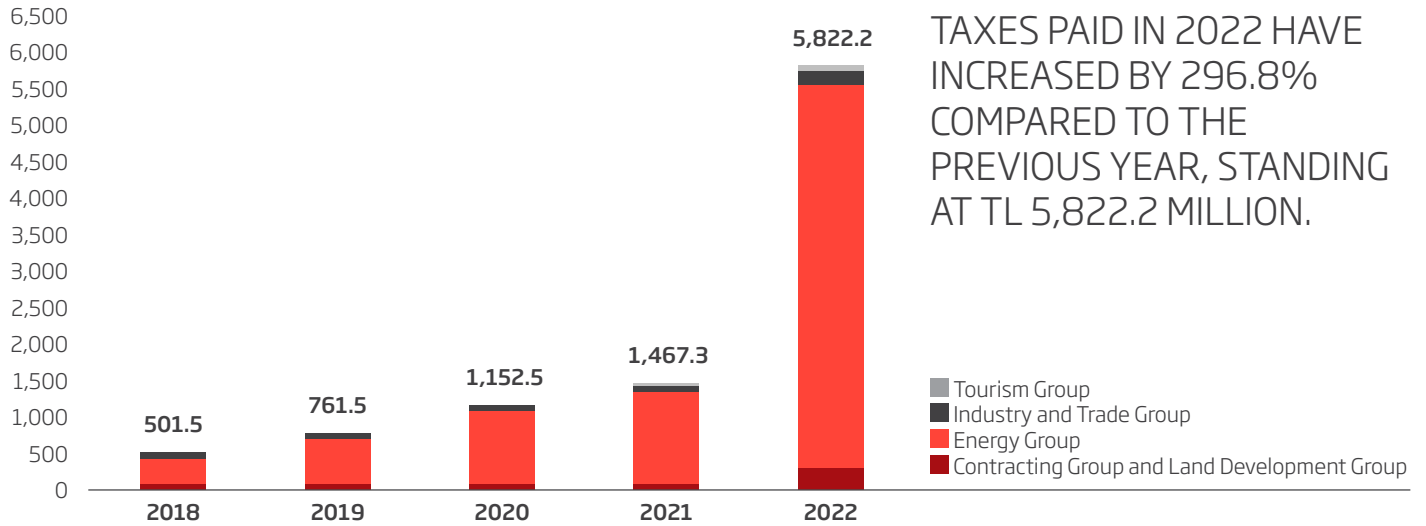
^(*) The revenues of our affiliates and jointly-controlled companies have been included in this amount, and said revenue shows the total amounts before the elimination process.

Company Strategy and Execution of Planned Activities During the Period

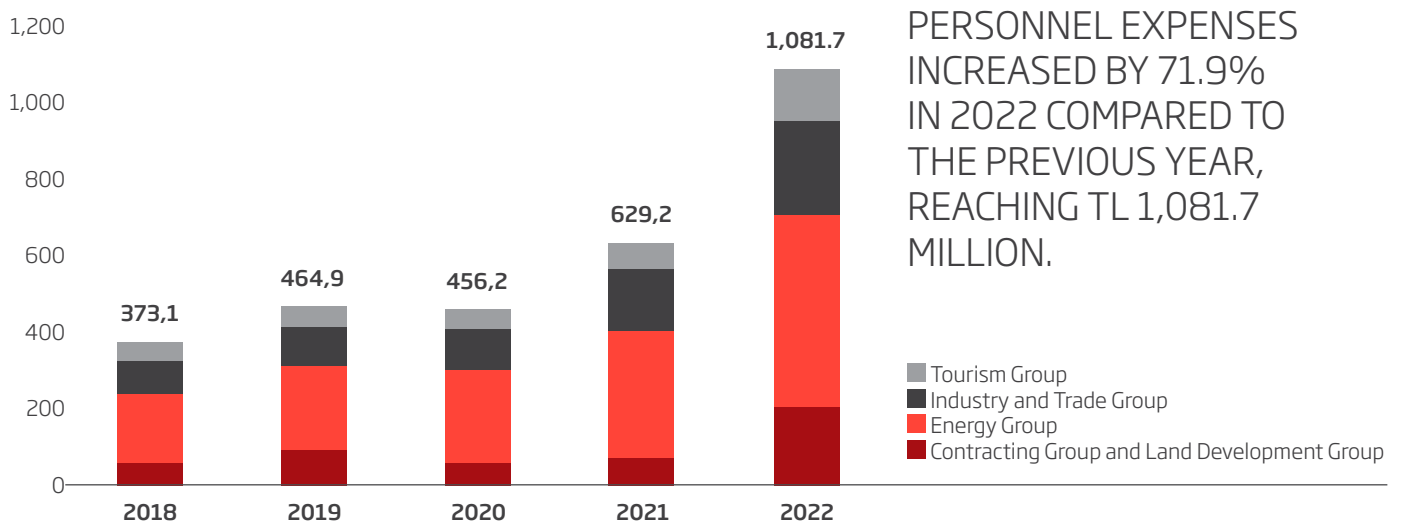
Alarko Holding conducts its operations with the goal of exceeding expectations through innovative and effective business models and leading Alarko into the future by embracing universal values as a guiding principle. We implemented an efficient production strategy based on market conditions in our energy generation business line, and we had a successful year. The amount of investment planned for 2022 in our Energy Distribution and Retail Sales business line was actually realized, and we maintained our position as one of the most admired companies in the sector by consumers. We kept investigating and integrating big data analysis applications and methods as part of our vision of becoming a technology-oriented company, reinforcing our pioneering role in the digitalization process. Alarko Gayrimenkul Yatırım Ortaklığı A.Ş. maintained its strong presence in the market and began construction in the hotel in Bodrum Gündoğan, which was added to its portfolio. In the coming months, we will continue to expand our portfolio in this direction. This year, our Tourism group outperformed expectations and continued to host visitors at our Hillside resort at the targeted capacity rate. Our Contracting business group successfully continued its activities both in Turkey and abroad. Our Industry and Trade business group finished the year with a higher market share, a higher number of sales, and a higher net profit. Valuations and analyses of our business lines' periodic activities are regularly made available to all stakeholders on our website.

TAXES PAID AND PERSONNEL EXPENSES

TAXES PAID (TL MILLION)



PERSONNEL EXPENSES (TL MILLION)



DEVELOPMENTS IN THE LAST FIVE YEARS

The development trend of our holding company's balance sheet items, profits, equity participations and dividends in the last five years are shown below.

	2018	2019	2020	2021	2022
Profit /Loss Before Tax (TL)	(40,729,991)*	507,722,526*	948,118,476*	1,531,958,979*	11,510,008,866*
Equity Participation (TL)	386,568,167	560,646,795	1,151,599,762	2,432,761,962	11,696,065,972
Capital (TL)					
Issued					
As free shares	430,047,284	430,047,284	430,047,284	430,047,284	430,047,284
Against Cash	4,952,716	4,952,716	4,952,716	4,952,716	4,952,716
Total	435,000,000	435,000,000	435,000,000	435,000,000	435,000,000
Registered	500,000,000	500,000,000	500,000,000	500,000,000	500,000,000
Dividends					
Net dividends (Pershare with a par value of TL 1)					
According to paid-in capital	12.736	5.897	10.303	18.181	26.085
According to the capitalization (including distributed bonus shares)	0.14501	0.06715	0.1173	0.207	0.297
Net dividend rates					
According to paid-in capital	1.273,63%	589,78%	1.030,25%	1.818,09%	2.608,56%
According to total capitalization (including distributed bonus shares)	14.501%	6.715%	11.73%	20.70%	29.70%

* Consolidated amounts.

ADDITIONAL INFORMATION REGARDING OUR ACTIVITIES

ADDITIONAL INFORMATION REGARDING OUR ACTIVITIES

- 1- Neither the Company nor any of its Board members has engaged in any act or practice which is contrary to or in violation of the provisions of the applicable legislation and no administrative and/or judicial sanction was imposed or enforced against the Company or any of its Board members.
- 2- No extraordinary general assembly of shareholders was held during the year.
- 3- No significant changes have been introduced to the legislation during the fiscal period that would have a material impact on the Company's operations.
- 4- There were no events of significance that occurred during the period elapsed between the end of the fiscal year and the date of preparation of this annual report which are of a nature that would alter or affect the rights of its shareholders, creditors and other relevant persons and entities.
- 5- With the Board of Directors' decision dated 18.03.2022, share repurchase transactions were initiated, and the total nominal value of the repurchased shares as of 31.12.2022 is TL 2,601,787, with a share-to-capital ratio of 0.5981%.
- 6- No capital market instruments were issued during the period.
- 7- There is no conflict of interest between the Company and the organizations that offer services like investment consulting and credit rating.
- 8- The targets set in the previous periods have been achieved and the decisions made at the General Meeting of Shareholders have been implemented.
- 9- 2 internal audits and 2 independent audits were conducted during the fiscal year and no adverse situation was discovered or identified during these reviews. No public audit or special audit was conducted during the fiscal year.
- 10- The total investments made in 2022 amount to TL 6,378,533,268 million.
- 11- Our Company has the status of a parent company within the meaning of article 195/1 of the Turkish Commercial Code. There is no legal transaction made between our Company and any of its subsidiaries or affiliates under the direction of our Company in favor of our Company or any other subsidiary or affiliate. Accordingly, in the previous business year, measures at the request of or in the interest of our Company or the affiliated companies were neither taken nor refrained from.

All business transactions and relations between our Company and its subsidiaries are at arm's length principle and made in accordance with market conditions and applicable legislation, and accordingly there is no transaction that requires offsetting pursuant to the provisions of article 199 of the Turkish Commercial Code.

THE NATURE, SCOPE AND LIMITS OF THE POWERS OF THE MEMBERS OF THE BOARD

The Chairman and Members of the Board of Directors represent the Company within the framework of and in accordance with the provisions of the relevant articles of the Turkish Commercial Code and the Company's Articles of Association.

PECUNIARY RIGHTS GIVEN TO BOARD MEMBERS AND TOP EXECUTIVES

No pecuniary benefits such as honorariums, fees, premiums, bonuses are given to members of the Board of Directors except the independent members of the Board of Directors. The gross total of pecuniary benefits given to Independent Board members and top executives was TL 114,463,325 (Gross) in 2022. There are no allowances, travel, accommodation and representation expenses and real and financial means, insurances and any similar collaterals given to the Members of the Board of Directors.

THE PROPORTION OF SHARES OF THE PARENT COMPANY HELD BY SUBSIDIARIES SUBJECT TO CONSOLIDATION

The nominal value of shares held by Alarko Gayrimenkul Yatırım Ortaklığı A.Ş., Alsim Alarko Sanayi Tesisleri Ticaret A.Ş. and Tüm Tesisat ve İnşaat A.Ş. which are subject to consolidation, in the capital stock of the Parent Company is respectively TL 1,183,962, TL 348,778 and TL 3,143. The proportion of these shares in the Parent Company's share capital is 0.35%.

ADDITIONAL INFORMATION REGARDING OUR ACTIVITIES

AMENDMENTS TO THE ARTICLES OF ASSOCIATION DURING THE FISCAL YEAR

There are no changes to the Articles of Association during the period.

SHARE CAPITAL AND SHAREHOLDING STRUCTURE OF THE COMPANY

Shareholders	Total Value of Shares Held (TL)	Number of Shares and Voting Rights	Shareholding Ratio (%)
İzzet Garih	76,921,245.42	7,692,124,542	17.68
Leyla Alaton	76,921,245.42	7,692,124,542	17.68
Vedat Aksel Alaton	72,571,245.51	7,257,124,551	16.68
Dalia Garih	66,298,008.65	6,629,800,865	15.24
Alhan Holding A.Ş.	8,699,999.81	869,999,981	2.00
Destek Vakfı	3,195,807.87	319,580,787	0.74
Other-Public Offering	130,392,447.32	13,039,244,732	29.98
Total	435,000,000.00	43,500,000,000	100.00

There were no changes in the capital and partnership structure within in the financial term of 2022.

RELATED PARTY TRANSACTIONS

The information on the transactions performed by our Company with its related parties is provided in detail in Footnote 35 to the financial statements.

PROFIT DISTRIBUTION POLICY

Our Company distributes dividends in accordance with the Turkish Commercial Code, Capital Market Legislation, Tax Legislation and other applicable legislation, as well as the provisions of the articles of association governing dividend distribution.

The annual dividend distribution proposal of the Board of Directors, which addresses the issues set forth in the dividend distribution policy and the CMB Corporate Governance Principles, is specified in the annual report.

The Board of Directors annually makes a decision regarding the payment of dividends in accordance with the dividend distribution policy of the company, and submits said decision for approval by the General Assembly.

If the Board of Directors' proposal for distribution of dividends is approved by the General Assembly, dividend payments shall start, as a rule, within 1 month at the latest.

Our Company has adopted its dividend distribution policy in line with the provisions of the Capital Market Legislation and our Articles of Association, taking into consideration its business performance, investment policy, cash requirements, financial status and market developments. In case of any negative development in the national and global economic conditions, this policy shall be revised by the Board of Directors each year depending on the status of the projects on the agenda and the company's financial resources.

Our Company observes the principle of distributing at least 5% of its distributable profit for the period each year to its shareholders as dividend in cash or in the form of bonus shares by adding these shares to the share capital.

In line with the dividend distribution policy, dividends shall be equally distributed to all the existing shareholders as of the relevant accounting period, and no privileges shall be applied. As a principle, our Company does not pay advance dividends during the year.

Our Company has distributed (gross) dividends of TL 100,050,000 in 2022.

INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS IN RELATION TO THE PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

Internal control activities are in place and carried out in compliance with the internal procedures and applicable laws and in a timely fashion aimed at the effective management and prevention of risks that may be encountered both during the preparation of solo financial statements which form a basis for the consolidated financial statements and consolidation process. These activities include controls designed to identify and prevent risks and those that are performed using manual or computer assisted programs. The entire process is under the continuous supervision and control of both the management team and internal control department. In addition to the foregoing, the consolidation process and consolidated financial statements are subject to review and audit by an independent audit company.

RISK MANAGEMENT AND INTERNAL CONTROL MECHANISM

The Board of Directors has established and put in place an effective risk management and internal control mechanism. Managerial risks are periodically reviewed and assessed by the Audit Advisory and Approval Board (AAAB) and the Committee for Early Detection of Risks consisting of the members of the Board of Directors. The Committee for Early Detection has adopted a resolution aimed at the development, establishment, and implementation and updating of an effective internal control mechanism across the entire Group. In line with this resolution, the Group's Auditing Department has been entrusted with the task of guidance and supervision of the internal control mechanism and of regular review and auditing of its effective implementation, functionality and operability. The Group's Auditing Department conducts reviews and audits internal control mechanism at regular intervals in a periodic manner in accordance with the approved audit programs and submits its opinion and reports the findings of such audits to the top management.

The Audit Committee, after reviewing and assessing the opinion of the Group's Auditing Department and the findings reported, submits its recommendations on the matter to the Audit Advisory and Approval Board. The Audit Advisory and Approval Board, the Committee for Early Detection of Risks and the Committee in charge of Auditing determine the measures to be taken and then give the required instructions to the company's managers through the President of the Executive Board.

The Committee for Early Detection of Risks consisting of 3 members has been formed to advise the Board of Directors on issues related to early detection of risks and establishment and implementation of an effective risk management system. The Committee for Early Detection of Risks held 1 meeting in 2022 and the 6 reports of the Committee were submitted to the Board of Directors.

RISK MANAGEMENT POLICY, APPLICATIONS AND ASSESSMENT

It is of vital importance for our company to have an efficient risk management strategy in order to control potential risks and establish a sustainable growth.

The aim is to minimize the risks related to the fluctuations of coal and steel prices as regards the raw materials used by the organizations included in the Holding, interest rates, cash flow and exchange rates, as well as the counterparty risks, and thus ensure reasonable security against potential shocks.

In this connection, the main risk parameters that are followed-up are as follows:

Market Risk: Price volatility related to main ingredients

Credit Risk: Observing credit/equity ratio

Currency Risk: The exchange rate volatility related to capital and interest

Liquidity Risk: Keeping the current ratio within acceptable limits

The entire Hedging Transactions policy is available to all stakeholders at the corporate website at the address of <https://www.alarko.com.tr/tr/yatirimci-iliskileri/kurumsal-yonetim/riskten-korunma-politikasi>

The Board of Directors performs follow-up within the scope of the periodic review of the Hedging Transactions and Early Risk Detection Committee.

ADDITIONAL INFORMATION REGARDING OUR ACTIVITIES

BOARD OF DIRECTORS

The Structure and Composition of the Board of Directors

İzzet Garih	Chairman
Vedat Aksel Alaton	Vice Chairman
Ümit Nuri Yıldız	Member, Chief Executive Officer
Leyla Alaton	Member
Niv Garih	Member
Ayhan Yavrucu	Member
Neslihan Tonbul	Member (Independent)
Mahmut Tayfun Anık	Member (Independent)
Dr. Burak Koçer*	Member (Independent)
Nihal Mashaki Seçkin*	Member (Independent)

There are three independent members in the Board of Directors. Board members are not restricted in assuming positions in other organizations or entities which are not related to the Company. Other than the Chief Executive Officer Ümit Nuri Yıldız, no member of the Board of Directors holds office of executive administration.

Three candidates were nominated for independent members of the Corporate Governance Committee and assessment was made as to whether or not the candidates qualify criteria for independent status and the results of the assessment was submitted for the approval of the Board of Directors with a report on 12.06.2020.

The Corporate Governance Committee of the Company has evaluated the independence criteria of Nihal Mashaki Seçkin to replace Burak Koçer, who resigned on 28.11.2022, in accordance with the Corporate Governance Communiqué and the results of the evaluation were submitted to the Board of Directors with a report on 01.12.2022.

Each independent board member provided a statement of independence and no situation that might compromise the independence of a board candidate has occurred as of the relevant operating period.

Declarations of independence are provided below.

Declaration of Independence

I hereby notify the Board of Directors, shareholders and all concerned parties that I meet the independence criteria specified in Articles 4.3.6 and 4.3.7 of "Corporate Governance Principles" annexed to the "Corporate Governance Directive" No. II-17.1 issued by the Capital Market Board, that I have independent nature in accordance with the applicable legislation and articles of association, and that I will immediately notify the Board of Directors of Alarko Holding A.Ş. in case of any change in the circumstances that affect my independence.

Name and Last Name: Neslihan Tonbul

Date : 05.06.2020

Declaration of Independence

I hereby notify the Board of Directors, shareholders and all concerned parties that I meet the independence criteria specified in Articles 4.3.6 and 4.3.7 of "Corporate Governance Principles" annexed to the "Corporate Governance Directive" No. II-17.1 issued by the Capital Market Board, that I have independent nature in accordance with the applicable legislation and articles of association, and that I will immediately notify the Board of Directors of Alarko Holding A.Ş. in case of any change in the circumstances that affect my independence.

Name and Last Name: Mahmut Tayfun Anık

Date : 05.06.2020

Declaration of Independence

I hereby notify the Board of Directors, shareholders and all concerned parties that I meet the independence criteria specified in Articles 4.3.6 and 4.3.7 of "Corporate Governance Principles" annexed to the "Corporate Governance Directive" No. II-17.1 issued by the Capital Market Board, that I have independent nature in accordance with the applicable legislation and articles of association, and that I will immediately notify the Board of Directors of Alarko Holding A.Ş. in case of any change in the circumstances that affect my independence.

Name and Last Name: Dr. Burak Koçer*

Date : 05.06.2020

Declaration of Independence

I hereby notify the Board of Directors, shareholders and all concerned parties that I meet the independence criteria specified in Articles 4.3.6 and 4.3.7 of "Corporate Governance Principles" annexed to the "Corporate Governance Directive" No. II-17.1 issued by the Capital Market Board, that I have independent nature in accordance with the applicable legislation and articles of association, and that I will immediately notify the Board of Directors of Alarko Holding A.Ş. in case of any change in the circumstances that affect my independence.

Name and Last Name: Nihal Mashaki Seçkin*

Date : 29.11.2022

(*) Following the evaluation made by the Corporate Governance Committee of the Company, Nihal MASHAKI SEÇKİN has been appointed as an Independent Director in accordance with the Corporate Governance Communiqué of the Capital Markets Board (CMB) in place of Burak KOÇER, who voluntarily resigned as an Independent Director.

Curriculum vitae, terms of office and assignments outside the company of board members are presented in the previous sections of the Annual Report and also published on the corporate web-site of the Company. To avoid repetition, such information is not covered here.

Principles of Conduct of the Board of Directors

The Board of Directors is convened at least quarterly within thirty (30) days following the closure of each quarter and/or whenever the Company's business requires. The Chairman sets the agenda of board meetings after consultation with other board members and the President of the Executive Board and ensures that the agenda is sent to all members three (3) calendar days before the meeting. The board members will endeavor to attend all scheduled board meetings and express opinions. Board members may participate in board meetings remotely using electronic means. The opinions of a member who is not present at a meeting but sent his/her opinions in writing to the Board of Directors will be presented for the consideration of other board members. Each board member has one voting right. The board member associated with a related party is not allowed to vote in the Board meeting concerning transactions with related parties. The quorum required for a board meeting is determined by the articles of association.

31 Board meetings were held in the relevant period. One of the members could not attend to 4 meetings due to their excuses and all the other members have attended to the meetings held during the period.

All resolutions were made unanimously and without dissent or reservation.

Board members do not reserve the right to cast weighted votes and/or powers of veto.

In 2022, we had no related party transactions and any transaction that had a material effect on our business, financial position which by reason of its nature requires to be submitted for the approval of the independent board members.

No insurance has been taken for the losses that may be caused to the company due to the mistakes of the Members of Board of Directors.

ADDITIONAL INFORMATION REGARDING OUR ACTIVITIES

ASSESSMENT ON THE OPERATING PRINCIPLES OF THE BOARD OF DIRECTORS' COMMITTEES AND THEIR EFFECTIVENESS

Our Company's Board of Directors has set up new committees and determined their operating principles in accordance with the provisions of the Communiqué No. II-17.1 on Corporate Governance of the Capital Markets Board and the Turkish Commercial Code.

All committees consist of non-executive members.

Accordingly,

- A 4-member Corporate Governance Committee was set up to improve corporate government practices, and Independent Member Dr. Burak KOÇER was elected as Committee Chair, while members İzzet Garih, Vedat Aksel ALATON and Investor Relations Department Director Özgür KALYONCU were elected as Committee Members. Nihal MASHAKİ SEÇKİN was elected as Committee Chair due to Burak KOÇER's resignation. Corporate Governance Committee convened three times in 2022 with the attendance of all its members, and a report was submitted to the Board of Directors for their activities.

The Corporate Governance Committee

- revised the operating principles of the Committee
- supervised the activities performed by the Investor Relations department;
- revised the Company's performance assessment system; and
- assessed the corporate governance principles. In the assessment made, information was obtained on the Corporate Governance Principles Compliance Report prepared in line with the Capital Markets Board's Communiqué No. II-17.1 on Corporate Governance.
- A 3-member Early Risk Detection Committee was set up to ensure the early detection of the risks our Company may face and to establish an effective risk management system, and Independent Member Neslihan TONBUL was elected to serve as Committee Chair, while member İzzet GARIH and member Vedat Aksel ALATON were elected to serve as Committee Members. Early Risk Detection Committee convened once in 2022 with the attendance of all its members, and 6 reports were prepared and were submitted to the Board of Directors.
- Early Risk Detection Committee carried out activities with the aim of early detecting the risks that may endanger the existence, development and sustainability of the company in relation to the regulations and legal legislation, implementing the necessary measures related to the risks determined and managing risks.
- Independent Member Neslihan TONBUL was elected to serve as the Chair while Independent Member Dr. Burak KOÇER was elected as the Member of the Committee in Charge of Audit reporting to the Board of Directors, respectively. Independent Member Nihal MASHAKİ SEÇKİN was elected as the Member of the Committee due to Burak KOÇER's resignation. Committee in Charge of Audit convened 4 times in 2022 with the attendance of all its members, and 8 reports were prepared and were submitted to the Board of Directors with a report.

Committee in charge of Audit:

- supervised the functioning and efficiency of the internal control system by assessing the reports issued by the Company management, independent audit company and internal auditors;
- submitted its independent audit company proposal to the board of directors once the independent audit company from which the Company will procure services was selected and the committee gave preliminary approval for the services to be procured from this company;
- submitted the annual and interim financial statements to be disclosed to the public for the approval of the board of directors together with its assessments, upon obtaining the opinion of the company's managers in charge and independent auditors in relation to their compliance with the accounting principles followed by the company and their accuracy and correctness; and
- has revised the activities of the independent audit company.

No Nomination Committee and Remuneration Committee was set up from among the Members of the Board of Directors, and the Corporate Governance Committee performed the tasks of the Nomination Committee and Remuneration Committee as per the relevant provisions of the Capital Markets Board's Communiqué on Corporate Governance.

Information on the purview, operating principles and members of the committees were disclosed on the Public Disclosure Platform (KAP), and were also submitted for the information of the investors on our Company's website. The decisions made as a result of activities performed by the Committees independently are submitted to the Board of Directors as proposals, and the final decision is made by the Board of Directors.

The number of Independent Members of the Board of Directors is 3 as required by the organizational structure of the Board of Directors. As the chairs of the Committees and all members of the Audit Committee must be independent members, some independent members serve in several committees.

INVESTOR RELATIONS DEPARTMENT

Activities in the field of relationship with shareholders are conducted by the Investor Relations Department, and are directly supervised by Alpaslan SERPEN, the Chief Strategy Officer.

Özgür KALYONCU started working as Investor Relations Director on 12 June 2019, and has also been assigned as Corporate Governance Committee Member pursuant to the Corporate Governance Communiqué No. II-17.1 of the Capital Markets Board. This development has been disclosed to the public with a Material Disclosure made on the same date. Özgür KALYONCU holds Advanced License for Capital Market Operations and Corporate Governance Rating Expert License.

Investor Relations Department plays an active role in the facilitation of the protection and exercise of the shareholders' rights including mainly the right to information and review. Informative materials and presentation, which are periodically renewed, are made available for the information of all shareholders.

Investor Relations Department regularly submits reports and presentations about the activities to the Board of Directors. Investor Relations Department has delivered 2 presentations together with the Corporate Governance Committee.

Contact Details

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POSITIONS ASSUMED BY THE MEMBERS OF THE BOARD OUTSIDE THE COMPANY

Name and Last Name	Positions Assumed outside the Company
İzzet Garih	Member of the Board at Alarko Group Companies
Vedat Aksel Alaton	
Ümit Nuri Yıldız	Member of the Board at Alarko Group Companies
Leyla Alaton	Member of the Board at Alvimedica, Member of the Board at Attaş Alarko Turistik Tesisler A.Ş.
Niv Garih	Chair of the Board at Alarko Carrier Sanayi ve Tic. A.Ş.
Ayhan Yavrucu	
Neslihan Tonbul	Member of the Board at Petkim, Tat Gıda, Tofaş and Vakıfbank AG-Vienna
Mahmut Tayfun Anık	Member of the Board at Ravin Cables Limited
Dr. Burak Koçer	Deputy Chair of the Board at Özgörkey Holding A.Ş., Chair of the Board at Koçer Danışmanlık A.Ş.
Nihal Mashaki Seçkin	Member of the Board of Corporate Governance Association of Turkey

ADDITIONAL INFORMATION REGARDING OUR ACTIVITIES

HUMAN RESOURCES POLICY

The human resources policy prepared by our Company is disclosed in Our Policy Leaflet published every year, and is announced to the employees during annual meetings.

Our Fundamental PEOPLE and ORGANIZATION Policy is;

“To make the most efficient use of our human resources who share our corporate culture and who have a high level of engagement and competence, and provide guidance to them in line with our company’s visionary and strategic objectives, continuously improve individual and corporate performance making use of HR processes and systems meeting global standards, and reveal our potential with our experience”.

Our Human Resources Values:

Respect for Human: We consider every human as an asset, and believe that the principle of “Respect for Human” is at the core of all our values. We know that organizations which have “Respect for Human” at the core of their business will always succeed.

Happiness of People: We believe that “Happiness of People” lies at the core of success, and that organizations can manage every process when their people are happy.

A Passion for Success: Drawing inspiration and strength from our roots and history, we pursue our targets every day, driven by our passion for success.

Change: We believe that change is a continuous journey rather than a phenomenon, and we are motivated by our mission to improve our business, competency, ourselves and teams every day throughout this journey.

Management Guided By Ethical Principles: We are aware of the importance of having a fair, transparent and accountable human and organization management. We believe that the “Management Guided By Ethical Principles” approach is of vital importance for all our processes, and conduct our processes in line with the local and international laws and values.

Recruitment criteria are defined in writing, and are strictly followed. The physiological, psychological and intellectual qualifications of candidates are taken into consideration during recruitment processes. A written test is definitely conducted to measure and assess these qualifications. Following the first assessment by Human Resources, the manager of the unit to employ the relevant employee holds an interview with the candidate employee.

All employees are treated equally in relation to training and promotion opportunities, and training plans and policies are established with a view to improving the knowledge, skills and attitudes of employees. Employees are regularly provided with trainings every year.

RULES OF ETHIC AND SOCIAL ACCOUNTABILITY

The rules of ethic which are also set forth in the Philosophy of Alarko Group of Companies approved by the Board of Directors and Audit Advisory and Approval Board (AAAB) and adopted by all Employees and Management of Alarko Holding A.Ş. are outlined below in summary form. These rules of ethic comply with the Alarko’s policies, objectives, targets and core principles and form an integral part of these policies, objectives, targets, and core principles.

- Acting honestly in all business activities towards the Government, Clients, Shareholders, Personnel, Partners, and Sub- and By-Industries.
- Protecting the environment and maintaining the inter-company social balance in all its activities.
- Orienting the customers without forcing and giving priority to their needs.
- Maintaining high quality at all times, trying to supply the best at the lowest price even when the customers are satisfied and contented with what is already given.
- Achieving the profits deserved by the shareholders under the current conditions.
- Give priority to teamwork as a corporation performing systematically on the basis of pre-defined procedures, share profit, loss, success and failure.

We design, develop and formulate our policies based on this philosophy. This philosophy statement is framed and posted prominently in all premises and offices owned or occupied by the Alarko Group of Companies. Furthermore, all employees are informed about these rules through the Policy Meeting, which is held regularly on an annual basis, and Our Policy Manual which is published regularly on an annual basis. In addition to all the foregoing, both our existing and newly recruited employees are provided with detailed information about this philosophy through regular training.

This philosophy statement containing the rules of ethic is also posted both on the intercompany intranet and on the Company's website at www.alarko.com.tr. All employees of Alarko Holding are obliged to strictly adhere to and comply with these rules. Compliance with rules of ethics by employees is followed-up and monitored by immediate superiors in the hierarchical structure. All employees of Alarko Holding are responsible for immediately notifying the management of any act or behavior contrary to the rules of ethics.

Any contrary act or behavior noticed, notified or suspected by the Board of Auditors, the President of the Executive Board or other managers are reviewed by the Board of Directors or instructed to be reviewed by the Auditing Committee to ensure compliance therewith. Appropriate disciplinary actions are imposed against employees found to violate any of these rules.

Alarko Holding A.Ş. has always been highly sensitive and proactive towards its social responsibilities and always acts in compliance with regulations and ethical rules regarding public health and safety, and protection of consumers and environment.

Both Alarko Holding A.Ş. and its affiliates, subsidiaries and other group of companies and their respective employees, expert teams and related industries have adopted and committed to implement the following rules in all of their activities and business operations for the purpose of protecting the environment and nature.

- To become thoroughly familiar with all applicable laws, regulations, policies, procedures, requirements and standards regarding the protection of the environment and to fulfill and comply with all criteria, requirements and provisions introduced by these laws, regulations, policies, procedures, requirements and standards,
- To take all measures necessary to protect pollution of air, water, soil and noise in all activities and business operations,
- To protect animal and plant life and to ensure recycling of waste,
- To make cooperation with governmental organizations, institutions, public agencies, private sector companies, and organizations and all other non-governmental organizations for the purpose of developing policies and systems aimed at protection of the environment,
- To continue to carry out research and development activities aimed at developing environment friendly production systems and products,
- To optimize the consumption of natural resources and energy,
- To carry out continuous training activities in order to make a valuable contribution to raise awareness for the protection of the environment and nature, to increase awareness of our employees on environmental issues, and to employ state-of-the-art technology to achieve these goals.

There is no litigation or warning filed against our Company neither in the current year nor in the past for damages on the environment.

FINANCIAL INDICATORS

The Company's Key Financial Indicators according to the consolidated financial statements audited by the independent auditor are as follows

Financial Indicators	31.12.2022	31.12.2021
Current Ratio	1,15	1,15
Liquidity Ratio	1,00	0,88
Cash Ratio	0,68	0,40
Total Debt/Asset Ratio	0,34	0,36
Total Assets	24.673.430.707	7.131.820.762

ADDITIONAL INFORMATION REGARDING OUR ACTIVITIES

The analysis of key financial indicators for the business year of 2022 shows that the Company's net working capital is sufficient to meet its current requirements for operating and investing activities, and the Company's ability to pay off all of its short term liabilities through its liquid assets including cash and assets that can easily be converted to cash. The Company's total equity is TL 16,251,746,835 and is sufficient to meet all of its financial obligations. The Company has a healthy and sound financial structure which is sufficient to continue to conduct its operations, accordingly no measure is considered necessary to be proposed or taken on the matter.

RESEARCH AND DEVELOPMENT ACTIVITIES

In the Gebze production complex of our Industry and Trade Group, ACE (Achieving Competitive Excellence) project of UTC (United Technologies Corporation), parent company of Carrier, which is launched and implemented in all regions to ensure world-class quality in Carrier's products and processes, has been put into place. A wide range of joint studies aimed at enhancing and improving the quality of the products manufactured at our production facilities are being conducted in our R&D and Test Center in collaboration with Universities and TÜBİTAK (The Scientific and Technological Research Council of Turkey). In addition to the foregoing, continuous enhancements and improvements are made to our products and are incorporated into our processes thanks to technology transfers from Carrier.

The application filed by our Industry and Trade Group for R&D Center Certificate for the purpose of taking advantage of incentives, exemptions and tax credits granted within the framework of the Law no 5746 On Supporting Research and Development Activities published in the Official Gazette dated March 12, 2008 was reviewed by the Evaluation and Supervision Committee which was established within the framework of the provisions of article 14 of the "Regulation on Implementation and Supervision of Research and Development Activities" published in the Official Gazette no 26953 of July 31, 2008 and our Industry Trade Group was awarded with a R&D Center Certificate as a result of the resolution taken at the Evaluation and Supervision Committee's meeting of April 27, 2012.

SOCIAL AND INDUSTRIAL ACTIVITIES

Employment

A total of 5,132 people consisting of 1,676 white collar employees, mostly engineers and architects, and 3,456 technicians and workers were employed in 2022 by the Companies and Enterprises within the Alarko Holding A.Ş.

In addition to the foregoing, additional employment opportunities were created for an average of 2,450 people through our subcontractors and external workshops. The severance pay obligation of Alarko Holding A.Ş. as of December 31, 2022 was TL 60,157,040.

Written job descriptions are prepared for all employees. The criteria for appraising performance and rewarding performance are determined each year and put into place after reaching an agreement with employees on the matter. Performance measurements and evaluations are conducted for all employees using the performance appraisal system, which is in place, and the outcomes of performance appraisals and reviews are taken into consideration in determining salary increases and career progression plans.

Training

In 2022, a total of 210,649 man/hours training were delivered. In-house training seminars, sessions and workshops on technical, financial, administrative subjects and on computer operations, computer technology and software applications were organized within the Group to meet the training needs of employees and employees were given the opportunity to attend seminars in their fields of specialization that are delivered by well-recognized, reputable and leading training institutions.

In addition to the foregoing, on the job training programs in a wide range of business activities, including welding operations, assembly and installation and other production techniques, construction, ISO 9000 and Occupational Safety were provided to our employees and workers at our manufacturing plants and factories. Training activities for dealers and authorized maintenance and repair services of Alarko Carrier Sanayi ve Ticaret A.Ş. continued in 2022.

All employees are treated equally in respect of recruitment, training and promotion and training plans and strategies are developed and implemented in order to develop and increase their knowledge, skills and experience. All employees are provided training on a regular basis each year.

Employee -Employer Relations and Rights Granted

Considerable efforts have been put forth to strike a proper balance between employee and employer interests and rights in a realistic way and to provide solutions in order to relieve employees from economic hardships and pressures as far as practically possible within the framework of the current conditions and possibilities taking into account the economic balances of our country.

The Collective Bargaining agreement covering the 1 September 2021 - 31 August 2023 period was signed between the Turkish Metal Industrialists Union (MESS), to which our Group Company Alarko Carrier Sanayi ve Ticaret A.Ş. is a member, and Türk-Metal Union on 12 January 2022.

Alarko Education - Culture Foundation

The Alarko Education - Culture Foundation, which was established in 1986, granted scholarships for (2022-2023) education year respectively to a total of 43 students who are in their senior year of undergraduate study or in grade programs in engineering, civil engineering, economics, finance and business administration departments of various universities, to 25 high school students who study in vocational or technical high schools and to 52 successful children of our employees who are in need of financial assistance. Consequently, from the very beginning up to the present approximately a total of 3,500 students consisting 2,000 higher education students and 1,500 secondary education students have been awarded gratuitous scholarships by the Alarko Education-Culture Foundation.

On the other hand, the Foundation continued to sponsor various cultural and art events also in 2022. The Alarko Education- Culture Foundation has continued its close cooperation and collaboration with outstanding scientific and culture foundations.

EVENTS AFTER THE REPORTING PERIOD

- a) Regarding the Victims of Delayed Pension Age (EYT), the Law on the Amendment of Social Security and General Health Insurance Law No. 7438, and the Decree Law No. 375 entered into force after being published in the Official Gazette dated 3 March 2023 and numbered 32121. This matter has been evaluated within the scope of TAS 10 Events after the Reporting Period.
- a) In accordance with the Regulation on Storage Activities in the Electricity Market published on 19 November 2022, our subsidiary Altek Alarko Elektrik Santrallari Tesis İşletme ve Ticaret A.Ş. has applied to the Energy Market Regulatory Authority for a pre-license to establish SPPs and WPPs with a total installed capacity of 827.5 MW as well as an electricity storage facility with a capacity of 827.5 MW associated with these PPs as part of the Project for Power Plants with Storage to be built in 12 different locations.
- b) Our subsidiary Altek Alarko Elektrik Santralları Tesis İşletme ve Ticaret A.Ş. has requested an amendment for the conversion of the existing generation license dated 23 November 2006 and numbered EÜ/984-3/745 to a multi-source power plant regarding the Solar Power Plant project with a capacity of 1.5323 MWp planned to be established as an auxiliary source for the Karakuz Dam and Hydroelectric Power Plant with a capacity of 76 MWe located in Adana Province, Karaisalı District, Çukur Neighborhood. This request was approved by the Energy Market Regulatory Board decision dated January 5, 2023, and numbered 11539-13, which was notified to us on January 16, 2023.
- c) In accordance with the Regulation on Storage Activities in the Electricity Market published on 19 November 2022, our subsidiary Altek Alarko Elektrik Santrallari Tesis İşletme ve Ticaret A.Ş. has applied to the Energy Market Regulatory Authority for a pre-license to establish WPPs with a total installed capacity of 208 MW as well as an electricity storage facility with a capacity of 208 MW associated with these PPs as part of the Project for Power Plants with Storage to be built in 3 different locations.
- e) Alarko Holding's roadmap through 2030 has been reviewed to carry our company's deep-rooted and powerful structure even more robustly into the future. In addition to its existing business lines, Alarko Holding A.Ş. has designated the "Agriculture and Food Industry" sectors as strategic sectors within the context of its new investment plans and has accelerated its efforts in these areas. Alarko has identified these two sectors as critical value chain that complements one another and has built its strategic positioning on taking part in all value chains in this field.
- f) An earthquake occurred in the southeastern part of Turkey, affecting many of our provinces. Considering the region in which the Group operates, no direct impact on the Group's operations is expected.

ADDITIONAL INFORMATION REGARDING OUR ACTIVITIES

- g) At the meeting of the Board of Directors of Alarko Carrier Sanayi ve Ticaret A.Ş., one of the subsidiaries under joint management, held on 28, 2023, it was noted that the earnings before tax for the period included in the 2022 financial statements is TL 632,043,140, and the net period profit is TL 579,275,520 after setting aside TL 52,767,620 as tax provision in compliance with the Capital Market Board, Articles of the Company, and other applicable legislation, and it was unanimously decided to propose to the General Meeting of Shareholders not to set aside any primary statutory reserves since the legal minimum amount has already been reached in the previous years, to distribute TL 90,000,000.- (Gross) to shareholders in cash as a dividend, corresponding to 15.51% of TL 580,331,879, which is formed by adding donations totaling TL 1,056,359 to the net profit for the period, to set aside secondary statutory reserve amounting to TL 8,946,000 from the dividends to be distributed, to transfer a total of TL 182,503,794 to the special funds account in liabilities to benefit from the corporate tax exemption for TL 575,324, which is the R&D Venture Capital Fund, and TL 181,928,470, which is 50% of the profit from the sale of real estate, to withhold due taxes over the portion of the profit subject to tax withholding, to transfer the balance to extraordinary reserves, and to commence distributing dividends on 17 April 2023.
- h) At the meeting of the Board of Directors of Alarko Gayrimenkul Yatırım Ortaklığı A.Ş., one of the subsidiaries, held at the company headquarters on 24 February 2023, it was noted that the profit for the period included in the 2022 financial statements is TL 2,753,941,111 and it was unanimously decided to propose to the General Meeting of Shareholders not to set aside any primary statutory reserves since the legal minimum amount has already been reached in the previous years, to distribute TL 193,200,000 of the net distributable profit for the period amounting to TL 2,755,441,111, which includes TL 1,500,000 of donations made during the year, to the shareholders as dividend, to distribute TL 112,700,000 of the profit in the form of cash, and TL 80,500,000 in the form of bonus shares by adding to the capital, to set aside secondary statutory reserve amounting to TL 8,946,000 from the dividends to be distributed, to transfer the balance to extraordinary reserves, and to commence distributing dividends on 25 April 2023.
- i) In the meeting of the Board of Directors of Alarko Tarım Sanayi ve Ticaret A.Ş., one of the subsidiaries, dated 3 March 2023; it was decided to purchase 400.000 shares of Gürlük Jeotermal Enerji Tarım Seracılık Gıda Sanayi ve Ticaret Anonim Şirketi with a nominal value of TL 400.000 for TL 75.468.000.
- ii) As part of the share buy-back transactions initiated with the decision of Alarko Holding A.Ş. dated 18 March 2022; ALARK shares with a total nominal value of TL 295.504 were bought back on 3 January 2023 at Borsa İstanbul at a price range of TL 80,55 - TL 79,55 (weighted average TL 79,98) per share. As a result of these transactions, the total nominal value of the shares bought back as of 3 January 2023 was TL 2,897,291, with a share-to-capital ratio of 0.6660%.
- On 5 January 2023, ALARK shares with a total nominal value of TL 131,000 were bought back at Borsa İstanbul at a price range of TL 76,35 - TL 75,00 (weighted average TL 75,84) per share. As a result of these transactions, the total nominal value of the shares bought back as of 5 January 2023 was TL 3,028,291, with a share-to-capital ratio of 0.6962%.
- On 11 January 2023, ALARK shares with a total nominal value of TL 85,957 were bought back at Borsa İstanbul at a price range of TL 67,75 - TL 66,45 (weighted average TL 66,92) per share. As a result of these transactions, the total nominal value of the shares bought back as of 11 January 2023 was TL 3,114,248, with a share-to-capital ratio of 0.7159%.
- On 1 February 2023, ALARK shares with a total nominal value of TL 74,625 were bought back at Borsa İstanbul at a price range of TL 67,50 - TL 66,55 (weighted average TL 66,97) per share. As a result of these transactions, the total nominal value of the shares bought back as of 1 February 2023 was TL 3,188,873, with a share-to-capital ratio of 0.7331%.
- On 2 February 2023, ALARK shares with a total nominal value of TL 42,500 were bought back at Borsa İstanbul at a price range of TL 62,45 - TL 61,95 (weighted average TL 62,24) per share. As a result of these transactions, the total nominal value of the shares bought back as of 2 February 2023 was TL 3,231,373, with a share-to-capital ratio of 0.7428%.
- j) On 16 February 2023, Alarko Holding A.Ş. Board of Directors decided to buy back shares with the decision of the Company's Board of Directors dated 18 March 2022 and numbered 855. In line with the Capital Markets Board's Communiqué on Buy-Back Shares (II-22.1) and the announcement it has made with the principle decision numbered 9/177 dated 14 February 2023, to protect the interests of all stakeholders and to contribute to the healthy price formation in the Company's share value, it has been unanimously decided to buy back shares in addition to the existing share buy-back program and to revise the maximum amount of funds that can be allocated for share buy-back, which was determined as TL 180,000.000, as TL 380,000.000 using internal funds, and to revise the maximum amount of shares that can be subject to share buy-back as TL 5,600,000.000, to inform the shareholders at the first General Meeting of Shareholders about the share buy-back program and the purchases to be made with this program.

STATEMENT OF RESPONSIBILITY FOR FINANCIAL STATEMENTS AND ANNUAL REPORT

DECISION OF THE BOARD OF DIRECTORS ON THE APPROVAL OF THE FINANCIAL STATEMENTS AND THE ANNUAL REPORT

DECISION DATE: 10.03.2023

DECISION NO: 886

STATEMENT OF RESPONSIBILITY ISSUED PURSUANT TO ARTICLE 9 IN THE SECOND PART OF THE COMMUNIQUÉ NUMBERED II-14.1 OF THE CAPITAL MARKETS BOARD

1 - We have examined the consolidated financial statements and annual report of the Company for the year ending on 31.12.2022, prepared in accordance with the Capital Markets Board's Communiqué II-14.1 "Communiqué on Principles of Financial Reporting in Capital Markets".

2 - To the best of our knowledge and information available to us as part of our duties and responsibilities at the Company, the consolidated financial statements, and the annual report do not contain any misstatements in material matters or any omissions that may be construed as misleading as of the date of the disclosure.

3 - To the best of our knowledge and information available to us as part of our duties and responsibilities at the Company, the financial statements, prepared in accordance with the applicable financial reporting standards give a true and fair view of the assets, liabilities, financial standing, and profit and loss of the Company and the consolidated entities. The annual report fairly presents the development and performance of the business and the financial position of the Company and the consolidated entities, together with the significant risks and uncertainties they face.

Yours sincerely,

Neslihan TONBUL
Chairman of the Audit Committee

Nihal MASHAKİ SEÇKİN
Audit Committee Member

Ümit Nuri YILDIZ
Chief Executive Officer

PROPOSAL FOR THE PROFIT DISTRIBUTION

- 1) The earnings for the period included in the 2022 consolidated financial statements presented for approval at the General Shareholders' Meeting is TL 11,863,642,480, and the net period profit is TL 11,434,060,465 after setting aside TL 422,857,565 for non-controlling shares, and TL 6,724,450 for primary statutory reserves in compliance with the Capital Market Board, Articles of Association of the Company, and other applicable legislation, and

We hereby propose to

- distribute TL 47,165,000 (Gross), to shareholders in cash as dividends, corresponding to 0.41% of TL 11,435,649,015.44, which is formed by adding donations amounting to TL 1,588,550.44 to the net profit for the period
 - transfer 75% of the profit from the sale of the subsidiary, amounting to TL 80,381,324.42, to the special funds account in liabilities in order to benefit from the corporate tax exemption,
 - transfer the balance to extraordinary reserves,
- 2) distribute TL 96,385,000 (Gross), which was added to the extraordinary reserves in previous years, to the shareholders as a dividend in cash,
 - 3) withhold due taxes over the portion of the profit subject to tax withholding, and
 - 4) commence distributing dividends on 31.05.2023.

Board of Directors

DECLARATION OF COMPLIANCE WITH THE CORPORATE GOVERNANCE PRINCIPLES

Our company has taken due care in the observation of Corporate Governance Principles published by the Capital Markets Board. All of the obligatory principles defined in the Communiqué on Corporate Governance have been observed by our Company. Most of the non-obligatory Corporate Governance Principles have also been complied with, while those that could not be complied with have been explained in the annual report in Corporate Governance Compliance Report (CRF), Corporate Governance Information

Form ("CGIF") and other relevant sections. Please find the details on the issue in the following sections. The Corporate Governance Committee continues to perform its activities.

CORPORATE GOVERNANCE COMPLIANCE REPORT

	Company Compliance Status				Explanation
Corporate Governance Compliance Report	Yes	Partial	No	Exempted	Not Applicable
1.1. FACILITATING THE EXERCISE OF SHAREHOLDER RIGHTS					
1.1.2 - Up-to-date information and disclosures which may affect the exercise of shareholder rights are available to investors at the corporate website.	X				
1.2. RIGHT TO OBTAIN AND REVIEW INFORMATION					
1.2.1 - Management did not enter into any transaction that would complicate the conduct of special audit.	X				
1.3. GENERAL ASSEMBLY					
1.3.2 - The company ensures the clarity of the General Assembly agenda, and that an item on the agenda does not cover multiple topics.	X				
1.3.7 - Insiders with privileged information have informed the board of directors about transactions conducted on their behalf within the scope of the company's activities in order for these transactions to be presented at the General Shareholders' Meeting.					X There is no action within the scope of this article.
1.3.8 - Members of the board of directors who are concerned with specific agenda items, auditors, and other related persons, as well as the officers who are responsible for the preparation of the financial statements were present at the General Shareholders' Meeting.	X				
1.3.10 - The agenda of the General Shareholders' Meeting included a separate item detailing the amounts and beneficiaries of all donations and contributions.	X				
1.3.11 - The General Shareholders' Meeting was held open to the public, including the stakeholders, without having the right to speak.	X				
1.4. VOTING RIGHTS					
1.4.1 - There is no restriction preventing shareholders from exercising their shareholder rights.	X				
1.4.2 - The company does not have shares that carry privileged voting rights.	X				

CORPORATE GOVERNANCE COMPLIANCE REPORT

Corporate Governance Compliance Report	Company Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
1.4.3 - The company withholds from exercising its voting rights at the General Shareholders' Meeting of any company with which it has cross-ownership, in case such cross-ownership provides management control.	X					
1.5. MINORITY RIGHTS						
1.5.1 - The company pays maximum diligence to the exercise of minority rights.	X					
1.5.2 - The Articles of Association extend the use of minority rights to those who own less than one twentieth of the outstanding shares, and expand the scope of the minority rights.			X			The articles of association stipulate that minority rights are not less than one-twentieth of the capital.
1.6. DIVIDEND RIGHT						
1.6.1 - The dividend policy approved by the General Shareholders' Meeting is posted on the company website.	X					
1.6.2 - The dividend distribution policy comprises the minimum information to ensure that the shareholders can have an opinion on the procedure and principles of dividend distributions in the future.	X					
1.6.3 - The reasons for retaining earnings, and their allocations, are stated in the relevant agenda item.					X	Dividend distribution made.
1.6.4 - The board reviewed whether the dividend policy balances the benefits of the shareholders and those of the company.	X					
1.7. TRANSFER OF SHARES						
1.7.1 - There are no restrictions preventing shares from being transferred.	X					.
2.1. CORPORATE WEBSITE						
2.1.1 - The company website includes all elements listed in Corporate Governance Principle 2.1.1.	X					
2.1.2 - The shareholding structure (names, privileges, number and ratio of shares, and beneficial owners of more than 5% of the issued share capital) is updated on the website at least every 6 months.	X					
2.1.4 - The company website is prepared in other selected foreign languages, in a way to present exactly the same information with the Turkish content.	X					
2.2. ANNUAL REPORT						
2.2.1 - The board of directors ensures that the annual report represents a true and complete view of the company's activities.	X					
2.2.2 - The annual report includes all elements listed in Corporate Governance Principle 2.2.2.	X					

Corporate Governance Compliance Report	Company Compliance Status				Explanation
	Yes	Partial	No	Exempted	
3.1. CORPORATION'S POLICY ON STAKEHOLDERS					
3.1.1 - The rights of the stakeholders are protected pursuant to the relevant regulations, contracts and within the framework of bona fides principles.	X				
3.1.3 - Policies or procedures addressing stakeholders' rights are published on the company's website.	X				The stakeholders policy is explained in PDP and presented to the shareholders on the Alarko Holding corporate website.
3.1.4 - A whistleblowing programme is in place for reporting legal and ethical issues.	X				
3.1.5 - The company addresses conflicts of interest among stakeholders in a balanced manner.	X				
3.2. SUPPORTING THE PARTICIPATION OF THE STAKEHOLDERS IN THE CORPORATION'S MANAGEMENT					
3.2.1 - The Articles of Association, or the internal regulations (terms of reference/ manuals), regulate the participation of employees in management.				X	No special model is designed for employee participation in management.
3.2.2 - Surveys/other research techniques, consultation, interviews, observation method etc. were conducted to obtain opinions from stakeholders on decisions that significantly affect them.	X				
3.3. HUMAN RESOURCES POLICY					
3.3.1 - The company has adopted an employment policy ensuring equal opportunities, and a succession plan for all key managerial positions.	X				
3.3.2 - Recruitment criteria are documented.	X				
3.3.3 - The company has a policy on human resources development, and organises trainings for employees.	X				
3.3.4 - Meetings have been organised to inform employees on the financial status of the company, remuneration, career planning, education and health.	X				
3.3.5 - Employees, or their representatives, were notified of decisions impacting them. The opinion of the related trade unions was also taken.	X				
3.3.6 - Job descriptions and performance criteria have been prepared for all employees, announced to them and taken into account to determine employee remuneration.	X				

CORPORATE GOVERNANCE COMPLIANCE REPORT

Corporate Governance Compliance Report	Company Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
3.3.7 - Measures (procedures, trainings, raising awareness, goals, monitoring, complaint mechanisms) have been taken to prevent discrimination, and to protect employees against any physical, mental, and emotional mistreatment.	X					
3.3.8 - The company ensures freedom of association and supports the right for collective bargaining.	X					
3.3.9 - A safe working environment for employees is maintained.	X					
3.4. RELATIONS WITH CUSTOMERS AND SUPPLIERS						
3.4.1 - The company measured its customer satisfaction, and operated to ensure full customer satisfaction.	X					
3.4.2 - Customers are notified of any delays in handling their requests.	X					
3.4.3 - The company complied with the quality standards with respect to its products and services.	X					
3.4.4 - The company has in place adequate controls to protect the confidentiality of sensitive information and business secrets of its customers and suppliers.	X					
3.5. ETHICAL RULES AND SOCIAL RESPONSIBILITY						
3.5.1 - The board of the corporation has adopted a code of ethics, disclosed on the corporate website.	X					
3.5.2 - The company has been mindful of its social responsibility and has adopted measures to prevent corruption and bribery.	X					
4.1. ROLE OF THE BOARD OF DIRECTORS						
4.1.1 - The board of directors has ensured strategy and risks do not threaten the long-term interests of the company, and that effective risk management is in place.	X					
4.1.2 - The agenda and minutes of board meetings indicate that the board of directors discussed and approved strategy, ensured resources were adequately allocated, and monitored company and management performance.	X					
4.2. ACTIVITIES OF THE BOARD OF DIRECTORS						
4.2.1 - The board of directors documented its meetings and reported its activities to the shareholders.	X					
4.2.2 - Duties and authorities of the members of the board of directors are disclosed in the annual report.	X					

Corporate Governance Compliance Report	Company Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
4.2.3 - The board has ensured the company has an internal control framework adequate for its activities, size and complexity.	X					
4.2.4 - Information on the functioning and effectiveness of the internal control system is provided in the annual report.	X					
4.2.5 - The roles of the Chairman and Chief Executive Officer are separated and defined.	X					
4.2.7 - The board of directors ensures that the Investor Relations Department and the Corporate Governance Committee work effectively. The board works closely with them when communicating and settling disputes with shareholders.	X					
4.2.8 - The company has subscribed to a Directors and Officers liability insurance covering more than 25% of the capital.			X			The insurance to cover the potential damages resulted from the actions of the members of the BoD was not covered.
4.3. STRUCTURE OF THE BOARD OF DIRECTORS						
4.3.9 - The board of directors has approved the policy on its own composition, setting a minimal target of 25% for female directors. The board annually evaluates its composition and nominates directors so as to be compliant with the policy.	X					There are 3 female members on the Board of Directors, and the nomination process is based on the criteria of inclusiveness and competence. Alarko Holding's Women in the Board of Directors Policy is presented on the corporate website.
4.3.10 - At least one member of the audit committee has 5 years of experience in audit/ accounting and finance.	X					
4.4. BOARD MEETING PROCEDURES						
4.4.1 - Each board member attended the majority of the board meetings in person.		X				Some of our Board meetings for 2022 have been held through video conference, and a Board Member who is abroad with a valid excuse was granted the chance to attend the meetings through this means. The working principles of our Board of Directors provide that each Member of the Board is obliged to attend the Board meetings either physically or electronically.
4.4.2 - The board has formally approved a minimum time by which information and documents relevant to the agenda items should be supplied to all board members.	X					
4.4.3 - The opinions of board members that could not attend the meeting, but did submit their opinion in written format, were presented to other members.	X					

CORPORATE GOVERNANCE COMPLIANCE REPORT

Corporate Governance Compliance Report	Company Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
4.4.4 - Each member of the board has one vote.	X					
4.4.5 - The board has a charter/written internal rules defining the meeting procedures of the board.	X					
4.4.6 - Board minutes document that all items on the agenda are discussed, and board resolutions include director's dissenting opinions if any.	X					
4.4.7 - There are limits to external commitments of board members. Shareholders are informed of board members' external commitments at the General Shareholders' Meeting.			X			No rules or restrictions have been laid down for preventing members of the board of directors from serving outside the company, and their services in this scope were not presented to the shareholders in the general assembly meeting for information.
4.5. BOARD COMMITTEES						
4.5.5 - Board members serve in only one of the Board's committees.			X			The chairmen of the Committees and all members of the Audit Committee must be independent members. Some independent members serve in several committees.
4.5.6 - Committees have invited persons to the meetings as deemed necessary to obtain their views.	X					
4.5.7 - If external consultancy services are used, the independence of the provider is stated in the annual report.					X	The committees have not procured consulting services.
4.5.8 - Minutes of all committee meetings are kept and reported to board members.	X					
4.6. FINANCIAL RIGHTS						
4.6.1 - The board of directors has conducted a board performance evaluation to review whether it has discharged all its responsibilities effectively.	X					
4.6.4 - The company did not extend any loans to its board directors or executives, nor extended their lending period or enhanced the amount of those loans, or improve conditions thereon, and did not extend loans under a personal credit title by third parties or provided guarantees such as surety in favour of them.	X					
4.6.5 - The individual remuneration of board members and executives is disclosed in the annual report.		X				The remuneration paid to members of the board of directors and managers with administrative responsibilities are explained in the annual report; however, no explanation has been provided on an individual basis.

CORPORATE GOVERNANCE INFORMATION FORM

1. SHAREHOLDERS

1.1. Facilitating the Exercise of Shareholders Rights

The number of investor meetings (conference, seminar/etc.) organized by the company during the year 91 physical, 68 virtual meetings

1.2. Right to Obtain and Examine Information

The number of special audit request(s) Request for appointment of special auditor is not governed by our Articles of Association separately, and pursuant to Article 438 of the Turkish Commercial Code, even if it is not included in the agenda, any shareholder may request the general assembly to clarify certain events with a special audit, if it is necessary for the exercise of shareholder rights and the right to receive information or review has already been exercised. No such request has been received in 2022.

The number of special audit requests that were accepted at the General Shareholders' Meeting Shareholders have not had a request to this effect

1.3. General Assembly

Link to the PDP announcement that demonstrates the information requested by Principle 1.3.1. (a-d) <https://www.kap.org.tr/tr/Bildirim/1014145>

Whether the company provides materials for the General Shareholders' Meeting in English and Turkish at the same time Yes

The links to the PDP announcements associated with the transactions that are not approved by the majority of independent directors or by unanimous votes of present board members in the context of Principle 1.3.9 -

The links to the PDP announcements associated with related party transactions in the context of Article 9 of the Communiqué on Corporate Governance (II-17.1) -

The links to the PDP announcements associated with common and continuous transactions in the context of Article 10 of the Communiqué on Corporate Governance (II-17.1) -

The name of the section on the corporate website that demonstrates the donation policy of the company <https://www.alarko.com.tr/en/investor-relations/corporate-governance/donations-and-aids-policy>

The relevant link to the PDP with minute of the General Shareholders' Meeting where the donation policy has been approved

The number of the provisions of the articles of association that discuss the participation of stakeholders to the General Shareholders' Meeting Articles No: 48 - 49 - 50 - 51 - 52 - 53 and 54

Identified stakeholder groups that participated in the General Shareholders' Meeting, if any -

1.4. Voting Rights

Whether the shares of the company have differential voting rights No

In case that there are voting privileges, indicate the owner and percentage of the voting majority of shares. -

The percentage of ownership of the largest shareholder 17.68%

1.5. Minority Rights

Whether the scope of minority rights enlarged (in terms of content or the ratio) in the articles of the association No

If yes, specify the relevant provision of the articles of association. -

1.6. Dividend Right

The name of the section on the corporate website that describes the dividend distribution policy <https://www.alarko.com.tr/en/investor-relations/corporate-governance/dividend-distribution-policy>

Minutes of the relevant agenda item in case the board of directors proposed to the general assembly not to distribute dividends, the reason for such proposal and information as to use of the dividend. Dividend distribution made

PDP link to the related general shareholder meeting minutes in case the board of directors proposed to the general assembly not to distribute dividends Dividend distribution made

CORPORATE GOVERNANCE INFORMATION FORM

General Assembly Meetings

General Meeting Date	The number of information requests received by the company regarding the clarification of the agenda of the General Shareholders' Meeting	Shareholder participation rate to the General Shareholders' Meeting	Percentage of shares directly present at the GSM	Percentage of shares represented by proxy	Specify the name of the page of the corporate website that contains the General Shareholders' Meeting minutes, and also indicates for each resolution the voting levels for or against	Specify the name of the page of the corporate website that contains all questions asked in the general assembly meeting and all responses to them	The number of the relevant item or paragraph of General Shareholders' Meeting minutes in relation to related party transactions	The number of declarations by insiders received by the board of directors	The link to the related PDP general shareholder meeting notification
27.04.2022	0	72.61%	67.65%	4.96%	https://www.alarko.com.tr/en/investor-relations/corporate-governance/general-assembly-participation-and-minutes	https://www.alarko.com.tr/en/investor-relations/corporate-governance/general-assembly-participation-and-minutes	-	0	https://www.kap.org.tr/tr/Bildirim/1024416

2. DISCLOSURE AND TRANSPARENCY

2.1. Corporate Website

Specify the name of the sections of the website providing the information requested by the Principle 2.1.1.	https://www.alarko.com.tr/en/investor-relations/overview
If applicable, specify the name of the sections of the website providing the list of shareholders (ultimate beneficiaries) who directly or indirectly own more than 5% of the shares.	https://www.alarko.com.tr/en/investor-relations/corporate-governance/shareholder-structure
List of languages for which the website is available	Turkish, English

2.2. Annual Report

The page numbers and/or name of the sections in the Annual Report that demonstrate the information requested by principle 2.2.2.	
a) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the duties of the members of the board of directors and executives conducted out of the company and declarations on independence of board members	Board of Directors/Additional Information Regarding Our Activities/ The Structure and Composition of the Board of Directors
b) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on committees formed within the board structure	Additional Information Regarding Our Activities/ Assessment on the Operating Principles of the Board of Directors' Committees and their Effectiveness
c) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the number of board meetings in a year and the attendance of the members to these meetings	Additional Information Regarding Our Activities/Board of Directors/Principles of Conduct of the Board of Directors
ç) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on amendments in the legislation which may significantly affect the activities of the corporation	Additional Information Regarding Our Activities - Page no: 71 Article no: 3
d) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on significant lawsuits filed against the corporation and the possible results thereof	Annual Report of the Board of Directors - Page no: 25 Article no: 9
e) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the conflicts of interest of the corporation among the institutions that it purchases services on matters such as investment consulting and rating and the measures taken by the corporation in order to avoid from these conflicts of interest	Additional Information Regarding Our Activities - Page no: 67 Article no: 7

f) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the cross ownership subsidiaries that the direct contribution to the capital exceeds 5%	Additional Information Regarding Our Activities/ Shares of Entities Subject to Consolidation in the Parent Capital
g) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on social rights and professional training of the employees and activities of corporate social responsibility in respect of the corporate activities that arises social and environmental results	Additional Information Regarding Our Activities/ Social and Industrial Activities

3. STAKEHOLDERS

3.1. Corporation's Policy on Stakeholders

The name of the section on the corporate website that demonstrates the employee remedy or severance policy	https://www.alarko.com.tr/en/investor-relations/corporate-governance/compensation-policy
The number of definitive convictions the company was subject to in relation to breach of employee rights	-
The position of the person responsible for the alert mechanism (i.e. whistleblowing mechanism)	Investor Relations and Corporate Communications Department Director
The contact detail of the company alert mechanism	Özgür Kalyoncu - 0212 310 33 00 - ozgur.kalyoncu@alarko.com.tr

3.2. Supporting the Participation of the Stakeholders in the Corporation's Management

Name of the section on the corporate website that demonstrates the internal regulation addressing the participation of employees on management bodies	-
Corporate bodies where employees are actually represented	-

3.3. Human Resources Policy

The role of the board on developing and ensuring that the company has a succession plan for the key management positions	Succession plan is being conducted by the Board of Directors
The name of the section on the corporate website that demonstrates the human resource policy covering equal opportunities and hiring principles. Also provide a summary of relevant parts of the human resource policy.	Annual Report/Additional Information Regarding Our Activities/ Human Resources Policy
Whether the company provides an employee stock ownership programme	There is no plan for stock ownership
The name of the section on the corporate website that demonstrates the human resource policy covering discrimination and mistreatments and the measures to prevent them. Also provide a summary of relevant parts of the human resource policy.	Annual Report/Additional Information Regarding Our Activities/ Human Resources Policy
The number of definitive convictions the company is subject to in relation to health and safety measures	-

3.5. Ethical Rules and Social Responsibility

The name of the section on the corporate website that demonstrates the code of ethics	Investor Relations/Corporate Governance / Code of Ethics and Standards of Professional Conduct
The name of the section on the company website that demonstrates the corporate social responsibility report. If such a report does not exist, provide the information about any measures taken on environmental, social and corporate governance issues.	Annual Report/Additional Information Regarding Our Activities / Rules of Ethic and Social Accountability
Any measures combating any kind of corruption including embezzlement and bribery	Annual Report/Additional Information Regarding Our Activities/ Risk Management and Internal Control Mechanism

CORPORATE GOVERNANCE INFORMATION FORM

4. BOARD OF DIRECTORS-I

4.2. Activity of the Board of Directors	
Date of the last board evaluation conducted	27.04.2022
Whether the board evaluation was externally facilitated	No
Whether all board members released from their duties at the GSM	Yes
Name(s) of the board member(s) with specific delegated duties and authorities, and descriptions of such duties	-
Number of reports presented by internal auditors to the audit committee or any relevant committee to the board	2
Specify the name of the section or page number of the annual report that provides the summary of the review of the effectiveness of internal controls	Additional Information Regarding Our Activities / Risk Management and Internal Control Mechanism
Name of the Chairman	İzzet GARİH
Name of the CEO/General Manager	President of the Executive Board - Ümit Nuri YILDIZ
If the CEO and Chair functions are combined; provide the link to the relevant PDP announcement providing the rationale for such combined roles	-
Link to the PDP notification stating that any damage that may be caused by the members of the board of directors during the discharge of their duties is insured for an amount exceeding 25% of the company's capital	-
The name of the section on the corporate website that demonstrates current diversity policy targeting women directors	https://www.alarko.com.tr/en/investor-relations/corporate-governance/policy-on-female-members-of-the-board-of-directors
The number and ratio of female directors within the Board of Directors	3 - 33.33%

Board Members

Name-Surname	Whether Executive Director or not	Independent Board Member or not	The First Election Date To Board	Link To PDP Notification That Includes The Independency Declaration	Whether the Independent Director Considered By The Nomination Committee	Whether She/ He is the Director Who Ceased to Satisfy The Independence or Not	Whether the Director has at Least 5 Years' Experience on Audit, Accounting and/ or Finance or not
İzzet GARİH	Non- executive	Not independent	07.04.2000	-	-	-	-
Vedat Aksel ALATON	Non- executive	Not independent	07.04.2000	-	-	-	-
Ayhan YAVRUCU	Executive	Not independent	31.03.1986	-	-	-	-
Leyla ALATON	Non- executive	Not independent	29.03.2002	-	-	-	-
Niv GARİH	Non- executive	Not independent	30.04.2014	-	-	-	-
Ümit Nuri YILDIZ	Executive	Not independent	14.07.2020	-	-	-	-
Neslihan TONBUL	Non- executive	Independent	05.06.2018	https://www.kap.org.tr/tr/Bildirim/1014145	Considered	No	Yes
Mehmet Tayfun ANIK	Non- executive	Independent	05.06.2018	https://www.kap.org.tr/tr/Bildirim/1014145	Considered	No	Yes
Nihal Mashaki Seçkin	Non- executive	Independent	11.01.2023		Considered	No	No

* Dr. Burak KOÇER resigned voluntarily on 28.11.2022, and Nihal Mashaki SEÇKİN was nominated by the Board of Directors on 01.12.2022 as a candidate for Independent Director. Nihal Mashaki SEÇKİN will serve as a candidate for Independent Director as of 11.01.2023 with the approval of the Capital Markets Board, and her candidacy will be submitted for approval at the 2022 General Meeting of Shareholders.

4. BOARD OF DIRECTORS - II

4.4. Meeting Procedures of the Board of Directors

Number of physical board meetings in the reporting period (meetings in person)	31
Director average attendance rate at board meetings	97.5%
Whether the board uses an electronic portal to support its work or not	No
Number of minimum days ahead of the board meeting to provide information to directors, as per the board charter	3
The name of the section on the corporate website that demonstrates information about the board charter	Annual Report/Additional Information Regarding Our Activities/ Board of Directors/Principals of Conduct of the Board of Directors
Number of maximum external commitments for board members as per the policy covering the number of external duties held by directors	-

4.5. Board Committees

Page numbers or section names of the annual report where information about the board committees are presented	Additional Information Regarding Our Activities/ Assessment on the Operating Principles and Effectiveness of the Committees of the Board of Directors
Link(s) to the PDP announcement(s) with the board committee charters	https://www.kap.org.tr/en/Bildirim/198410 https://www.kap.gov.tr/en/Bildirim/229346 https://www.kap.gov.tr/en/Bildirim/890305

Composition of Board Committees - I

Names Of The Board Committees	Name Of Committees Defined As "Other" In The First Column	Name-Surname of Committee Members	Whether Committee Chair Or Not	Whether Board Member Or Not
Corporate Governance Committee	-	Nihal Mashaki Seçkin*	Yes	Board Member
Corporate Governance Committee	-	İzzet Garih	No	Board Member
Corporate Governance Committee	-	Vedat Aksel Alaton	No	Board Member
Corporate Governance Committee	-	Özgür Kalyoncu	No	Not Board Member
Audit Committee	-	Neslihan Tonbul	Yes	Board Member
Audit Committee	-	Nihal Mashaki Seçkin*	No	Board Member
Early Detection of Risk Committee	-	Neslihan Tonbul	Yes	Board Member
Early Detection of Risk Committee	-	İzzet Garih	No	Board Member
Early Detection of Risk Committee	-	Vedat Aksel Alaton	No	Board Member

*Dr. Burak KOÇER resigned voluntarily on 28.11.2022, and Nihal Mashaki SEÇKİN was nominated by the Board of Directors on 01.12.2022 as a candidate for Independent Director. Nihal Mashaki SEÇKİN will serve as a candidate for Independent Director as of 11.01.2023 with the approval of the Capital Markets Board, and her candidacy will be submitted for approval at the 2022 General Meeting of Shareholders.

CORPORATE GOVERNANCE INFORMATION FORM

4. BOARD OF DIRECTORS - III

4.5. Board Committees-II

Specify where the activities of the audit committee are presented in your annual report or website (Page number or section name in the annual report/website)	Additional Information Regarding Our Activities/ Assessment on the Operating Principles and Effectiveness of the Committees of the Board of Directors
Specify where the activities of the corporate governance committee are presented in your annual report or website (Page number or section name in the annual report/website)	Additional Information Regarding Our Activities/ Assessment on the Operating Principles and Effectiveness of the Committees of the Board of Directors
Specify where the activities of the nomination committee are presented in your annual report or website (Page number or section name in the annual report/website)	Corporate Governance Committee carries out the duties of the Nomination Committee.
Specify where the activities of the early detection of risk committee are presented in your annual report or website (Page number or section name in the annual report/ website)	Additional Information Regarding Our Activities/ Assessment on the Operating Principles and Effectiveness of the Committees of the Board of Directors
Specify where the activities of the remuneration committee are presented in your annual report or website (Page number or section name in the annual report/website)	Corporate Governance Committee carries out the duties of the Remuneration Committee.
4.6. Financial Rights	
Specify where the operational and financial targets and their achievement are presented in your annual report (Page number or section name in the annual report)	Annual Report / Board of Directors' Annual Report
Specify the section of website where remuneration policy for executive and non-executive directors are presented.	https://www.alarko.com.tr/en/investor-relations/corporate-governance/remuneration-policy
Specify where the individual remuneration for board members and senior executives are presented in your annual report (Page number or section name in the annual report)	Additional Information Regarding Our Activities / Remuneration of Board Members and Top Executives

Composition of Board Committees - II

Names Of The Board Committees	Name of committees defined as "Other" in the first column	The Percentage Of Non- executive Directors	The Percentage Of Independent Directors In The Committee	The Number Of Meetings Held In Person	The Number Of Reports On Its Activities Submitted To The Board
Audit Committee	-	100%	100%	4	8
Corporate Governance Committee	-	75%	25%	3	3
Early Detection of Risk Committee	-	100%	33%	1	6

SUSTAINABILITY PRINCIPLES COMPLIANCE DECLARATION

Alarko Holding A.Ş. and Group Companies closely follow best practices in sustainability, including those specified in the Capital Markets Board (CMB) Sustainability Principles Compliance Framework, and conducts its activities with the goal of ensuring compliance with generally accepted best practices in this field.

Practices regarding the principles within the scope of the CMB Sustainability Principles Compliance Framework are included in the "Sustainability" section of the Annual Report. In addition, information is presented for the evaluation of relevant stakeholders in the Corporate Governance and Social Responsibility sections of Alarko Holding's corporate website. The explanations for the principles for which an improvement is accomplished in accordance with the information that has been shared are provided below.

A. General Principles

Alarko Holding A.Ş. started developing policies for compliance with the sustainability principles at the end of 2020. Primarily, an inventory study was conducted by collecting information on issues, policies, and procedures followed both by the Holding and Group Companies, as well as a list of initiatives to which they were members.

A Sustainability Working Group was established with the approval of the Board of Directors.

Taking into consideration the items in the inventory, it was agreed to begin working on establishing key performance indicators with a specific time schedule, following the start of materiality studies and on the formulation of Short-, Medium-, and Long-term strategies.

Among quality management standards and certifications regarding environmental, social, and corporate governance, the Group companies have obtained and are in compliance with ISO 9001 Quality, ISO 14001 Environmental Management, ISO 18001 and ISO 50001 certificates at all times, and key performance indicators are presented to management on a regular basis. Environmental management systems of our Group companies are regularly reported in the "Management Review Meetings". A quality management system report is issued once a year and presented to the board of directors.

Regarding principles A2.3. and A2.4., Alarko Holding A.Ş. continues to work on key indicators as part of sustainability studies, and studies on performance improvement elements are being conducted. Final studies are expected to be completed by the end of 2023.

Regarding principles A3.1., A3.2., A3.3., A3.4, and A3.5; the preparation of Alarko Holding A.Ş. sustainable first report is in progress. A follow-up mechanism will be put in place following the reporting.

Regarding Principle A4.1; independent third-party verification has not been performed when this report was being drafted.

B. Environmental Principles

Alarko Holding A.Ş. adopts and implements core principles aimed at protecting nature and the environment in all of its activities, in collaboration with all of its employees and sub-industry. The core principles are included in the "Ethical Principles and Social Responsibility" section of the Annual Report.

Alarko Holding A.Ş. has TSE-ISO 14001:2015 Environmental Management System as a stakeholder of the Integrated Management Systems of the Group companies. Environmental management and environmental commitments are carried out in accordance with international environmental management systems.

SUSTAINABILITY PRINCIPLES COMPLIANCE DECLARATION

It has established its own environmental management systems in line with the TSE-ISO 14001:2015 Environmental Management System Standard and obtained and maintains a certificate from TSE, which conducts independent audits.

Industry and Trade Group complies with the Social Policy, Environment, and Occupational Health and Safety procedures in accordance with ISO 50001 and ISO 45001 Standards.

The Tourism Group holds ISO 18001, Safe Tourism Certificate, Zero Waste Basic Certificate, Blue Flag Certificate, HACCP Gold Certificate, and Travelife Gold certificates, and is regularly audited and in compliance with these certificates.

Regarding the principles numbered B3, B9, B10, B11, B12, B15, B16, and B17; the sustainability report is being drafted, and compliance with these principles will be ensured with the development of this report.

C. Social Principles

Full compliance with the legal framework and legislation is achieved in the employment contract made with all employees who will work at Alarko Holding A.Ş. and in human resources procedures. Equal opportunity in recruitment is maintained through policies in compliance with the applicable legislation. The requirements of the Labor and Social Security Legislation and Labor Law against discrimination, inequality, human rights violations, and child labor are met.

All Group companies are certified under the TS EN 45001 Occupational Health and Safety Management System. We have an OHS Policy. OHS Unit reports work incidents monthly. OHS risk analyzes are conducted. Monthly OHS committee meetings are also held with the participation of senior management.

Processes and policies on the protection of personal data have been developed, and are regularly updated and controlled.

Customer satisfaction is extremely important to all Group Companies, and we use a Customer Questionnaire Form that is sent to our customers on a regular basis throughout the year to measure their satisfaction and take quick action when necessary.

The ethical rules and principles that are approved by the Company's Board of Directors and Audit, Advisory, and Approval Board, accepted by all Alarko Gayrimenkul Holding A.Ş. Employees and Management, as well as stated in the Philosophy of Alarko Group of Companies, are included in the "Ethical Rules and Social Responsibility" section of the Annual Report.

D. Corporate Governance Principles

Sustainability is at the center of the corporate governance strategy.

All Group companies support and actively take part in sustainability activities. For this purpose, Group companies conduct afforestation projects and support women's cooperatives. EFQM excellence model is adopted within the framework of our KalDer membership. Alarko Carrier, one of our Group companies, obtained the SA 8000 Social Accountability Certificate in 2005 and renewed it in 2014.

Disciplinary procedures are in place in relation to bribery and corruption.

SUSTAINABILITY PRINCIPLES COMPLIANCE FRAMEWORK

	PRINCIPLE	COMPLIANCE STATUS				EXPLANATIONS	PART/LINK
		YES	NO	PARTLY	N/A		
A. General Principles							
A1. Strategies, Policies, and Objectives							
A1.1	Material environmental, social, and corporate governance (ESG) issues, risks, and opportunities have been identified by the Company's board of directors.			X		Process-based risk analyses were conducted. There are regulations regarding relations with shareholders, stakeholders, and the public as part of the Code of Ethics.	Alarko Corporate Website /Investor Relations/Corporate Governance
	ESG policies (e.g. Environmental Policy, Energy Policy, Human Rights and Employee Policy, etc.) have been developed and disclosed to the public by the board of directors.			X		People and Organizational Policy and Stakeholders Policy have been developed	Alarko Corporate Website /Investor Relations/Corporate Governance
A1.2	Short and long-term objectives set within the scope of ESG policies have been disclosed to the public.			X		The Company continues to work on this matter.	Alarko Corporate Website/Investor Relations/Annual Report
A2. Implementation/Monitoring							
A2.1	Committees and/or units responsible for the implementation of ESG policies, as well as the employees in the Company with the top-level responsibility for ESG issues and the duties of these employees, have been identified and made public.	X				Announced on PDP	Alarko Corporate Website /Investor Relations/Material Disclosures
	The activities carried out within the scope of the policies by the responsible committee and/or unit were reported to the board of directors at least once a year.	X				Reported to the Board of Directors	Alarko Corporate Website/Investor Relations/Annual Report
A2.2	Implementation and action plans have been developed and disclosed to the public in line with ESG objectives.			X		The Company continues to work on this matter.	Alarko Corporate Website/Investor Relations/Annual Report
A2.3	ESG Key Performance Indicators (KPIs) and the level of achievement of these indicators on an annual basis have been disclosed to the public.		X			The Company continues to work on this matter.	
A2.4	Activities to improve the sustainability performance of business processes or products and services have been disclosed to the public.		X			The Company continues to work on this matter.	
A3. Reporting							
A3.1	Information on the Company's sustainability performance, objectives, and actions was provided in the annual reports in an understandable, accurate, and sufficient manner.	X					Alarko Corporate Website/Investor Relations/Annual Report
A3.2	The Company has publicly disclosed information on which of the United Nations (UN) 2030 Sustainable Development Goals its activities are related to.			X		The Company continues to work on this matter.	Alarko Corporate Website /Investor Relations/Corporate Governance
A3.3	Lawsuits filed against and/or finalized on ESG issues, which are important in terms of ESG policies and/or may significantly affect operations, have been disclosed to the public.				X	None	
A4. Verification							
A4.1	ESG Key Performance Measures of the Company have been verified by an independent third party and disclosed to the public.		X			The Company continues to work on this matter.	
B. Environmental Principles							
B1	The Company has publicly disclosed its environmental policies and practices, action plans, environmental management systems (ISO 14001 standard), and programs.	X				The company is equipped with ISO 14001 certificate	Alarko Corporate Website/Investor Relations/Annual Report

SUSTAINABILITY PRINCIPLES COMPLIANCE FRAMEWORK

	PRINCIPLE	COMPLIANCE STATUS				EXPLANATIONS	PART/LINK
		YES	NO	PARTLY	N/A		
B2	Regarding the environmental reports in which information on environmental management is provided, the scope of the report, reporting period, reporting date as well as restrictions on reporting conditions have been disclosed to the public.		X			The Company continues to work on this matter.	
B3	Explained in A2.1.						
B4	Environmental objectives included in the rewarding criteria as part of the performance incentive systems have been disclosed to the public on the basis of stakeholders (such as board members, managers, and employees).		X			The Company continues to work on this matter.	
B5	How material environmental issues are integrated into business objectives, and strategies has been disclosed to the public.		X			The Company continues to work on this matter.	
B6	Explained in A2.4.					The Company continues to work on this matter.	
B7	How environmental issues are managed and integrated into business objectives and strategies across the Company's value chain, including its suppliers and customers as well as into the operation process, have been disclosed to the public.		X			The Company continues to work on this matter.	
B8	It has been disclosed to the public whether relevant institutions and non-governmental organizations were involved in environmental policy-making and the nature of collaborations with these institutions and organizations.		X			The Company continues to work on this matter.	
B9	In the light of environmental indicators (Greenhouse gas emissions (Scope-1 (Direct), Scope-2 (Energy indirect), Scope-3 (Other indirect), air quality, energy management, water and wastewater management, waste management, biodiversity impacts), information on environmental impacts has been disclosed to the public, allowing periodical comparison.		X			The Company continues to work on this matter.	
B10	Details of the standard, protocol, methodology, and base year used to collect and calculate the data have been disclosed to the public.		X			The Company continues to work on this matter.	
B11	The increase or decrease in environmental indicators for the reporting year in comparison with previous years has been disclosed to the public.		X			The Company continues to work on this matter.	
B12	Short and long-term targets have been set to reduce environmental impacts, and these targets and progress against the targets set in previous years have been disclosed to the public.		X			The Company continues to work on this matter.	
B13	A strategy to tackle the climate crisis has been developed and planned actions have been disclosed to the public.		X			The Company continues to work on this matter.	
B14	Programs or procedures to prevent or minimize the potential negative impact of products and/or services on the environment have been developed and disclosed to the public.		X			The Company continues to work on this matter.	
	Actions have been taken to reduce the greenhouse gas emissions of third parties (e.g. suppliers, subcontractors, dealers, etc.) and these actions have been disclosed to the public.		X			The Company continues to work on this matter.	
B15	Environmental benefits/gains and cost savings from initiatives and projects aiming to reduce environmental impacts have been disclosed to the public.		X			The Company continues to work on this matter.	

PRINCIPLE		COMPLIANCE STATUS				EXPLANATIONS	PART/LINK
		YES	NO	PARTLY	N/A		
B16	Energy consumption (natural gas, diesel, gasoline, LPG, coal, electricity, heating, cooling, etc.) data have been disclosed to the public as Scope-1 and Scope-2.		X			The Company continues to work on this matter.	
B17	The amount of electricity, heat, steam, and cooling generated in the reporting year has been disclosed to the public.		X			The Company continues to work on this matter.	
B18	Studies have been conducted to increase the use of renewable energy and transition to zero or low-carbon electricity and publicly disclosed.		X			The Company continues to work on this matter.	
B19	Renewable energy production and consumption figures have been disclosed to the public.		X			The Company continues to work on this matter.	
B20	Energy efficiency projects have been conducted and the amount of energy consumption and emission reductions achieved through energy efficiency projects have been disclosed to the public.		X			The Company continues to work on this matter.	
B21	Water consumption, the amount of water extracted from underground or surface water bodies, and if any, the amount of recycled and discharged water, relevant water sources, and procedures have been disclosed to the public.		X			The Company continues to work on this matter.	
B22	It has been disclosed to the public whether the operations or activities are included in any carbon pricing system (Emissions Trading System, Cap & Trade, or Carbon Tax).		X			The Company continues to work on this matter.	
B23	Information on carbon credits accumulated or purchased during the reporting period has been disclosed to the public.		X			The Company continues to work on this matter.	
B24	If carbon pricing is applied within the Company, the details have been disclosed to the public.		X			The Company continues to work on this matter.	
B25	The platforms where the Company discloses its environmental information have been disclosed to the public.		X			The Company continues to work on this matter.	
C. Social Principles							
C1. Human Rights and Employee Rights							
C1.1	A Corporate Human Rights and Employee Rights Policy has been developed in line with the Universal Declaration of Human Rights, ILO Conventions ratified by Turkey, and other applicable legislation, the parties responsible for the implementation of the policy have been identified and the policy and responsible parties have been disclosed to the public.			X		Included in the People and Organizational Policy and Stakeholders Policy	Alarko Corporate Website /Investor Relations/Corporate Governance
C1.2	Fair labor practices, improvement of labor standards, women's employment, and inclusion (such as non-discrimination based on gender, race, religion, language, marital status, ethnic identity, sexual orientation, gender identity, family responsibilities, trade union activities, political opinion, disability, social and cultural differences, etc.) are included in the policy on employee rights, taking into account supply and value chain impacts.		X			Included in the People and Organizational Policy and Stakeholders Policy	Alarko Corporate Website /Investor Relations/Corporate Governance
C1.3	Measures taken across the value chain to protect the rights of economically, environmentally, and socially vulnerable groups (low-income segments, women, etc.) or minority rights/equal opportunities have been disclosed to the public.		X			The Company continues to work on this matter.	
C1.4	Progress in preventing and remedying discrimination, inequality, human rights violations, forced labor, and child labor has been disclosed to the public.			X		Included in the Code of Ethics and Standards of Professional Conduct	Alarko Corporate Website /Investor Relations/Corporate Governance

SUSTAINABILITY PRINCIPLES COMPLIANCE FRAMEWORK

	PRINCIPLE	COMPLIANCE STATUS				EXPLANATIONS	PART/LINK
		YES	NO	PARTLY	N/A		
	Investment in employees (training, development policies), compensation, benefits, the right to unionize, solutions for maintaining work/life, and talent management are included in the policy on employee rights.			X		Included in the Code of Ethics and Standards of Professional Conduct	Alarko Corporate Website /Investor Relations/Corporate Governance
C1.5	Mechanisms for resolving employee complaints and disputes have been established and dispute resolution processes have been determined.		X			The Company continues to work on this matter.	
	Activities carried out during the reporting period to ensure employee satisfaction have been disclosed to the public.		X			The Company continues to work on this matter.	
	Occupational health and safety policies have been developed and disclosed to the public.		X			The Company continues to work on this matter.	
C1.6	Measures taken to prevent occupational accidents and protect health, and accident statistics have been disclosed to the public.		X			The Company continues to work on this matter.	
C1.7	Personal data protection and data security policies have been established and disclosed to the public	X				A Personal Data Protection policy has been developed.	Alarko Corporate Website /About Us/Protection of Personal Data
C1.8	Ethics policy has been established and disclosed to the public	X				Included in the Code of Ethics and Standards of Professional Conduct	Alarko Corporate Website /Investor Relations/Corporate Governance
C1.9							
C1.10	Informative meetings and training programs have been organized for employees on ESG policies and practices.		X			The Company continues to work on this matter.	
C2. Stakeholders, International Standards and Initiatives							
C2.1	A customer satisfaction policy regarding the management and resolution of customer complaints has been prepared and disclosed to the public.		X				
C2.2	Information on communication with stakeholders (stakeholder, topic, and frequency) has been disclosed to the public.			X		Disclosed as part of the Investor Relations activities	Alarko Corporate Website/Investor Relations/Annual Report
C2.3	International reporting standards adopted in reporting have been disclosed.		X			The Company continues to work on this matter.	
C2.4	Principles adopted in relation to sustainability, international organizations, committees, and principles of which the Company is a signatory or member have been disclosed to the public.		X			The Company continues to work on this matter.	
C2.5	Developments have been made and studies have been carried out to be included in the sustainability indices of Borsa Istanbul and/or international index providers.		X			The Company continues to work on this matter.	
D. Corporate Governance Principles							
D1	Stakeholders have been consulted when identifying sustainability measures and strategies.		X			The Company continues to work on this matter.	
D2	Social responsibility projects, awareness-raising events, and training have been conducted to raise awareness of sustainability and its importance.			X			Alarko Corporate Website / Responsibility / Overview

AUDITOR'S REPORT ON EARLY RISK DETECTION SYSTEM AND ITS COMMITTEE

(Originally Issued in Turkish)



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BDO Denet Bağımsız Denetim ve Danışmanlık A.Ş.
Tic.Sicil Numarası : 254683
Mersis Numarası : 0291001084600012
Eski Büyükdere Cad. No:14 Park Plaza Kat:4
Maslak 34398 Sarıyer/İstanbul

To the General Assembly of Alarko Holding Anonim Şirketi

We have audited the early identification of risk system and its committee formed by Alarko Holding Anonim Şirketi (the "Company").

Responsibility of the Board of Directors

Pursuant to paragraph 1 of article 378 of the Turkish Commercial Code No. 6102 ("TCC"), the Board of Directors is responsible for creating an expert committee, and operating and developing the system to early identify all potential risks that might jeopardize the existence, development, and continuity of the company; taking the necessary measures and preventive actions in this regard; and implementing risk management.

Auditor's Responsibility

Our responsibility is to reach a conclusion regarding early risk identification system and its committee based on our audit. Our audit was conducted in accordance with the TCC, the "Principles on the Auditor's Report on the Early Risk Identification System and its Committee" published by the Public Oversight Accounting and Auditing Standards Authority ("POA"), and relevant ethical requirements. Those principles require that we determine whether or not the Company has established the early risk identification system and its committee and, if so, assess whether or not the system and the committee are operating within the framework of article 378 of the TCC. The scope of our audit does not cover the evaluation of preventive actions taken by the early identification of risk committee and the operations of the management regarding potential risks.

Information on the Early Risk Identification System and its Committee

The Company management constituted the subject committee consisting of 3 members in 2012. The committee has met once in every two months and prepared and submitted its reports to the Board of Directors regarding its assessments of early identification of risks that jeopardize the existence and development of the company, applying the necessary measures and preventive actions in this regard, and implementing risk management since the date of its establishment.

Conclusion

Based on our audit, it has been concluded that Alarko Holding Anonim Şirketi's early risk identification system and its committee are sufficient, in all material respects, in accordance with article 378 of the TCC.

İstanbul,
10 March 2023

BDO Denet Bağımsız Denetim
ve Danışmanlık A.Ş.
Member, BDO International Network


Selçuk Şahin, SMMM
Partner in Charge

INDEPENDENT AUDITOR'S REPORT ON THE ANNUAL REPORT OF THE BOARD OF DIRECTORS

(Originally Issued in Turkish)



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Tic.Sicil Numarası : 254683
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Eski Büyükdere Cad. No:14 Park Plaza Kat:4
Maslak 34398 Sarıyer/İstanbul

To the General Assembly of
Alarko Holding Anonim Şirketi

1. Opinion

We have audited the annual report of Alarko Holding Anonim Şirketi ("Company") and its subsidiaries ("Group") for the accounting period 1 January - 31 December 2022.

According to our opinion, consolidated financial information provided in the annual report of the Board of Directors and matters addressed by the Board of Directors about the position of the Group are presented fairly and consistent with the audited full set of consolidated financial statements and with the findings we obtained during our audit in all material respects.

2. Basis of the Opinion

Our independent audit has been conducted in line with the independent audit standards as endorsed by Capital Markets Board and with the Independent Auditing Standards (IAS) which are part of Turkish Auditing Standards promulgated by the Public Oversight, Accounting and Auditing Standards Authority of Turkey (POA). Our responsibilities under these standards have been explained in detail in the section of our report titled Responsibilities of the Independent Auditor about Independent Audit of Annual Report. Pursuant to the Ethical Rules published by POA for the Independent Auditors ("Ethical Rules") and ethical provisions stipulated in the applicable legislation about independent audits, we declare that we are and we work independent of the Group. Ethical Rules and other responsibilities determined in the applicable legislation about ethical conduct have been complied with and duly fulfilled by us. We believe that independent audit evidence we have obtained during independent audit is sufficient and appropriate to provide a basis for our opinion.

3. Our Auditor Opinion on Full Set of Consolidated Financial Statements

We have expressed an unqualified opinion about the full set of consolidated financial statements concerning the accounting period 1 January - 31 December 2022 in our audit report dated 10 March 2023.

4. Responsibility of the Board of Directors about Annual Report

Group Management has the following responsibilities in connection with annual report pursuant to articles 514 and 516 of Turkish Commercial Code numbered 6102 ("TCC") and "Communiqué on Principles of Financial Reporting in Capital Markets" numbered II-14.1 ("Communiqué") as issued by the Capital Markets Board ("CMB") of Turkey:

- Preparing and submitting the annual report to the general assembly within the first three months following the balance sheet date.

- b) Preparing annual report to reflect operations of the Group in that year and its financial position accurately, completely, directly, fairly and honestly in all respects. In this report, financial position will be evaluated based on the consolidated financial statements. The report also points out development areas for the Group and potential risks affecting the Group. Evaluation made by the board of directors regarding these subjects is also presented in the report.
- c) Report further includes following details:
- Events occurring in the Group after the accounting period and having special importance for the Group,
 - Research and development activities carried out by the Group,
 - Remuneration, fees, premiums, bonus and other financial benefits and allowance, repayment of costs of travel, accommodation and representation, in-kind and cash allowances, insurance and similar securities provided to the members of the board of directors and members of the top management.

In preparing the annual report, board of directors takes into account those arrangements made under secondary legislation issued by the Ministry of Trade and other relevant authorities.

5. Responsibility of the Independent Auditor about Independent Audit of Annual Report

Pursuant to the provisions of TCC and the Communiqué, our purpose is to express an opinion on whether consolidated financial information provided in the annual report of the board of directors and matters addressed by the Board of Directors in this report are fairly presented and consistent with the Group's audited consolidated financial statements and with the findings we obtained during our independent audit and to issue a report based on this opinion.

Our independent audit has been conducted in line with IAS and independent audit standards as endorsed by the Capital Markets Board. These standards require compliance with the ethical provisions and the independent audit to be planned and performed to obtain reasonable assurance on whether consolidated financial information provided in the annual report of the board of directors and matters addressed by the Board of Directors in this report are fairly presented and consistent with the Group's audited consolidated financial statements and with the findings we obtained during our audit.

Auditor who conducted and finalized this independent audit is Selçuk Şahin.

İstanbul,
10 March 2023

**BDO Denet Bağımsız Denetim
ve Danışmanlık A.Ş.**
Member, BDO International Network



Selçuk Şahin, SMMM
Partner in Charge

**CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2022 WITH INDEPENDENT AUDITORS' REPORT**

(Convenience Translation of Consolidated Financial Statements and Audit Report Originally Issued in Turkish)

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INDEPENDENT AUDITOR'S REPORT

(Originally Issued in Turkish)

To the General Assembly of

Alarko Holding A.Ş.

A. Report To The Consolidated Financial Statements

1. Opinion

We have audited the accompanying consolidated financial statements of Alarko Holding Anonim Şirketi ("the Company") and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2022, and 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 year then ended and a summary of significant accounting policies and consolidated financial statement notes.

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

2. Basis For Opinion

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

3. Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. Key audit matters were addressed in the context of our independent audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITOR'S REPORT

(Originally Issued in Turkish)

Key Audit Matters	How The Matter was Handled During the Audit
<p>Revenue Recognition</p> <p>Accounting policies and important accounting evaluations, estimates and assumptions used in accounting of the Group's revenue from construction and contracting, industry, trade, energy and tourism sectors are presented in Notes 2 and 27.</p> <p>Revenue is recognized in accordance with TFRS 15 "Revenue from Customer Contracts" as a result of the realization of the Group's performance obligations and accordingly the transfer of control over products and services to the buyer in consolidated financial statements.</p> <p>The Group applies the percentage of completion method in determining revenue and cost in relation to ongoing construction and contracting contracts. Significant assumptions are used to determine the percentage of completion and total project cost.</p> <p>Recognition of revenue has been determined as a key audit matter due to the importance of revenue in the consolidated financial statements; its increase compared to the prior year and due to the fact that completion of percentage method contains important estimates and assumptions.</p>	<p>Our audit procedures performed with regard to recognition of revenue are as follows:</p> <ul style="list-style-type: none"> - In order to test whether the management recognize the revenue in the consolidated financial statements in complete and in the correct period, the internal controls regarding the revenue recognition process have been evaluated. - In the substantive testing, it has been evaluated whether the control of the invoiced products was transferred to the customer and whether it was recognized in the financial statements completely and accurately. - In construction projects, estimated completion cost and reasonableness of the Group Management's assumptions, expectations and judgements affecting the revenue recognized by percentage of completion method have been evaluated. - Post-balance sheet period collections were inspected to measure reliably that receivables are collectible. - The disclosures in the consolidated financial statement notes regarding the recognition of revenue have been examined and the adequacy of the information contained in these notes has been evaluated in terms of TFRS. <p>As a result of the audit works we carried out regarding the revenue recognition, we did not find any significant findings.</p>

Determination of Fair Value of Investment Properties

As explained in Notes 2 and 16, the Group presents its investment properties by the fair value method after the initial recognition.

The fair values of investment properties with a value of TL 1.570.188.952 in the consolidated financial statements as of 31 December 2022 have been determined by real estate appraisal firms authorized by the CMB using their market value. In determining the fair values of the related investment properties, "income reduction", "equal comparison" and "cost approach" methods are used.

Since these investment properties constitute a significant part of the Group's total assets and the valuation methods used contain important estimates and assumptions, the valuation of investment properties has been considered as a key audit matter.

During our audit, the following audit procedures regarding the fair value of these investment properties were applied:

- The licenses, competencies and independence of the appraisers appointed by the Group Management have been evaluated.
- Appraiser expert has evaluated whether the valuation methods, estimations and assumptions used by the valuation companies in the valuation reports are reasonable.
- Discussions were held with the Group Management and department manager.
- The disclosures in the consolidated financial statements with regard to the investment properties have been examined and the adequacy of the information contained in these notes has been evaluated in terms of TFRS.

As a result of the audit works we carried out regarding the determination of fair value of investment properties, we did not find any significant findings.

INDEPENDENT AUDITOR'S REPORT

(Originally Issued in Turkish)

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

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

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

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

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

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

Our aim is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an independent auditor's report that includes our opinion. Reasonable assurance expressed as a result of an independent audit conducted in accordance with independent auditing standards issued by Capital Markets Board and IAS is a high level of assurance but does not guarantee that a material misstatement will always be detected. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an independent audit conducted in accordance with independent auditing standards issued by Capital Markets Board and IAS, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Assess the internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our independent auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

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

B. Other Responsibilities Arising From Regulatory Requirements

- 1) No matter has come to our attention that is significant according to subparagraph 4 of Article 402 of Turkish Commercial Code ("TCC") No. 6102 and that causes us to believe that the Company's bookkeeping activities concerning from 1 January to 31 December 2022 period are not in compliance with the TCC and provisions of the Company's articles of association related to financial reporting.
- 2) In accordance with subparagraph 4 of Article 402 of the TCC, the Board of Directors submitted the necessary explanations to us and provided the documents required within the context of our audit.
- 3) In accordance with subparagraph 4 of Article 398 of the TCC, the auditor's report on the early risk identification system and committee was submitted to the Company's Board of Directors on 10 March 2023.

The name of the engagement partner who supervised and concluded this audit is Selçuk Şahin.

**Istanbul,
10 March 2023**

**BDO Denet Bağımsız Denetim
ve Danışmanlık A.Ş.**
Member, BDO International Network



Selçuk Şahin, SMMM
Partner in charge

AUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

AS OF 31 DECEMBER 2022

(Amounts expressed in Turkish Lira (TL) unless otherwise stated)

ASSETS

		Current period	Prior period
		Audited	Audited
	Notes	31 December 2022	31 December 2021
Current assets		8.596.463.710	2.433.953.798
Cash and cash equivalents	5	5.088.979.447	840.258.586
Financial investments	6	721.322.159	484.857.230
Trade receivables		1.625.957.764	534.876.660
- Trade receivables from related parties	8, 35	12.063.784	115.281.340
- Trade receivables from other parties	8	1.613.893.980	419.595.320
Other receivables		10.599.675	4.004.085
- Other receivables from related parties	9, 35	1.399.562	783.625
- Other receivables from other parties	9	9.200.113	3.220.460
Assets arising from customer contracts		14.810.904	4.845.530
- Contract assets from ongoing construction and contracting works and commitments	12	14.810.904	4.845.530
Derivative financial instruments	13	6.380.266	-
Inventories	10	585.502.519	278.722.504
Prepaid expenses	11	375.248.865	175.748.641
Current income tax assets		49.959.914	33.316.523
Other current assets	25	94.653.640	60.580.561
Sub total		8.573.415.153	2.417.210.320
Non-current assets held for sale	17	23.048.557	16.743.478
Non-current assets		16.076.966.997	4.697.866.964
Financial investments	6	780.124.390	187.159.421
Trade receivables		89.707	67.890
- Trade receivables from other parties	8	89.707	67.890
Other receivables		67.276.911	51.855.828
- Other receivables from related parties	9, 35	66.797.272	51.469.250
- Other receivables from other parties	9	479.639	386.578
Investments accounted by equity method	15	11.739.929.611	2.471.340.177
Investment properties	16	1.570.188.952	726.984.671
Property, plant and equipments	18	955.787.991	891.917.807
Right of use assets	20	92.746.379	65.184.183
Intangible assets		101.079.409	85.542.837
- Goodwill	21	3.130.507	3.130.507
- Other intangible assets	19	97.948.902	82.412.330
Prepaid expenses	11	20.915.561	5.273.340
Deferred tax asset	33	624.261.926	126.476.548
Other non-current assets	25	124.566.160	86.064.262
Total assets		24.673.430.707	7.131.820.762

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

AUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS OF 31 DECEMBER 2022

(Amounts expressed in Turkish Lira (TL) unless otherwise stated)

LIABILITIES

		Current period	Prior period
		Audited	Audited
	Notes	31 December 2022	31 December 2021
Current liabilities		7.470.327.608	2.126.349.263
Short term financial liabilities	7	1.512.935.255	103.783.229
Short term portion of long term financial liabilities	7	40.931.353	61.095.749
Other financial liabilities	7	-	10.611.447
Trade payables		1.068.536.565	384.896.328
- Trade payables to related parties	8, 35	3.391.945	88.000.785
- Trade payables to third parties	8	1.065.144.620	296.895.543
Payables related to employee benefits	24	35.705.587	19.399.574
Other payables		3.196.531.933	77.265.712
- Other payables to related parties	9,35	3.088.888.161	-
- Other payables to third parties	9	107.643.772	77.265.712
Liabilities arising from customer contracts		804.214.336	833.089.537
- Contract liabilities arising from ongoing construction and commitments	12	797.787.798	826.743.462
- Contract liabilities arising from sales of goods and services	12	6.426.538	6.346.075
Derivative financial instruments	13	-	22.586.658
Deferred income (Except for obligations arising from customer contracts)	14	704.546.977	518.323.970
Current income tax liabilities	33	67.703.588	69.614.189
Short-term provisions		39.218.946	25.681.016
- Other short term provisions	22	39.218.946	25.681.016
Other current liabilities	25	3.068	1.854
Non-current liabilities		951.356.264	446.930.618
Long-term financial liabilities	7	140.737.974	52.041.941
Other payables		287.214.621	173.248.269
- Other payables to third parties	9	287.214.621	173.248.269
Liabilities arising from customer contracts		101.441.962	4.644.946
- Contract liabilities arising from ongoing construction and commitments	12	101.408.355	-
- Contract liabilities arising from sales of goods and services	12	33.607	4.644.946
Investments accounted by equity method liabilities	15	43.863.639	38.578.215
Deferred income (Except for obligations arising from customer contracts)	14	139.578.031	22.856.825
Long-term provisions		78.480.301	33.240.730
- Long-term provisions related to employee benefit obligations	24	78.480.301	33.240.730
Deferred tax liabilities	33	160.039.736	122.319.692
Equity		16.251.746.835	4.558.540.881
Attributable to equity holders of the parents		14.932.016.473	3.691.101.573
Paid-in share capital	26	435.000.000	435.000.000
Repurchased shares (-)	26	(147.313.116)	(10.118.710)
Cross shareholding adjustment (-)	26	(1.535.883)	(1.535.883)
Other comprehensive income/(expense) not to be reclassified to profit or loss		(76.005.267)	(18.610.769)
- Revaluation and measurement gain/(loss)		(76.005.267)	(18.610.769)
Actuarial gain/(loss) arising from defined benefit plans		(76.005.267)	(18.610.769)
Other comprehensive income/(expenses) to be reclassified to profit or loss		446.236.719	329.561.829
- Foreign currency translation differences		444.785.163	329.464.846
- Revaluation and reclassification gain/(loss)		1.451.556	96.983
Gains/(losses) from financial assets at fair value through other comprehensive income		1.451.556	96.983
Restricted reserves		165.282.802	28.624.441
Retained earnings or accumulated losses	26	2.669.566.303	1.653.763.928
Net profit or loss for the period		11.440.784.915	1.274.416.737
Non-controlling interest	26	1.319.730.362	867.439.308
Total liabilities		24.673.430.707	7.131.820.762

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

AUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022

(Amounts expressed in Turkish Lira (TL) unless otherwise stated)

		Current period	Prior period
		Audited	Audited
		1 January	1 January
	Notes	31 December 2022	31 December 2021
PROFIT OR LOSS			
Revenue	27	7.123.179.793	2.016.553.895
Cost of sales (-)	27	(6.191.383.123)	(1.986.322.723)
Gross profit		931.796.670	30.231.172
General administrative expenses (-)	28	(379.546.080)	(148.275.374)
Marketing expenses (-)	28	(31.010.010)	(13.798.290)
Other income from operating activities	30	1.166.481.816	780.137.610
Other expenses from operating activities (-)	30	(642.146.565)	(194.983.020)
Operating profit/(loss)		1.045.575.831	453.312.098
Income from investing activities	31	956.042.818	218.815.515
Expenses from investing activities (-)	31	(12.514.826)	(7.818.701)
Share of profits/(losses) of investments accounted by equity method	15	9.623.392.219	924.793.763
Operating profit/(loss) before financial income/(expense)		11.612.496.042	1.589.102.675
Financial income	32	6.380.266	-
Financial expenses (-)	32	(108.867.442)	(57.143.696)
Profit/(loss) before tax from continued operations		11.510.008.866	1.531.958.979
Tax (expense)/income of continued operations	33	353.633.614	51.717.513
- Tax (expense)/income for the period	33	(109.699.823)	(83.216.898)
- Deferred tax (expense)/income	33	463.333.437	134.934.411
Net profit/(loss) from continued operations		11.863.642.480	1.583.676.492
Profit/(loss) for the period		11.863.642.480	1.583.676.492
Distribution of profit/(loss) for the period			
- Non-controlling interest	26	422.857.565	309.259.755
- Parent company shares	34	11.440.784.915	1.274.416.737
Earnings per share/(loss)		26,351	2,930
- Earnings/(loss) per share	34	26,351	2,930

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

AUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022

(Amounts expressed in Turkish Lira (TL) unless otherwise stated)

		Current period	Prior period
		Audited	Audited
		1 January	1 January
	Notes	31 December 2022	31 December 2021
OTHER COMPREHENSIVE INCOME			
Items not to be reclassified to profit or loss		(62.646.294)	(5.005.494)
- Actuarial gain/(loss) arising from defined benefit plans	24	(29.480.838)	(2.639.734)
- Share of other comprehensive income of investments accounted by equity method not to be reclassified to profit/loss		(48.740.719)	(3.598.323)
- Tax of other comprehensive income not to be reclassified to profit or loss		15.575.263	1.232.563
Deferred tax income/(expense)		15.575.263	1.232.563
Items to be reclassified to profit or loss		209.877.409	219.914.790
- Currency translation differences relate to the translation of businesses abroad		77.729.973	(2.487.186)
- Other comprehensive income/(expense) related to financial assets whose fair value difference is reflected in other comprehensive income		1.353.341	(157.583)
- Share of other comprehensive income of investments accounted by equity method to be reclassified to profit or loss		130.794.095	222.559.559
Other comprehensive income/(expense)		147.231.115	214.909.296
Total comprehensive income/(expense)		12.010.873.595	1.798.585.788
Distribution of total comprehensive income/(expense)			
- Non-controlling interest		465.412.560	321.493.550
- Parent company shares		11.545.461.035	1.477.092.238

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

AUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022

(Amounts expressed in Turkish Lira (TL) unless otherwise stated)

					Other comprehensive income/expenses not to be reclassified to profit or loss
	Notes	Paid-in share capital	Repurchased shares	Cross shareholding adjustment	Gain/(loss) on remeasurement of defined benefit plans
Balance as of 1 January 2021	26	435.000.000	(11.261.247)	(1.535.883)	(13.625.541)
Transfers		-	-	-	-
Total comprehensive income/(expense)		-	-	-	(4.985.228)
<i>Net profit/(loss) for the period</i>		-	-	-	-
<i>Other comprehensive income/(expense)</i>		-	-	-	(4.985.228)
Dividends	34	-	1.142.537	-	-
Acquisition or disposal of subsidiaries		-	-	-	-
Increase/decrease in shareholding rate changes in subsidiaries that did not result in loss of control		-	-	-	-
Transactions with non-controlling shareholders		-	-	-	-
Balance as of 31 December 2021	26	435.000.000	(10.118.710)	(1.535.883)	(18.610.769)
Balance as of 1 January 2022	26	435.000.000	(10.118.710)	(1.535.883)	(18.610.769)
Transfers		-	-	-	-
Total comprehensive income/(expense)		-	-	-	(62.460.855)
<i>Net profit/(loss) for the period</i>		-	-	-	-
<i>Other comprehensive income/(expense)</i>		-	-	-	(62.460.855)
The effect of mergers involving undertakings or businesses under common control		-	-	-	-
Dividend payments	34	-	2.416.915	-	-
Increase (decrease) due to share buyback transactions		-	(139.611.287)	-	-
Acquisition or disposal of subsidiaries		-	-	-	-
Increase/decrease in shareholding rate changes in subsidiaries that did not result in loss of control		-	(34)	-	4.731
Transactions with non-controlling shareholders		-	-	-	-
Increase (decrease) due to other changes		-	-	-	5.061.626
Balance as of 31 December 2022	26	435.000.000	(147.313.116)	(1.535.883)	(76.005.267)

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

Other comprehensive income/expenses to be reclassified to profit or loss		Retained earnings						
Currency translation differences	Gain/(loss) from financial assets at fair value through the statement of other comprehensive income	Restricted reserves	Retained earnings/ (accumulated losses)	Net profit/(loss) for the period	Attributable to equity holders of the parent	Non-controlling interest	Total equity	
115.513.175	254.710	20.284.263	955.721.098	801.953.738	2.302.304.313	583.502.360	2.885.806.673	
-	-	8.340.178	793.613.560	(801.953.738)	-	-	-	
207.818.456	(157.727)	-	-	1.274.416.737	1.477.092.238	321.493.550	1.798.585.788	
-	-	-	-	1.274.416.737	1.274.416.737	309.259.755	1.583.676.492	
207.818.456	(157.727)	-	-	-	202.675.501	12.233.795	214.909.296	
-	-	-	(59.818.048)	-	(58.675.511)	(24.254.684)	(82.930.195)	
-	-	-	-	-	-	(24.525)	(24.525)	
6.133.215	-	-	(35.752.682)	-	(29.619.467)	(13.532.393)	(43.151.860)	
-	-	-	-	-	-	255.000	255.000	
329.464.846	96.983	28.624.441	1.653.763.928	1.274.416.737	3.691.101.573	867.439.308	4.558.540.881	
329.464.846	96.983	28.624.441	1.653.763.928	1.274.416.737	3.691.101.573	867.439.308	4.558.540.881	
-	-	4.878.055	1.269.538.682	(1.274.416.737)	-	-	-	
165.782.402	1.354.573	-	-	11.440.784.915	11.545.461.035	465.412.560	12.010.873.595	
-	-	-	-	11.440.784.915	11.440.784.915	422.857.565	11.863.642.480	
165.782.402	1.354.573	-	-	-	104.676.120	42.554.995	147.231.115	
(26.208.090)	-	-	(16.825.438)	-	(43.033.528)	43.033.528	-	
-	-	-	(99.696.747)	-	(97.279.832)	(51.859.165)	(149.138.997)	
-	-	131.780.306	(131.780.306)	-	(139.611.287)	(5.160.723)	(144.772.010)	
(24.252.247)	-	-	-	-	(24.252.247)	177.019	(24.075.228)	
(1.748)	-	-	(372.190)	-	(369.241)	(2.165)	(371.406)	
-	-	-	-	-	-	690.000	690.000	
-	-	-	(5.061.626)	-	-	-	-	
444.785.163	1.451.556	165.282.802	2.669.566.303	11.440.784.915	14.932.016.473	1.319.730.362	16.251.746.835	

ALARKO HOLDİNG A.Ş. AND ITS SUBSIDIARIES
**AUDITED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022**

(Amounts expressed in Turkish Lira (TL) unless otherwise stated)

		Audited Current period	Audited Prior period
	Notes	31 December 2022	31 December 2021
A. Cash flows arising from principal activities		2.994.098.877	747.291.823
Profit/(loss) for the period		11.863.642.480	1.583.676.492
Adjustments related to reconciliation of profit/(loss) for the period		(10.872.365.136)	(1.418.145.295)
- Adjustments related to depreciation and amortization	18,19,20	71.736.553	49.282.845
- Adjustments related to impairment (reversal)	31	-	(4.611.694)
- Adjustments related to provisions		51.934.383	30.066.824
- Adjustments related to interest (income)/expense		(97.816.859)	(37.362.118)
- Adjustment related to unrealized exchange losses		(6.175.578)	(295.107.401)
- Adjustments on losses/(gains) of fair value	13,16	(786.040.020)	(139.811.079)
- Cash flows from investments accounted by equity method	15	(9.623.392.219)	(924.793.763)
- Adjustments related to tax expense/(income)	33	(353.633.614)	(51.717.513)
- Adjustments related to (gain)/loss on sale of fixed assets		(83.535.756)	(7.701.212)
- Adjustments related to losses/(gains) on disposal of non-current assets held for sale or to be distributed to shareholders		(1.803.768)	(10.030.672)
- Other adjustments related to cash flows arising from investment and financing activities		(44.625.175)	(26.255.498)
- Other adjustments for reconciliation of profit/(loss)		986.917	(104.014)
Net working capital changes		2.380.281.735	678.549.719
- Adjustments in decrease/(increase) in trade receivables	8	(1.092.526.543)	(238.109.667)
- Adjustments in decrease/(increase) in other receivables related to operations	9	(22.016.673)	7.046.545
- Adjustments in decrease/(increase) in assets arising from customer contract	12	(9.965.374)	41.902.661
- Adjustments in decrease/(increase) in inventories	10	(306.780.015)	(165.411.171)
- Adjustments in decrease/(increase) in prepaid expense	11	(215.142.445)	(145.097.673)
- Adjustments in increase/(decrease) in trade payables	8	684.019.779	241.248.393
- Adjustments in increase/(decrease) in employee benefit payables	24	16.306.013	15.082.713
- Adjustments in increase/(decrease) in liabilities arising from customer contracts	12	67.921.815	669.347.950
- Adjustments in increase/(decrease) in other payables related to operations	9	3.233.232.573	143.862.509
- Adjustments in increase/(decrease) in deferred income (except for obligations arising from customer contracts)	14	302.944.213	194.695.036
- Adjustments in other increase/(decrease) in working capital		(277.711.608)	(86.017.577)
Cash flows arising from principal activities		3.371.559.079	844.080.916
Interest received	30	94.622.941	45.323.104
Cash outflows arising from capital increase of associates and/or joint ventures		(337.892.162)	(119.374.004)
Payments related to employee benefit obligations	24	(8.312.357)	(4.684.590)
Payments for other provisions	22	(14.268.200)	(876.870)
Tax returns/(payments)		(111.610.424)	(17.176.733)
B. Cash flows from investing activities		224.264.220	(173.854.669)
Cash outflows related to additional share purchases in subsidiaries		-	(49.474.200)
Cash inflows from the sale of shares or debt instruments of other business or funds	6	538.017.233	1.121.453.924
Cash disbursements for acquisition of other enterprises' or funds' shares or debt instruments	6	(1.245.683.492)	(719.961.526)
Cash proceeds from sale of property, plant and equipment		112.859.238	18.712.178
Cash disbursements from purchase of property, plant and equipment and intangible assets	18, 19	(199.666.919)	(577.016.226)
Cash proceeds from the sales of investment property		39.640.000	-
Cash proceeds from sale of non-current assets held for sale		8.281.016	21.932.612
Dividends received		970.817.144	10.498.569
C. Cash flows arising from financing activities		952.627.791	(106.077.055)
Cash outflows related to the acquisition of the entity's own interests and other equity instruments		(144.772.010)	-
Cash inflows arising from borrowing	7	1.438.473.898	107.534.998
Cash outflows related to debt payments	7	(98.491.789)	(100.827.121)
Cash outflows from debt payments arising from rental contracts	7	(84.691.185)	(13.232.041)
Dividend paid		(149.138.997)	(82.930.195)
Interest paid	7	(8.752.126)	(16.622.696)
Net increase/(decrease) on cash and cash equivalents before the currency translation differences		4.170.990.888	467.360.099
D. Effect of currency translation differences on cash and cash equivalents		77.729.973	(2.487.186)
Increase/(decrease) in cash and cash equivalents		4.248.720.861	464.872.913
Cash and cash equivalents at the beginning of the period	5	840.258.586	375.385.673
Cash and cash equivalents at the end of the period	5	5.088.979.447	840.258.586

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

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in Turkish Lira (TL) unless otherwise stated)

1. ORGANIZATION AND PRINCIPLE ACTIVITIES

Alarko Holding A.Ş. (Alarko Holding or the Parent Company) was established in 1972, It's subsidiaries, affiliates, joint operations and jointly controlled entities comprise of companies which operate in various fields, namely, contracting, construction, land development, industry, trade, tourism and energy. In the following sections, Alarko Holding A.Ş. and its subsidiaries, affiliates and jointly controlled entities whose financial statements are subject to consolidation will be referred to as "Alarko Group/the Group",

Business activities, and in which country they operate, direct and indirect shareholdings of the subsidiaries, affiliates and jointly controlled entities included in the consolidation consist of the following:

Company Name	Principle Activities	Shareholding of the Group (%)	
		31 December 2022	31 December 2021
<u>Subsidiaries (*)</u> :			
Alsim Alarko San. Tes. ve Tic. A.Ş. (Turkey)	Contracting and Construction	99,91	99,91
Aldem Alarko Konut İnşaat ve Tic. A.Ş. (Turkey)	Residence, Construction	99,91	99,91
Attaş Alarko Turistik Tesisler A.Ş. (Turkey)	Tourism Facility Management	99,91	99,91
Alarko Fenni Malzeme Satış ve İmalat A.Ş. (Turkey)	Marketing of Industrial Products and After Sales Services	99,99	99,98
Alen Alarko Enerji Tic. A.Ş. (Turkey)	Electrical Power Purchase and Sale	99,94	99,94
Alarko Gayrimenkul Yatırım Ort. A.Ş. (Turkey) (**)	Purchase and Sales of Real Estates and Market Tools Related to Real Estates	51,20	51,20
Alsim - TCDD (Turkey)	TCDD Ankara- Eskişehir High Speed Railway Project	99,91	99,91
Astana Su- Taldykol Göl Arıtma Projesi (Kazakhstan)	Supply of Water and Cleaning of Lake Projects	99,91	99,91
Alarko Tarım Sanayi ve Ticaret A.Ş. (Turkey)	Agriculture and Food Production Processing and Trading Service	100,00	100,00
Alarko Enerji A.Ş. (Turkey)	Power Generation	99,93	99,93
Garanti Koza - Alsim Joint Venture (Turkey)	Subway Construction Project	99,91	99,91
Altek Alarko Elektrik Sant. Tes. İşl. ve Tic. A.Ş. (Turkey)	Production of Electrical Energy	99,96	99,96
Bozshakol Bakır Tesisi Project (Kazakhstan)	Copper Facility Project	99,91	99,91
Fas Tanger Kenitra Hızlı Tren Projesi (Morocco) (****)	High Speed Railway Infrastructure and Art Works Project	-	99,91
AO Mosalarko (Russia) (*****)	Russia-Real Estate Project, Construction and Utilization	51,20	75,60
Aktau Manasha Yol Projesi (Kazakhstan)	Road Construction Project	99,91	99,91
Aktogay Bakır Konsantre Tesisi Projesi (Kazakhstan)	Copper Processing Plant Project	99,91	99,91
Alarko Konut Projeleri Geliştirme A.Ş. (Turkey)	Purchase and Sales of Real Estates and Market Tools Related to Real Estates	99,91	99,91
Alsim Alarko Sanayi Tes. ve Tic. A.Ş. Astana No: 2 Şubesi (Kazakhstan)	Construction and Montage Work	99,91	99,91
Tüm Tesisat ve İnşaat A.Ş. (Turkey)	Construction and Installation Works	50,15	50,15
Alsim Alarko S.R.L. (Romania)	Construction	99,91	99,91
Saret KZ (Kazakhstan)	Construction Works	100,00	100,00
Alsim Almaty Şubesi (Kazakhstan)	Construction Works	99,91	99,91
Alsim Alarko San. Tes. ve Ticaret Bükreş Şubesi (Romania)	Highway Construction Project	99,91	99,91
Alyat Teknoloji Yatırımları Holding A.Ş. (Turkey)	Financial Holding	99,50	99,50

(*) Included in the consolidation by full consolidation method..

(**) It is a public company which is listed on Borsa İstanbul A.Ş. (BIST).

(***) The company title of Saret Sanayi Taahhütleri ve Ticaret A.Ş. registered as Alarko Tarım Sanayi ve Ticaret A.Ş. as of October 5, 2022.

(****) As of 31 December 2022, the shares has transferred to Alsim Alarko San. Tes. ve Tic. A.Ş.

(*****) On January 27, 2022, 50% of AO Mosalarko company's shares were transferred to Alarko Gayrimenkul Yatırım Ortaklığı A.Ş. There has been a change in the share ratio as a result of the acquisition by.

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in Turkish Lira (TL) unless otherwise stated)

1. ORGANIZATION AND PRINCIPLE ACTIVITIES (CONTINUED)

Business activities, and in which country they operate, direct and indirect shareholdings of the subsidiaries, affiliates and jointly controlled entities included in the consolidation consist of the following (continued):

Company Name	Principle activities	Shareholding of the Group (%)	
		31 December 2022	31 December 2021
<u>Joint Controlled Entities (*) :</u>			
Alarko Carrier Sanayi ve Ticaret A.Ş. (Turkey) (***)	Heating, Cooling, Air Conditioning Equipment Manufacturing	43,12	43,19
Obrascon Huarte Lain SA - Alsim Alarko San. Tes. ve Ticaret A.Ş. (Spain)	TCDD Ankara - Eskişehir High Speed Railway Project	44,96	44,96
Alarko - Makyol Adi Ortaklığı (Turkey)	Subway Construction Project	49,95	49,95
Doğuş-Alarko-YDA İnş. Adi Ortaklığı (Ukraine) (****)	Kiev Airport Construction	-	37,47
Alcen Enerji Dağıtım ve Perakende Satış Hiz. A.Ş. (Turkey)	Establishing, Transferring or Operating Electrical Power Distribution Facility	49,96	49,96
Meram Elektrik Dağıtım A.Ş. (Turkey)	Electrical Power Distribution	49,96	49,96
Meram Elektrik Enerjisi Toptan Satış A.Ş. (Turkey)	Electrical Power Sale	49,96	49,96
Cenal Elektrik Üretim A.Ş. (Turkey)	Constructing and Administrating Electricity Power Generation	49,96	49,96
Meram Elektrik Perakende Satış A.Ş. (Turkey)	Electrical Power Sale	49,96	49,96
Algiz Enerji A.Ş. (Turkey)	Constructing and Administrating Electricity Power Generation	49,96	49,96
Panel Enerji A.Ş. (Turkey)	Constructing and Administrating Electricity Power Generation	49,96	49,96
Obrascon Huarte Lain SA - Alsim Alarko San.Tes. ve Ticaret A.Ş. (Turkey)	TCDD Ankara-Eskişehir High Speed Train Project	45,00	45,00
Bakad Investment & Operation LLP (Kazakhstan)	Construction Works	33,27	33,27
Bakad International B.V. (Holland)	Non-Financial Holding	33,27	33,27
<u>Joint Ventures (**) :</u>			
Alarko Cengiz Metro Joint Ventures (Turkey)	Subway Construction Project	49,95 49,95	49,95 -
Bükreş Uluslararası Havalimanı Demiryolu Bağlantısı 6. Metro Kesimi (Romania) (*****)			

(*) Included in the consolidation by equity method.

(**) It has been included in consolidation by proportional consolidation method.

(***) Public company listed in the Borsa İstanbul A.Ş. (BIST).

(****) As of 31 December 2022, Alsım Alarko San. Tes. ve Tic. A.Ş. it was transferred to

(*****) Included in the consolidation as of 31 December 2022.

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in Turkish Lira (TL) unless otherwise stated)

1. ORGANIZATION AND PRINCIPLE ACTIVITIES (CONTINUED)

Company name	Principle activities	Shareholding of the Group (%)	
		31 December 2022	31 December 2021
<u>Affiliates</u> ^(*) :			
Al-Riva Projesi Arazi Değ. Konut İnş. ve Tic. A.Ş. (Turkey) ^(**)	Residence, Construction	12,13	12,13
Al-Riva Arazi Değ. Konut İnş. ve Tic. A.Ş. (Turkey) ^(**)	Residence, Construction	2,63	2,63
Al-Riva Arazi Değ. Konut İnş., Tur. Tes. Golf İşl. ve Tic. A.Ş. (Turkey) ^(**)	Residence, Construction and Tourism Facility Management	2,28	2,28

(*) Included in the consolidation by equity method.

(**) The Parent Company has a ratio of 40% control and profit owning from affiliates.

The address of the Parent Company's head office is as follows:

Muallim Naci Cad. No : 69 Ortaköy/İSTANBUL

As of 31 December 2022 and 2021, the shareholding structure is as follows:

Name	31 December 2022	31 December 2021
	Shareholding	Shareholding
Alaton Family	34,36%	34,36%
Garih Family	32,92%	32,92%
Other (*)	32,72%	32,72%
Total	100,00%	100,00%

(*) It shows the total of shareholdings which is share is less than 10%.

The shares of Alarko Holding A.Ş. are traded in the Borsa Istanbul A.Ş. (BIST) since May 24, 1989, and as of 31 December 2022, 29,65% of the Company shares are offered to public.

Alarko Carrier Sanayi ve Ticaret A.Ş., a jointly controlled entity, is registered at the Capital Markets Board (CMB) and 14,77% of its shares are offered to public. The shares are traded at the BIST since January 27, 1992.

Alarko Gayrimenkul Yatırım Ortaklığı A.Ş. (subsidiary) is registered at the Capital Markets Board (CMB) and 48,77% of its shares are offered to public. The shares are traded at the BIST since 1996.

The average number of employees during the period with respect to categories is as follows:

	31 December 2022	31 December 2021
Salary earners	1.676	1.579
Wage earners	3.456	3.431
Total	5.132	5.010

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in Turkish Lira (TL) unless otherwise stated)

2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

i. Basis of presentation

Statement of compliance to TFRS

The accompanying consolidated financial statements have been prepared based on Turkish Accounting Standards/Turkish Financial Reporting Standards ("TAS/TFRS") and attachments and interpretations of the aforementioned standards in line with international standards published by POA in accordance with "Communique on Principles regarding Financial Reporting in Capital Markets" ("the Communiqué") numbered Seri II, 14,1 of CMB published in Official Gazette dated June 13, 2013 and numbered 28676, TAS consists of Turkish Accounting Standards and attachments and interpretations of aforementioned standards.

The accompanying consolidated financial statements and footnotes have been presented in accordance with the formats determined in the Financial Statement Examples and User Guide published by the CMB and in accordance with the 2022 TFRS taxonomy published by the POA on April 15, 2019 and updated on October 4, 2022.

The consolidated financial statements are based on the statutory records, with adjustments and reclassifications for the purpose of fair presentation in accordance with the Turkish Accounting Standards published by the POA.

Alarko Holding A.Ş. and its subsidiaries, joint operations, jointly controlled entities and affiliates registered in Turkey maintain their books of account and prepare their statutory financial statements ("Statutory Financial Statements") in accordance with the Turkish Commercial Code ("TCC"), tax legislation and the Uniform Chart of Accounts ("UCA"), issued by the Ministry of Finance. Foreign subsidiaries, joint ventures and associates maintain their books of account in accordance with the laws and regulations in force in the countries in which they are registered, These consolidated financial statements have been prepared under the historical cost and fair value conversion.

Adjustment of Financial Statements in High Inflation Periods

As of January 1, 2005, the application of inflation accounting was terminated. Accordingly, as of January 1, 2005, Standard No. 29 "Financial Reporting in Hyperinflationary Economies" ("TAS 29é) has not been applied. With a decision taken on March 17, 2005, the CMB has introduced inflation accounting, effective as of January 1, 2005, for companies operating in Turkey and preparing financial statements in accordance with the accounting and reporting principles accepted by the CMB ("CMB Financial Reporting Standards"). The Group's consolidated financial statements have been prepared within the framework of this decision.

On January 20, 2022, the Public Oversight Authority made a statement on the Implementation of Financial Reporting in High Inflation Economies within the Scope of Turkish Financial Reporting Standards for Large and Medium Sized Enterprises. Accordingly, it has been stated that businesses applying TFRS do not need to make any adjustments within the scope of TAS 29 in their financial statements for 2021. As of 31 December 2022, no new announcement has been made by POA within the scope of TAS 29, and no inflation adjustment has been made according to TAS 29 while preparing the consolidated financial statements for 31 December 2022.

Currency used

The functional currency of the Parent Company is Turkish Lira (TL) and the accompanying consolidated financial statements and related notes are presented in Turkish Lira(TL). The functional currencies of the subsidiaries, joint operations and jointly controlled entities of the Parent Company located in Spain, Russia, Ukraine, Kazakhstan, Romania, Holland and Morocco are Euro, Ruble, Hryvnia, Tenge, Ron, USD and Dirham respectively. The items of statements of financial position are translated into TL at the foreign exchange rate at the reporting date, and income and expenses are translated at the yearly average rate. Profits or losses arising from translation are stated in the "foreign currency translation differences" in the statement of profit or loss and other comprehensive income.

Approval of consolidated financial statements

Consolidated financial statements as of 31 December 2022 are approved at 10 March 2023 by the Company's Board of Directors. General Assembly and other regulatory organs reserve their right to modify and change these consolidated financial statements.

Comparative information and restatement of prior period financial statements

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

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in Turkish Lira (TL) unless otherwise stated)

2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

i. Basis of presentation (continued)

Going concern

The consolidated financial statements including the accounts of the Parent Company, its associates, joint ventures and subsidiaries have been prepared assuming that the Group will continue as a going concern on the basis that the entity will be able to realize its assets and discharge of liabilities in the normal course of business.

ii. Consolidation principles:

(a) The consolidated financial statements include the accounts of the parent company, Alarko Holding A.Ş. its Subsidiaries and its Associates on the basis set out in sections (b) to (f) below. The financial statements of the companies included in the scope of consolidation have been prepared as of the date of the consolidated financial statements with adjustments and reclassifications for the purpose of fair presentation in accordance with Turkish Accounting Standards published by the Public Oversight Accounting and Auditing Standards Authority of Turkey and the application of uniform accounting policies and presentation.

(b) Subsidiaries are companies over which Alarko Holding A.Ş. has the power to control directly and indirectly by themselves. Control is normally evidenced when the Company controls an investee if and only if the company has all the following; a) power over the investee b) exposure, or rights, to variable returns from its involvement with the investee and c) the ability to use its power over the investee to affect the amount of company's returns.

The statements of financial position and statements of profit or loss and other comprehensive income of the Subsidiaries are consolidated on a line-by-line basis and the carrying value of the investment held by Alarko Holding A.Ş. and its Subsidiaries is eliminated against the related equity. Intercompany transactions and balances between Alarko Holding A.Ş. and its Subsidiaries are eliminated during the consolidation. The nominal amount of the shares held by Alarko Holding A.Ş. in its Subsidiaries and the associated dividends are eliminated from equity and income for the period, respectively.

Subsidiaries are consolidated from the date on which the control is transferred to the Group and are no longer consolidated from the date that the control ceases.

(c) Jointly controlled entities are companies in respect of which there are contractual arrangements through which an economic activity is undertaken subject to joint control by Alarko Holding A.Ş. and one or more other parties. Alarko Holding A.Ş. exercises such joint control through the power to exercise the voting rights relating to shares in the companies as a result of ownership interest directly and indirectly by itself. The Group's interest in jointly controlled entities is investments accounted by equity method, the Group's interest in joint operations is accounted by proportional consolidation method.

(d) Associates are accounted for using the equity method, The Group has power to participate in the financial and operating policy decisions but not control them. Unrealised gains or losses arising from transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates.

(e) Available-for-sale financial assets in which the Group does not exercise a significant influence or which are immaterial and do not have quoted market prices in active markets and whose fair values can not be reliably measured, are carried at cost, less any accumulated impairment loss.

(f) Shares of uncontrollable companies on all balances and transactions of/with the Subsidiaries in the notes to the consolidated financial statements are presented with the Total ownership interest of the Group in the non-controlling interest.

iii. Changes in accounting estimates and errors

Consolidated statements of financial position as of 31 December 2022 and 2021 and notes selected in relation to these consolidated statements of financial position as well as the consolidated statements of profit or loss and other comprehensive income, consolidated cash flows and consolidated changes in equity for the years ended have been presented comparatively.

Alarko Group has applied its accounting policies consistently with the previous year. Significant changes in accounting policies and detected significant accounting errors are applied retrospectively and prior financial statements are rearranged. Amendments of accounting estimations are applied in current period that amendments are made, if the amendments are related to only one period, and if they are related to next periods, they are applied both in period that amendments are made and next period, prospectively.

iv. New and revised Turkish Accounting Standards

The accounting policies adopted in preparation of the consolidated financial statements as of 31 December 2022 are consistent with those of the previous financial year, except for the adoption of new and amended TFRS and TFRIC interpretations effective as of January 1, 2022. The effects of these standards and interpretations on the Group's financial position and performance have been disclosed in the related paragraphs.

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in Turkish Lira (TL) unless otherwise stated)

2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

iv. New and revised Turkish Accounting Standards (continued)

i) New and revised standards effective from 1 January 2022

IFRS 16 'Leases' - Amendments to the extension of COVID 19 lease concessions facilitating practice (effective as of 1 April 2021)

Due to the COVID-19 outbreak, some privileges have been provided to tenants in rent payments. In May 2020, with the amendment published in IFRS 16 Leases standard, IASB introduced an optional facilitating practice for lessees not to evaluate whether there is a change in the lease due to the concessions granted due to COVID-19 in lease payments. On March 31, 2021, IASB published an additional amendment to extend the date of facilitating implementation from June 30, 2021 to June 30, 2022. Lessees may choose to account for such lease concessions in accordance with the terms that would apply in the absence of a lease modification. This ease of application often causes the lease concession to be recognized as a variable lease payment during periods when the event or condition that triggers the reduction in lease payments occurs.

The implementation of the amendment did not have a significant impact on the consolidated financial statements of the Group.

Changes in TFRS 7, TFRS 4 and TFRS 16 - Interest rate benchmark reform Phase 2 (effective as of 1 January 2021)

These Phase 2 amendments address issues arising from the implementation of reforms, including replacing a benchmark interest rate with an alternative. Phase 2 amendments provide temporary additional ease in applying certain TAS 39 and TFRS 9 hedge accounting requirements to hedging relationships directly affected by the IBOR reform.

The changes do not have significant effect on the Group's consolidated financial statements.

A number of narrow-scope amendments to TFRS 3, TAS 16, TAS 37 and some annual improvements to TFRS 1, TFRS 9, TAS 41 and TFRS 16 (effective from annual periods beginning on or after 1 January 2022)

Amendments to TFRS 3 'Business Combinations'

This amendment updates a reference to the Conceptual Framework for Financial Reporting in TFRS 3 without changing the accounting requirements for business combinations.

The changes do not have significant effect on the Group's consolidated financial statements.

Amendments to TAS 16 'Property, Plant and Equipment'

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

The changes do not have significant effect on the Group's consolidated financial statements.

Amendments to TAS 37, 'Provisions, Contingent Liabilities and Contingent Assets'

The amendments specify which costs an entity includes in determining the cost of fulfilling a contract for the purpose of assessing whether the contract is onerous. The changes do not have significant effect on the Group's consolidated financial statements.

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in Turkish Lira (TL) unless otherwise stated)

2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

iv. New and revised Turkish Accounting Standards (continued)

ii) Standards issued but not yet effective and not early adopted

A number of new standards, interpretations of and amendments to existing standards are not effective at reporting date and earlier application is permitted; however, the Group has not early adopted are as follows;

Amendment of TAS 1, "Presentation of Financial Statements" standard regarding classification of liabilities

The effective date has been postponed to the annual reporting periods beginning on or after 1 January 2024. These narrow-scope amendment to TAS 1, "Presentation of Financial Statements" explain that liabilities are classified as current or non-current, depending on the rights existing at the end of the reporting period. The classification is not affected by events or expectations of the entity after the reporting date (for example, the receipt of a concession or the conclusion of a contract). The amendment also clarifies what "payment" of an obligation means in TAS 1.

Long-Term Liabilities Containing Terms of Loan Agreements Amendments to TAS 1

The International Accounting Standards Board (IASB) published the Long-Term Liabilities Containing Loan Agreement Terms in September 2022 in order to enable businesses to provide more useful information about their long-term obligations that include loan agreement terms, taking into account the impact of loan agreements on the presentation of payables. For a liability to be classified as long-term in accordance with TAS 1 Presentation of Financial Statements (TAS 1), an entity must have the right to defer payment of a liability for at least twelve months after the reporting period, and that right must exist at the end of the reporting period. However, in order to use the right of deferral, certain conditions may be stipulated in the loan agreement, such as meeting certain ratios in financial ratios or increasing criteria for financial performance. In this direction, with the amendment made in TAS 1, businesses are obliged to disclose the terms and conditions of the loan agreement and the conditions and conditions that indicate that the business may have difficulties in complying with the terms of the loan agreement in the footnote of the financial statements. Amendments to TAS 1 will be effective for annual reporting periods beginning on or after January 1, 2024.

Amendment to TFRS 16 for Lease Liabilities in Sale and Leaseback

In TFRS 16 Leases (TFRS 16), provisions regarding how the sale and leaseback transactions will be accounted for on the date of the transaction are regulated, but there is no regulation on how the next measurement of the lease liability arising from this transaction. For this reason, the International Accounting Standards Board (IASB) made a narrow-scope amendment to International Financial Reporting Standard 16 in September 2022, requiring that changes in lease liabilities arising from sales and leaseback transactions are measured without reflecting any gain or loss related to the right-of-use held. made mandatory. Lease Obligation in the Sale and Lease Back Transaction will be effective for reporting periods beginning on or after 1 January 2024.

Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8,

Effective from annual periods beginning on or after 1 January 2023. The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.

Amendment to IAS 12 - Deferred tax related to assets and liabilities arising from a single transaction,

Effective from annual periods beginning on or after 1 January 2023. These amendments require companies to recognise deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences.

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in Turkish Lira (TL) unless otherwise stated)

2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

iv. New and revised Turkish Accounting Standards (continued)

ii) Standards issued but not yet effective and not early adopted (continued)

Annual improvements

TFRS Annual improvements

Annual improvements make minor amendments to TFRS 1, 'First-time Adoption of TFRS', TFRS 9, 'Financial Instruments', TMS 41, 'Agriculture' and the Illustrative Examples accompanying TFRS 16, 'Leases'.

TFRS 1 First-time Adoption of International Financial Reporting Standards

This amendment simplifies the application of TFRS 1 for a subsidiary that becomes a first-time adopter of IFRS Standards later than its parent - i.e. if a subsidiary adopts TFRS Standards later than its parent and applies TFRS 1.D16(a), then a subsidiary may elect to measure cumulative translation differences for all foreign operations at amounts included in the consolidated financial statements of the parent, based on the parent's date of transition to TFRSs. This amendment will ease transition to TFRS Standards for subsidiaries applying this optional exemption by i) reducing undue costs; and ii) avoiding the need to maintain parallel sets of accounting records.

TFRS 9 Financial Instruments

This amendment clarifies that - for the purpose of performing the "10 per cent test" for derecognition of financial liabilities - in determining those fees paid net of fees received, a borrower includes only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

TAS 41 Agriculture

This amendment removes the requirement to exclude cash flows for taxation when measuring fair value, thereby aligning the fair value measurement requirements in TAS 41 with those in TFRS 13 Fair Value Measurement. The amendments provide the flexibility to use either, as appropriate, in line with TFRS 13.

The Group is assessing the potential impact on its consolidated financial statements resulting from the application of the TMS 41.

v. Summary of Significant Accounting Policies and Evaluation Methods

Financial instruments

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis.

The Group classifies its financial assets as (a) Business model used for managing financial assets, (b) Financial assets subsequently measured at amortised cost, at fair value through other comprehensive income or at fair value through profit or loss based on the characteristics of contractual cash flows. The Company reclassifies all financial assets effected from the change in the business model it uses for the management of financial assets. The reclassification of financial assets is applied prospectively from the reclassification date. In such cases, no adjustment is made to gains, losses (including any gains or losses of impairment) or interest previously recognized in the financial statements.

Classification of financial assets

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; 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.

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in Turkish Lira (TL) unless otherwise stated)

2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

v. Summary of Significant Accounting Policies and Evaluation Methods (continued)

Financial instruments (continued)

Financial assets (continued)

Classification of financial assets (continued)

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the 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.

If a financial asset is not measured at amortized cost or at fair value through other comprehensive income, it is measured at fair value through profit or loss.

In the initial recognition of a financial asset, the Group may irrevocably elect to present subsequent changes in fair value of an equity instrument that is not held for trade in other comprehensive income.

(i) Amortised cost and effective interest method

Interest income on financial assets carried at amortized cost is calculated using the effective interest method. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. This income is calculated by applying the effective interest rate to the gross carrying amount of the financial asset:

- (a) Credit-impaired financial assets when purchased or generated. For such financial assets, the Company applies the effective interest rate on the amortized cost of a financial asset based on the loan from the date of the recognition in the financial statements.
- (b) Non-financial assets that are impaired at the time of acquisition or generation but subsequently become a financial asset that has been impaired. For such financial assets, the Company applies the effective interest rate to the amortized cost of the asset in the subsequent reporting periods.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost. Interest income is recognized in profit or loss and shown under "finance income - interest income".

(ii) Financial assets classified as at FVTOCI

The fair value change of the bonds held by the Group is reflected in other comprehensive income. The fair value is determined as described in Note 2 (v). Bonds are first measured by adding transaction costs to their fair value. Then, in these private sector bonds, changes arising from exchange rate gains and losses, impairment gains or losses and interest income calculated using the effective interest method are recognized in profit or loss. The amounts recognized in profit or loss are the same as those that would be recognized in profit or loss if these bonds are measured at amortized cost.

All other changes in the carrying amount of these corporate bonds are recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. When these corporate bonds are derecognised, the cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss.

(iii) Equity instruments designated as at FVTOCI

On initial recognition, the Group may make an irrevocable election to designate each investment in equity instruments that is not held for trading as at FVTOCI.

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in Turkish Lira (TL) unless otherwise stated)

2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

v. Summary of Significant Accounting Policies and Evaluation Methods (continued)

Financial instruments (continued)

Financial assets (continued)

(iii) Equity instruments designated as at FVTOCI (continued)

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument)

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investments revaluation reserve. The cumulative gain or loss is not to be reclassified to profit or loss on disposal of the equity investments, instead, it is transferred to retained earnings.

Dividends on these investments in equity instruments are recognised in profit or loss in accordance with TFRS 9, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the 'income from investing activities' line item (Note 31) in profit or loss.

(iv) Financial assets at FVTPL

Financial assets that do not meet the criteria for measurement over amortized costs or by reflecting fair value change to other comprehensive income are measured by reflecting fair value change to profit or loss.

Financial assets whose fair value change is reflected in profit or loss are measured at their fair values at the end of each period and all fair value changes are accounted in profit or loss unless the relevant financial assets are part of hedging transactions.

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically,

- for financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss;
- for debt instruments measured that are not part of a designated hedging relationship, exchange differences on the amortised cost of the debt instrument are recognised in profit or loss;. Other exchange differences are recognised in other comprehensive income;
- for financial assets measured that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss; and
- for equity instruments measured, exchange differences are recognised in other comprehensive income.

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at FVTOCI lease receivables, trade receivables and contract assets, as well as financial guarantee contracts. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group utilizes a simplified approach for trade receivables, contract assets and lease receivables that does not have significant financing component and calculates the allowance for impairment against the lifetime ECL of the related financial assets.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in Turkish Lira (TL) unless otherwise stated)

2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

v. Summary of Significant Accounting Policies and Evaluation Methods (continued)

Financial instruments (continued)

Financial assets (continued)

Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate (or credit based adjusted effective interest rate for financial assets with credit-value impairment when purchased or incurred).

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

Financial liabilities

Financial liabilities are classified as at FVTPL on initial recognition. On initial recognition of liabilities other than those that are recognised at FVPTL, transaction costs directly attributable to the acquisition or issuance thereof are also recognised in the fair value.

The entity classifies all of its financial liabilities, except for the liabilities below, at amortized cost in subsequent recognition.

- (a) Financial liabilities at FVTPL: These liabilities including derivative instruments are subsequently measured at fair value.
- (b) Financial liabilities arising if the transfer of the financial asset does not meet the conditions of derecognition from the financial statements or if the ongoing relationship approach is applied: When the Group continues to present an asset based on the ongoing relationship approach, a liability in relation to this is also recognised in the financial statements. The transferred asset and the related liability are measured to reflect the rights and liabilities that the Company continues to hold. The transferred liability is measured in the same manner as the net book value of the transferred asset.
- (c) A contingent consideration recognized in the financial statements by the entity acquired in a business combination where TFRS 3 is applied: After initial recognition, the related contingent consideration is measured as at FVTPL.

The entity does not reclassify any financial liability.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any noncash assets transferred or liabilities assumed, is recognised in profit or loss.

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in Turkish Lira (TL) unless otherwise stated)

2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

v. Summary of significant accounting policies and assesment methods (continued)

Financial instruments (continued)

Financial liabilities (continued)

Derivative financial instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts, options and interest rate swaps. Detailed information on derivative financial instruments is given in Note 13.

Derivatives are recognised initially at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. Derivatives are not offset in the financial statements unless the Group has both legal right and intention to offset. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Borrowing costs

Borrowing costs are recognized as expense. Borrowing costs related to qualifying assets are directly added to the cost of the asset directly associated.

The borrowing costs are no longer capitalized when all activities required to make the qualifying asset ready to use or sale in accordance with the purposes.

Inventories

Inventories are stated at the lower of cost and net realizable value. The cost of inventories comprises all costs incurred in bringing the inventories to their present location and condition. The components of the cost included in inventories are material, labor and overhead cost. Cost is determined by using the weighted moving average cost method for the raw material, supplies, semi finished products, finished products, merchandise and other inventories.

Real estates in inventories are held for getting sale revenue instead of getting rent or shareholding revenue. In addition to the aforementioned costs that are related to inventory, borrowing costs are included in inventory costs.

Real estates stated within the inventories are recognized at the lower of cost and net realizable value. However, the expertise value which constitutes the basis of fair value of real estates in inventories is compared with the adjusted acquisition costs, and in the case that the expertise value is lower than the adjusted value, provision is made for value decrease as per the conditions stated in the "Impairment of non- financial assets" section. Such impairment is determined and applied separately for each real estates.

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in Turkish Lira (TL) unless otherwise stated)

2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

v. Summary of significant accounting policies and assesment methods (continued)

Property, plant and equipment

Property, plant and equipment are carried at cost less accumulated depreciation. Depreciation is provided for property, plant and equipment on a straight-line basis over their estimated useful lives, Land is not depreciated as it is deemed to have an indefinite useful life.

The depreciation periods for property, plant and equipment, which approximate the economic useful lives of such assets, are as follows:

Buildings	10-50 years
Land improvements	4-50 years
Machinery, plant and equipment	2-40 years
Motor vehicles	3-25 years
Furniture and fixtures	2-25 years
Leasehold improvements	2-19 years
Other property, plant and equipment	5 years

Useful life and the depreciation method are constantly reviewed, and accordingly, parallels are sought between the depreciation method and the period and the useful life to be derived from the related asset.

Repairs and maintenance are charged to the income statements during the period in which they are incurred. The cost of major renovations is included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Group. Major renovations are depreciated over the remaining useful life of the related asset.

Machinery and equipment are capitalised and amortised when their capacity is fully available for use and their physical situations meet the determined production capacities.

Gains or losses on disposals of property, plant and equipment are determined by comparing proceeds with their restated carrying amounts and are included in the related income and expenses from investing activities accounts, as appropriate.

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Computer software

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over their estimated useful lives.

The amortisation periods for intangible assets, which approximate the economic useful lives of such assets, are as follows:

Rights	2-32 years
Leasehold improvements	5-19 years

Intangible assets are initially recognised at acquisition cost and amortised on a straight-line basis over their estimated useful lives. Intangible assets with indefinite useful lives are not amortised, however are tested for impairment annually. Whenever there is an indication that the intangible is impaired, the carrying amount of the intangible asset is reduced to its recoverable amount and the impairment loss is recognised as an expense.

Other intangible assets	5 years
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NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in Turkish Lira (TL) unless otherwise stated)

2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

v. Summary of significant accounting policies and assesment methods (continued)

Intangible assets (continued)

Derecognition of intangible assets

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in profit or loss when the asset is derecognized.

Impairment of property, plant and equipment and intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired. Recoverable amount is the higher of fair value less costs to sell and value in use. 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 which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation, including property under construction for such purposes. Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value reflecting the market conditions. Gains or losses arising from changes in the fair values of investment properties are included in the profit or loss in the year in which they arise.

An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from disposal. Any gain or loss arising on derecognition of the property due to expiration of useful life or disposal is included in profit or loss in the period in which the property is derecognized.

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in Turkish Lira (TL) unless otherwise stated)

2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

v. Summary of significant accounting policies and assessment methods (continued)

Investment properties (continued)

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

Real estates leased under operating lease are not classified as investment property.

Leased assets and leasing liabilities

Right of use assets

The Group recognises right-of-use assets at the commencement date of the lease. Right-of-use assets are measured through deduction of accumulated depreciations and impairment losses from their cost values. In case of the financial lease payables are revalued, this figure is corrected as well.

The cost of the right-of-use asset includes:

- (a) initial measurement of lease liability,
- (b) lease payments made at or before the commencement date less any lease incentives received, and
- (c) all initial direct costs incurred by the Group.

At the end of the lease term of the underlying asset's service, the transfer of the Group is reasonably finalized, and the Group depreciates the asset until the end of the life of the underlying asset on which the lease actually began.

Right-of-use assets are subject to impairment.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of unpaid lease payments to be made over the lease term.

Lease payments included in the measurement of the lease obligation on the date that the lease actually commences, consists of the following payments to be made for the right of use of the underlying asset during the lease period and not paid on the date the lease actually starts:

- (a) Fixed payments,
- (b) Variable lease payments that depend on an index or a rate,
- (c) Amounts expected to be paid under residual value guarantees
- (d) The exercise price of a purchase option reasonably certain to be exercised by the Group and
- (e) Payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate.

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in Turkish Lira (TL) unless otherwise stated)

2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

v. Summary of significant accounting policies and assessment methods (continued)

Leased assets and leasing liabilities (continued)

Lease liabilities (continued)

The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable, the Group determines the alternative borrowing interest rate at the date of the revaluation.

After the effective date of the lease, the Group measures the lease obligation as follows:

- (a) Increase the carrying amount to reflect the interest on the lease obligation, and
- (b) Decreases book value to reflect rental payments.

In addition, in the situation of a change in the lease term, in essence a change in fixed lease payments or a change in the assessment of the option to buy the underlying asset, the value of the lease obligations is remeasured.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of low value assets. The lease contracts within this scope are accounted for in the profit or loss statement as expense according to the linear method during the lease period.

Effects of changes in exchange rates

Foreign exchange transactions and balances

The individual financial statements of each Group entity are presented in TL which is the currency of the primary economic environment in which the entity operates (its functional currency). The results and financial position of each entity are expressed in TL, which is the functional currency of Alarko Holding A.Ş., and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than TL (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognized in profit or loss in the period in which they arise except for:

- Exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets where they are regarded as an adjustment to interest costs on those foreign currency borrowings,
- Exchange differences on transactions entered into in order to hedge certain foreign currency risks (see below for hedging accounting policies); and
- Exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur, which form part of the net investment in a foreign operation, and which are recognized in the foreign currency translation reserve and recognized in profit or loss on disposal of the net investment.

Financial statements of subsidiaries, joint ventures and associates operated in foreign countries

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into TL using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in equity.

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in Turkish Lira (TL) unless otherwise stated)

2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

v. Summary of significant accounting policies and assessment methods (continued)

Business combinations and goodwill

A business combination is evaluated as the bringing together of separate entities or businesses into one reporting entity.

Business combinations realised before 1 January 2011 have been accounted for by using the purchase method in the scope of TFRS 3 "Business combinations" prior to the amendment. Under this method, the cost of a business combination is the fair value, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the acquirer, in exchange for control of the acquiree and in addition, any costs directly attributable to the business combination. If a business combination contract includes clauses that enable adjustments in the cost of business combination depending on events after the acquisition date; in case the adjustment is measurable and more probable than not, than cost of business combination at acquisition date is adjusted.

Any excess of the cost of acquisition over the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities is accounted for as goodwill in the consolidated financial statements.

Goodwill recognised in business combinations is tested for impairment annually (as of 31 December) or more frequently if events or changes in circumstances indicate impairment, instead of amortisation. Impairment losses on goodwill are not reversed. Goodwill is allocated to cash-generating units for the purpose of impairment testing.

Any excess of the Group's share in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of the business combination is accounted for as income in the related period.

Related parties

Parties are considered related to the company (will be used as reporting entity in this standard) if;

(a) A person or a close member of that person's family is related to a reporting entity if that person:

- (i) has control or joint control over the reporting entity;
- (ii) has significant influence over the reporting entity; or
- (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

(b) An entity is related to a reporting entity if any of the following conditions applies:

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

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in Turkish Lira (TL) unless otherwise stated)

2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

v. Summary of significant accounting policies and assessment methods (continued)

Related parties (continued)

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

Board Members, General Manager and Assistant General Managers are stated as executive managers by the Group.

Income taxes

Turkish tax legislation does not permit a parent Group and its subsidiary to file a consolidated tax return. Therefore, provisions for taxes, as reflected in the accompanying consolidated financial statements, have been calculated on a separate-entity basis.

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the consolidated statement of profit or loss because of items of income or expense that are taxable or deductible in other years and it excludes items that are never taxable or deductible. The Group's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax liability or asset is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases which are used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

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 Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period

Current and deferred tax are recognized as in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity.

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in Turkish Lira (TL) unless otherwise stated)

2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

v. Summary of significant accounting policies and assessment methods (continued)

Employee benefits

Defined contribution plan

The Group has to compensate the Social Security Contribution of the employees. As long as this is compensated, there is no any other obligation for the Group. Social Security Contributions are classified as personnel expenses as of the accrual date.

Defined benefit plan

Under Turkish Labour Law Article 25/II, the Group is required to pay termination indemnities to each employee who completes one year of service and whose employment is terminated upon causes that qualify the employee to receive retirement pay liability is called up for military service, leaves within one year after marriage (women only), and to those employees who retire or die. The amount payable consists of one month's salary limited to a maximum of TL 15.371,40 for each period of service at 31 December 2022 (31 December 2021: TL 8.284,51).

Ceiling amount of TL 19.982,83 which is in effect since 1 January 2023 is used in the calculation of retirement pay liability.

The Group has determined the retirement pay liability stated in the accompanying financial statements as per the recognition and valuation principles stated in TAS 19 "Employee Benefits". As the characteristics of the retirement pay liabilities are similar to the "Post Employment Benefit Plans" stated in this standard, these liabilities are calculated and stated in the financial statements on the basis of below mentioned "Proposed Unit Loan Method" and other various assumptions.

The dates that the employees will gain their pension rights are determined with respect to the prevailing social security laws with consideration to their past employment durations.

In calculating the current value of future liabilities that may arise due to the retirement or contract termination of an employee, it is assumed that the current salaries and wages or, if higher than the value of the retirement pay liability upper limit determined by the Labour Law for 31 December 2022, the retirement pay liability upper limit, to remain constant for restatement purposes and this value is reduced by the actual discount rate of 0,49% (31 December 2021- 3,61%) calculated based upon the assumption that the expected annual interest rate will be 9,34% (31 December 2021- 21,74%) and the expected inflation rate will be 8,80% (31 December 2021- 17,50%) which represents the proposed average interest rate per annum of the government bonds, in order to determine the current net value of the retirement pay liability at the balance sheet date.

Revenue

When the Group fulfills or fulfills its performance obligation by transferring a promised good or service to its customer, the revenue is recognized in the financial statements. An asset is transferred when (or when) control of an asset is transferred to the customer. The Group records the revenue in the financial statements in line with the following five basic principles:

- Determination of customer contracts,
- Determination of performance obligations in contracts,
- Determining the transaction price in the contracts,
- Allocating the transaction price to the performance obligations in the contracts,
- Recognition of revenue when each performance obligation is satisfied.

The Group recognizes a contract with a customer as revenue if all of the following conditions are met:

- The parties to the contract have approved the contract (written, verbal or in accordance with other commercial practices) and have committed to fulfill their own obligations,
- The Community can define the rights of each party regarding the goods or services to be transferred,
- The Group can define the payment terms for the goods or services to be transferred,
- The contract is commercial in nature,
- It is possible that the Group will collect a price for the goods or services to be transferred to the customer.

At the beginning of the contract, the Group evaluates the goods or services it has committed in the contract with the customer and defines each commitment given to the customer as a performance obligation.

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in Turkish Lira (TL) unless otherwise stated)

2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

v. Summary of significant accounting policies and assessment methods (continued)

Revenue (continued)

The Group takes into account the contractual provisions and commercial practices in order to determine the transaction price. The transaction price is the price that the Group expects to be entitled to in return for the transfer of the promised goods or services to the customer, excluding the amounts collected on behalf of third parties (for example, some sales taxes). The promised consideration in a contract with a customer can include fixed amounts, variable amounts, or both.

In case the price promised in the contract is a variable amount, the Group determines the amount that it will be entitled to collect in return for the transfer of the promised goods or services to the customer, by estimating. In order for the Group to include some or all of the estimated variable price in the transaction price, it must be highly probable that there will not be a significant cancellation in the amount of the cumulative revenue taken into the financial statements when the uncertainty regarding the variable price is eliminated later. While assessing whether it is highly probable that there will not be a significant reversal in the amount of the cumulative revenue recognized when the uncertainty regarding the variable price subsequently disappears, the Group considers both the probability and size of the said revenue reversal. The Group includes the revenue obtained from the following sources in its financial statements:

Service sales

When revenue from services can be measured reliably, it is recognized based on the degree of completion of the service. Where the result cannot be measured reliably, revenue is recognized by the recoverable amount of incurred expenses attributable to that revenue. The revenue arising from the sale and delivery of electricity is measured over the fair value of the amount of receivables delivered or to be delivered. The estimated value of the electricity supplied to all subscriber groups but not billed is taken into account in the measurement of revenue. Revenues are recorded on an accrual basis at the invoiced amounts at the time of electricity delivery.

Interest income

Interest income is accrued in the relevant period at the rate of the effective interest rate that reduces the remaining principal balance and the estimated cash inflows to be obtained from the related financial asset during its expected life to the book value of the said asset.

Dividend income

Dividend income from equity investments is recognized when the shareholders' right to receive dividends arises.

Construction contracts revenues

Because the outcome of construction contracts cannot be estimated reliably, contract costs are recognized in full in the period incurred, and contract revenue is recognized only to the extent that the incurred contract costs can be recovered. If there is an important financing element in the sales, the reasonable price is determined by discounting the future cash flows with the hidden interest rate included in the financing element. The difference is recognized in the consolidated financial statements on an accrual basis.

Earnings/(loss) per share

Earnings/(loss) per share is calculated by dividing the net profit or loss for the period attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period.

Companies in Turkey can increase their share capital through distributing shares (bonus shares) from Prior years' income and differences arising from inflation adjustment in changes in equity to their current shareholders on a pro rata basis. When calculating profit/(loss) per share, these bonus shares are recognized as issued shares. Therefore, the weighted average of shares used in the calculation of profit/(loss) per share is derived through retroactive application with respect to bonus shares.

**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022**

(Amounts expressed in Turkish Lira (TL) unless otherwise stated)

2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

v. Summary of significant accounting policies and assessment methods (continued)

Events after the reporting period

The Group updates disclosures that relate to conditions that existed at the end of the reporting period to reflect any new information that is received after the reporting period about those conditions. Non-adjusting events should be disclosed if they are of material importance.

Non-current assets held for sale

The Group classifies a non-current asset as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use and does not depreciate a non-current asset while it is classified as held for sale. The Group measures assets held for sale at the lower of its carrying amount and fair value less costs to sell.

Provisions, contingent assets and liabilities

Provisions are recognized when the Group has a present obligation as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Segment reportings

For the years ended 31 December 2022 and 2021, the principle activities of Alarko Group is classified in five sectors, namely, holding, tourism, industry and merchandising, energy, contracting/land development.

Service concession agreements

TFRS Comment 12 addresses how the infrastructural investments made and services provided by the entities (operators) who have gained operating right for a defined period of time by signing public service concession agreements should be accounted for. TFRS Comment 12 expresses that the investments realized by operators related to projects deemed within the scope of the Comment are required to be accounted for as financial assets and/or intangible assets as per the terms of agreement and not as buildings, fixed assets, or properties.

Cash flow statement

Cash flows during the period are classified and reported by operating, investing and financing activities in the cash flow statements.

Capital and dividends

Ordinary shares are classified as equity. Dividends on ordinary shares are recognized in equity in the period in which they are declared.

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in Turkish Lira (TL) unless otherwise stated)

2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

v. Summary of significant accounting policies and assessment methods (continued)

Significant accounting estimates, assumptions and decisions

Preparation of consolidated financial statements requires the usage of estimations and assumptions which may affect the reported amounts of assets and liabilities as of the balance sheet date, disclosure of contingent assets and liabilities and reported amounts of income and expenses during the financial period. The estimations and assumptions may differ from the actual results. Estimations and assumptions are reviewed periodically, adjusted if deemed necessary and reflected to the consolidated statement of profit or loss and other comprehensive income in the period they occurred.

Assumptions which might have a material effect on the amounts reflected in statement of financial position or might have a material effect in the future are summarized below:

- a) The Group's contracts related to contracting works are subject to assessment under Revenue from Contracts with Customers (IFRS 15). The revenue from the construction contracts is recognized in the consolidated financial statements as extended over time if the control of the asset is held by the customer over the construction process after the assessment performed. The Management considers that the method currently used in order to measure prospective development in terms of the complete fulfillment of its performance obligations is in accordance with IFRS 15.
- b) Group management have made significant assumptions on determining useful lives of tangible and intangible assets based on the experiences of the technical employees.
- c) Debtors credibilities, historical payment performances and restructuring conditions if there is debt restructuring is considered to determine the impairment of trade receivables factors.
- d) In order to measure expected loss provisions, the Group uses reasonable and confirmable prospective information based on assumptions on different economic conditions in the future and the possible effects of these conditions to each other. Probability of default is a significant input in the measurement of expected credit losses. Probability of default is an estimate of default in a fixed time; and its calculation includes prior data, assumptions and expectations of future conditions.
- e) The possibilities of losing the case and the liabilities that will arise if the case is lost is evaluated by the Group's legal counselor and by the management team taking into account expert opinions. The management determines the amount of the provisions based on the best estimate to calculate the legal case provisions.
- f) Discounted inventory price list is used to calculate inventory impairment. Where the sales price cannot be predicted, technical personnel's opinion and inventory waiting time is considered. If expected net realizable value is less than cost, the Company should allocate provisions for inventory impairment.
- g) Group performs impairment test for goodwill annually or if there is an indication of impairment often. Goodwill has been tested for impairment as of 31 December 2022 by comparing book value of the goodwill with recoverable amount. Recoverable amount has been determined by value in use method. Before tax free cash flows which is based on financial budgets approved by the board of directors has been used in the calculation of recoverable amount. Estimated cash flow growth after the five-year period is not provided. Data such as growth rate of the market, gross domestic income per capita and price index has been obtained from external sources. Assumptions regarding sales prices, operating capital necessities and property, plant and equipment investments has been determined using the Group's expectations and actual figures of prior periods.
- h) The Group's derivative financial instruments, comprise forward, options trading and interest rate swaps. Derivative financial instruments are initially recognized at fair value and subsequently fair value is calculated separately for each derivative financial instrument.
- i) The Group uses fair value method as an accounting policy in the recognition of investment properties. The fair values of investment properties are determined by independent valuation firms authorized by CMB. These firms and/or appraisers uses assumptions (such as real discount rates, market rents, market values, etc.) in the works they perform.

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in Turkish Lira (TL) unless otherwise stated)

2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

v. Summary of significant accounting policies and assessment methods (continued)

Significant accounting estimates, assumptions and decisions (continued)

- j) The Group's property, plant and equipment and intangible assets are subject to impairment test when there are signs of impairment, in accordance with the accounting policies applied. There is an impairment risk on the assets of the Group's operating natural gas conversion plant due to the increase in natural gas costs, variable market conditions and falling profitability. Accordingly, an impairment analysis has been performed in relation with these assets in the consolidated financial statements as of the end of each year and machinery and plant valuations are made. In the scope of this analysis, the difference between estimated recoverable amount and the value of assets relative to records is considered as impairment when it is negative. If the difference is positive, the previously recorded impairment loss is canceled at this difference amount. The increased book value of an asset due to the cancellation of the impairment loss cannot exceed the book value it would have reached if the impairment loss had not been accounted for the asset in previous periods. The estimated recoverable amount calculation includes basic assumptions such as future production levels and commodity prices, and economic assumptions such as discount rate, inflation rate and exchange rate in the estimation and discounting of future cash flows. In addition, the reports of Independent Valuation Firms contain estimates and assumptions.
- k) The Group takes into consideration its accumulated losses that can be reduced in the determination of tax base, in the deferred tax calculation only during 5-year legal period. In accordance, whether losses will be used is evaluated in the scope of budgets and projections prepared. The preparation of budgets and projections is based on many future assumptions such as market conditions, weather conditions, inflation rates and foreign currency translations.

3. BUSINESS COMBINATIONS

The business combinations realized within the accounting period of 1 January - 31 December 2022 are as follows;

Alarko Gayrimenkul Yatırım Ortaklığı A.Ş., Marksistskaya Sok., No.16, 109147 Moscow/Russian Federation, 50% of the shares of Mosalarko OJSC company, which is the sole owner of the real estate in the Russian Federation, from Alarko Holding A.Ş. for 8.000.000 USD purchased at a price. The purchase of the said share was registered in the Moscow Trade Registry of the Russian Federation on January 27, 2022. As a result of the merger, Alarko Holding A.Ş.'s control over Mosalarko OJSC has not changed and has been evaluated within the scope of the resolution titled "Accounting for business combinations subject to joint control" published by KGK. Business combinations under common control should be accounted for using the combination of rights method and goodwill should not be included in the financial statements.

The business combinations realized within the accounting period of 1 January - 31 December 2021 are as follows;

The business combination on 1 January - 31 Marksistskaya St., No.16, 109147 the valuation of AO Mosalarko, a resident of the Russian Federation, who has the upper right to Real Estate in Moscow/Russian Federation, has been made and according to the report issued as a result of the valuation, Alarko Gayrimenkul Yatırım Ortaklığı A.Ş., one of the subsidiaries of this company, with a value of US Dollars 6.000.000 of 40% of the shares of this company. The purchase of the said share was registered in the Moscow Trade Register of the Russian Federation on 11 May 2021.

Purchase price	49.474.200
Value of shares at the combination date	74.410.503
Less: appraisalment value	(124.017.505)

Goodwill	(132.802)
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As of 30 June 2021, negative goodwill has been cancelled.

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in Turkish Lira (TL) unless otherwise stated)

4. SEGMENT REPORTING

Alarko Groups' sectors are classified; tourism, industry and merchandising, energy and contracting/land development. Alyat Teknoloji Yatırımları Holding A.Ş. is included in holding sector. Segment reporting is prepared based on these business sectors.

As of 31 December 2022, segment reporting is as follows (TRL):

Assets	Holding	Tourism	Industry and merchandising	Energy	Contracting and land development	Elimination and classification	Total
Current assets							
Cash and cash equivalents	2.039.751.089	291.146.903	68.066.803	1.157.637.733	1.532.376.919	-	5.088.979.447
Financial investments	185.659.835	41.088.188	-	442.672.779	51.901.357	-	721.322.159
Trade receivables	24.249.572	3.325.917	18.602.621	54.902.060	3.720.721.423	(2.195.843.829)	1.625.957.764
Other receivables	156.944	2.001	17.739	2.385.776.669	163.620.600	(2.538.974.278)	10.599.675
Assets arising from customer contracts	-	-	-	-	14.810.904	-	14.810.904
Derivative instruments	-	-	-	6.380.266	-	-	6.380.266
Inventories	19.522	9.721.893	2.564.914	2.491.844	570.810.002	(105.656)	585.502.519
Prepaid expenses	520.282	2.502.597	5.108	2.622.594	369.598.284	-	375.248.865
Current income tax assets	5.459.795	3.624.927	-	1.237.745	39.637.447	-	49.959.914
Other current assets	8.092.375	17.722.195	-	435.774.048	245.477.084	(612.412.062)	94.653.640
Non-current assets held for sale	-	29.304	-	-	26.276.162	(3.256.909)	23.048.557
Non-current assets							
Financial investments	1.619.486.191	38.692	2.222.568	125.782.676	2.994.185.076	(3.961.590.813)	780.124.390
Trade receivables	-	-	-	-	89.707	-	89.707
Other receivables	68.983	282.954	-	9.547	66.915.427	-	67.276.911
Investments accounted for by equity method	3.142.104.637	-	422.349.982	10.384.389.210	1.203.071.459	(3.411.985.677)	11.739.929.611
Investment properties	289.250.000	-	3.890.000	126.798.379	5.114.979.871	(3.964.729.298)	1.570.188.952
Property, plant and equipment	6.948.849	96.805.089	-	200.913.045	159.710.189	491.410.819	955.787.991
Right of use assets	589.990	375.427.815	-	12.120.183	14.582.468	(309.974.077)	92.746.379
Intangible assets	201.320	878.695	-	71.295.786	62.658.267	(33.954.659)	101.079.409
Prepaid expenses	297.843	943.891	-	75.014	19.598.813	-	20.915.561
Deferred tax asset	785.107	221.239.117	-	432.430.102	147.229.095	(177.421.495)	624.261.926
Other non-current assets	19	551.243	-	-	124.014.898	-	124.566.160
Total assets	7.323.642.353	1.065.331.421	517.719.735	15.843.309.680	16.642.265.452	(16.718.837.934)	24.673.430.707

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in Turkish Lira (TL) unless otherwise stated)

4. SEGMENT REPORTING (CONTINUED)

As of 31 December 2022, segment reporting is as follows (TL) :

Liabilities	Holding	Tourism	Industry and merchandising	Energy	Contracting and land development	Elimination and classification	Total
Current liabilities							
Short-term financial liabilities	433.327	1.152.839	-	2.907.925	1.508.441.164	-	1.512.935.255
Short-term portion of long term financial liabilities	-	-	-	29.030.286	11.901.067	-	40.931.353
Trade payables	3.130.655	166.892.140	8.579.940	4.588.948	3.240.028.641	(2.354.683.759)	1.068.536.565
Payables related to employee benefits	1.989.875	7.205.413	43.594	551.969	25.914.736	-	35.705.587
Other payables	1.990.811.050	923.914	2.403.171	3.107.726.729	658.853.407	(2.564.186.338)	3.196.531.933
Liabilities arising from customer contracts	-	6.426.538	-	-	797.787.798	-	804.214.336
Deferred income (Except for obligations arising from customer contracts)	-	37.020.426	51.777.958	-	615.748.593	-	704.546.977
Current income tax liabilities	-	2.247.863	5.777.254	47.170.358	12.508.113	-	67.703.588
Short-term provisions	-	-	-	24.520.067	14.698.879	-	39.218.946
Other current liabilities	382.756.118	40.481	-	3.686	45.794.279	(428.591.496)	3.068
Non-current liabilities							
Long-term financial liabilities	225.459	1.260.356.604	-	11.485.207	116.710.040	(1.248.039.336)	140.737.974
Other payables	-	-	-	-	287.214.621	-	287.214.621
Liabilities arising from customer contracts	-	33.607	-	-	101.408.355	-	101.441.962
Investments accounted for by equity method liabilities	-	-	-	-	43.863.639	-	43.863.639
Deferred income (Except for obligations arising from customer contracts)	-	-	-	-	139.578.031	-	139.578.031
Long-term provisions	6.851.367	23.887.988	19.690	3.777.935	43.943.321	-	78.480.301
Deferred tax liabilities	56.641.629	-	329.323	23.657.073	79.411.711	-	160.039.736
Equity							
Paid-in share capital	634.000.000	9.657.067	3.994.119	321.761.219	321.450.755	(855.863.160)	435.000.000
Repurchased shares (-)	(131.780.306)	-	-	-	(30.338.786)	14.805.976	(147.313.116)
Cross shareholding adjustment	-	-	-	-	-	(1.535.883)	(1.535.883)
Actuarial gain/(loss) arising from defined benefit plans	(2.422.701)	(11.512.210)	(22.013.794)	(24.947.059)	(15.334.396)	224.893	(76.005.267)
Foreign currency translation differences	-	-	-	-	539.307.147	(94.521.984)	444.785.163
Gains/(losses) from financial assets at fair value through other comprehensive income	3.994.132.531	-	1.726.227	79.386.016	1.981.291.152	(6.055.084.370)	1.451.556
Restricted reserves	165.282.802	3.153.441	12.671	4.000.025	75.172.673	(82.338.810)	165.282.802
Retained earnings or accumulated losses	(63.422.031)	(312.735.016)	193.108.775	890.544.468	3.167.683.205	(1.205.613.098)	2.669.566.303
Net profit or loss for the period	285.012.578	(129.419.674)	271.960.807	11.317.144.828	2.859.227.307	(3.163.140.931)	11.440.784.915
Non-controlling interest	-	-	-	-	-	1.319.730.362	1.319.730.362
Total liabilities	7.323.642.353	1.065.331.421	517.719.735	15.843.309.680	16.642.265.452	(16.718.837.934)	24.673.430.707

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in Turkish Lira (TL) unless otherwise stated)

4. SEGMENT REPORTING (CONTINUED)

As of 31 December 2022, segment reporting is as follows (TL) :

	Holding	Tourism	Industry and merchandising	Energy	Contracting and land development	Elimination and classification	Total
Revenue (Outside the Group) (net)	20.631.288	600.357.175	51.875.856	897.819.721	5.552.495.753	-	7.123.179.793
Revenue (Within the Group)	37.654.130	-	-	248.221.793	134.652.268	(420.528.191)	-
Cost of sales (Outside the Group) (-)	(12.717.526)	(291.913.313)	(27.116.404)	(386.664.322)	(5.461.920.229)	(11.051.329)	(6.191.383.123)
Cost of sales (Within the Group) (-)	(42.088.414)	(90.630.143)	(452.874)	(362.235.828)	(24.986.891)	520.394.150	-
Gross profit/(loss)	3.479.478	217.813.719	24.306.578	397.141.364	200.240.901	88.814.630	931.796.670
General administrative expenses (-)	(25.386.414)	(53.132.930)	(101.654)	(44.239.509)	(280.251.229)	23.565.656	(379.546.080)
Marketing expenses (-)	-	(28.248.092)	(2.761.918)	-	-	-	(31.010.010)
Other income from operating activities	71.714.680	73.495.595	5.993.616	201.871.553	906.292.335	(92.885.963)	1.166.481.816
Other expenses from operating activities (-)	(59.614.521)	(19.791.455)	(1.614.276)	(120.648.734)	(550.859.480)	110.381.901	(642.146.565)
Operating profit/(loss)	(9.806.777)	190.136.837	25.822.346	434.124.674	275.422.527	129.876.224	1.045.575.831
Income from investing activities	347.278.495	11.478.393	2.476.569	1.099.472.387	2.509.560.265	(3.014.223.291)	956.042.818
Expenses from investing activities (-)	-	-	-	(8.178)	(12.506.648)	-	(12.514.826)
Share of profits/(losses) of investments accounted by equity method	-	-	249.763.330	9.465.405.645	89.735.852	(181.512.608)	9.623.392.219
Operating profit/(loss) before financial income/(expense)	337.471.718	201.615.230	278.062.245	10.998.994.528	2.862.211.996	(3.065.859.675)	11.612.496.042
Financial incomes	-	-	-	6.380.266	-	-	6.380.266
Financial expenses (-)	(149.989)	(410.320.699)	(165.274)	(9.534.638)	(85.341.460)	396.644.618	(108.867.442)
Profit/(loss) before tax from continued operations	337.321.729	(208.705.469)	277.896.971	10.995.840.156	2.776.870.536	(2.669.215.057)	11.510.008.866
- Tax (expense)/income for the period	(15.506.620)	(22.333.638)	(5.875.414)	(57.641.043)	(8.343.108)	-	(109.699.823)
- Deferred tax (expense)/income	(36.802.531)	101.619.433	(60.750)	378.945.715	90.699.879	(71.068.309)	463.333.437
Tax (expense)/income from continued operations	(52.309.151)	79.285.795	(5.936.164)	321.304.672	82.356.771	(71.068.309)	353.633.614
Net profit/(loss) from continued operations	285.012.578	(129.419.674)	271.960.807	11.317.144.828	2.859.227.307	(2.740.283.366)	11.863.642.480
Net income/(loss) for the period	285.012.578	(129.419.674)	271.960.807	11.317.144.828	2.859.227.307	(2.740.283.366)	11.863.642.480
Other comprehensive income not to be reclassified to profit or loss							
- Actuarial gain/(loss) arising from defined benefit plans	(2.905.671)	(10.026.152)	(923)	(1.926.865)	(14.621.227)	-	(29.480.838)
- Share of other comprehensive income of investments accounted by equity method not to be reclassified to profit or loss	-	-	(24.143.085)	(24.596.985)	(649)	-	(48.740.719)
- Deferred tax income for other comprehensive income not to be reclassified to profit or loss	581.134	2.005.230	4.828.802	5.304.776	2.855.321	-	15.575.263
Other comprehensive income to be reclassified to profit or loss							
- Foreign currency translation differences	-	-	-	-	77.729.973	-	77.729.973
- Other comprehensive income/(expense) for financial assets at fair value difference is through other comprehensive income	-	-	-	-	1.353.341	-	1.353.341
- Share of other comprehensive income of investments accounted by equity method to be reclassified to profit or loss	-	-	-	-	130.794.095	-	130.794.095
Total comprehensive income/(expense)	282.688.041	(137.440.596)	252.645.601	11.295.925.754	3.057.338.161	(2.740.283.366)	12.010.873.595
Distribution of profit/(loss) for the period	-	-	-	-	-	422.857.565	422.857.565
- Non-controlling interest	285.012.578	(129.419.674)	271.960.807	11.317.144.828	2.859.227.307	(3.163.140.931)	11.440.784.915
- Parent company shares	-	-	-	-	-	-	-
Distribution of total comprehensive income/(expense)	-	-	-	-	-	465.412.560	465.412.560
- Non-controlling interest	282.688.041	(137.440.596)	252.645.601	11.295.925.754	3.057.338.161	(3.205.695.926)	11.545.461.035
- Parent company shares	-	-	-	-	-	-	-

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in Turkish Lira (TL) unless otherwise stated)

4. SEGMENT REPORTING (CONTINUED)

As of 31 December 2021, segment reporting is as follows (TL):

Assets	Holding	Tourism	Industry and merchandising	Energy	Contracting and land development	Elimination and classification	Total
Current assets							
Cash and cash equivalents	3.790.531	200.632.767	325.735	973.286	634.536.267	-	840.258.586
Financial investments	89.372.680	-	-	-	395.484.550	-	484.857.230
Trade receivables	31.173.057	1.242.001	-	92.491.582	2.221.423.842	(1.811.453.822)	534.876.660
Other receivables	25.387	2.001	-	742.823	44.928.840	(41.694.966)	4.004.085
Assets arising from customer contracts	-	-	-	-	4.845.530	-	4.845.530
Inventories	13.713	3.618.024	799.563	2.397.469	271.912.323	(18.588)	278.722.504
Prepaid expenses	179.064	1.575.662	4.002	483.370	173.506.543	-	175.748.641
Current income tax assets	-	343.795	16	170.221	32.802.491	-	33.316.523
Other current assets	158.381	23.569.379	53.165	306.720	36.492.916	-	60.580.561
Non-current assets held for sale	-	96.009	-	-	19.898.725	(3.251.256)	16.743.478
Non-current assets							
Financial investments	823.187.411	38.692	1.160.025	125.782.676	1.060.064.600	(1.823.073.983)	187.159.421
Trade receivables	-	-	-	-	67.890	-	67.890
Other receivables	69.083	232.334	-	9.577	51.544.834	-	51.855.828
Investments accounted for by equity method	1.330.537.754	-	192.284.087	1.863.650.902	652.543.312	(1.567.675.878)	2.471.340.177
Investment properties	103.305.000	-	1.460.000	36.070.000	2.596.745.106	(2.010.595.435)	726.984.671
Property, plant and equipment	833.930	78.588.575	-	216.610.078	152.695.931	443.189.293	891.917.807
Right of use assets	927.118	376.485.970	-	4.629.948	17.295.749	(334.154.602)	65.184.183
Intangible assets	139.603	1.342.223	-	73.000.513	45.005.904	(33.945.406)	85.542.837
Prepaid expenses	4.222	761.800	-	10.427	4.496.891	-	5.273.340
Deferred tax asset	277.794	117.614.454	-	34.538.460	81.064.881	(107.019.041)	126.476.548
Other non-current assets	19	546.060	-	-	85.518.183	-	86.064.262
Total assets	2.383.994.747	806.689.746	196.086.593	2.451.868.052	8.582.875.308	(7.289.693.684)	7.131.820.762

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in Turkish Lira (TL) unless otherwise stated)

4. SEGMENT REPORTING (CONTINUED)

As of 31 December 2021, segment reporting is as follows (TL):

Liabilities	Holding	Tourism	Industry and merchandising	Energy	Contracting and land development	Elimination and classification	Total
Current liabilities							
Short-term financial liabilities	433.325	2.544.279	-	31.345.815	69.459.810	-	103.783.229
Short-term portion of long-term financial liabilities	-	-	-	61.095.749	-	-	61.095.749
Other financial liabilities	-	1.960	-	10.609.487	-	-	10.611.447
Trade payables	798.372	144.781.758	342.981	89.559.108	1.960.867.931	(1.811.453.822)	384.896.328
Payables related to employee benefits	10.622.276	1.967.033	55	266.924	6.543.286	-	19.399.574
Other payables	4.252.134	1.200.991	-	4.317.170	109.190.383	(41.694.966)	77.265.712
Liabilities arising from customer contracts	-	6.346.075	-	-	826.743.462	-	833.089.537
Derivative instruments	-	-	-	-	22.586.658	-	22.586.658
Deferred income (Except for obligations arising from customer contracts)	-	23.915.939	-	-	494.408.031	-	518.323.970
Current income tax liabilities	1.739.398	1.299.607	9.175	-	66.566.009	-	69.614.189
Short-term provisions	-	-	-	224.510	25.456.506	-	25.681.016
Other current liabilities	23	-	-	1.831	-	-	1.854
Non-current liabilities							
Long-term financial liabilities	514.432	913.099.982	-	31.263.171	6.838.086	(899.673.730)	52.041.941
Other payables	-	-	-	-	173.248.269	-	173.248.269
Liabilities arising from customer contracts	-	4.644.946	-	-	-	-	4.644.946
Investments accounted for by equity method liabilities	-	-	-	-	38.578.215	-	38.578.215
Deferred income (Except for obligations arising from customer contracts)	-	-	-	-	22.856.825	-	22.856.825
Long-term provisions	2.659.536	10.302.975	-	1.146.961	19.131.258	-	33.240.730
Deferred tax liabilities	19.912.920	-	268.757	5.096.518	97.707.354	(665.857)	122.319.692
Equity							
Paid-in share capital	496.000.000	9.657.067	3.994.119	321.761.219	321.450.755	(717.863.160)	435.000.000
Repurchased shares (-)	-	-	-	-	(19.763.998)	9.645.288	(10.118.710)
Cross shareholding adjustment	-	-	-	-	-	(1.535.883)	(1.535.883)
Actuarial gain/(loss) arising from defined benefit plans	(98.165)	(3.491.291)	(2.703.404)	(8.789.570)	(3.567.842)	39.503	(18.610.769)
Foreign currency translation differences	-	-	-	-	354.895.077	(25.430.231)	329.464.846
Gains/(losses) from financial assets at fair value through other comprehensive income	1.645.249.725	-	665.683	33.679.208	735.461.033	(2,414.958.666)	96.983
Restricted reserves	28.624.441	3.153.441	12.671	3.992.294	54.051.024	(61.209.430)	28.624.441
Retained earnings or accumulated losses	44.732.653	(53.583.312)	161.831.434	933.974.194	2.042.203.461	(1,475.394.502)	1.653.763.928
Net profit or loss for the period	128.553.677	(259.151.704)	31.665.122	932.323.463	1.157.963.715	(716.937.536)	1.274.416.737
Non-controlling interest	-	-	-	-	-	867.439.308	867.439.308
Total liabilities	2.383.994.747	806.689.746	196.086.593	2.451.868.052	8.582.875.308	(7,289.693.684)	7.131.820.762

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS

AS OF 31 DECEMBER 2022

(Amounts expressed in Turkish Lira (TL) unless otherwise stated)

4. SEGMENT REPORTING (CONTINUED)

As of 31 December 2021, segment reporting is as follows (TL):

	Holding	Tourism	Industry and merchandising	Energy	Contracting and land development	Elimination and classification	Total
Revenue (Outside the Group) (net)	18.418.499	299.621.629	365.925	234.327.332	1.463.820.510	-	2.016.553.895
Revenue (Within the Group)	28.328.247	-	-	166.804.216	115.211.398	(310.343.861)	-
Cost of sales (Outside the Group) (-)	(12.730.311)	(143.907.610)	(224.512)	(159.021.453)	(1.667.064.705)	(3.374.132)	(1.986.322.723)
Cost of sales (Within the Group) (-)	(31.742.750)	(81.575.240)	-	(196.027.262)	(15.560.059)	324.905.311	-
Gross profit/(loss)	2.273.685	74.138.779	141.413	46.082.833	(103.592.856)	11.187.318	30.231.172
General administrative expenses (-)	(15.081.507)	(28.036.092)	(34.491)	(10.208.783)	(96.471.678)	1.557.177	(148.275.374)
Marketing expenses (-)	-	(13.798.290)	-	-	-	-	(13.798.290)
Other income from operating activities	5.925.008	87.141.735	125.020	4.668.083	695.193.126	(12.915.362)	780.137.610
Other expenses from operating activities (-)	(1.213.925)	(5.937.025)	(859)	(4.233.923)	(184.026.705)	429.417	(194.983.020)
Operating profit/(loss)	(8.096.739)	113.509.107	231.083	36.308.210	311.101.887	258.550	453.312.098
Income from investing activities	151.138.927	200.580	502.180	22.711.651	776.758.513	(732.496.336)	218.815.515
Expenses from investing activities (-)	(3.442)	(46.452)	-	-	(7.768.807)	-	(7.818.701)
Share of profits/(losses) of investments accounted by equity method	-	-	31.077.945	868.622.770	52.739.209	(27.646.161)	924.793.763
Operating profit/(loss) before financial income/(expense)	143.038.746	113.663.235	31.811.208	927.642.631	1.132.830.802	(759.883.947)	1.589.102.675
Financial expenses (-)	(46.097)	(445.348.591)	(342)	(21.260.593)	(24.220.196)	433.732.123	(57.143.696)
Profit/(loss) before tax from continued operations	142.992.649	(331.685.356)	31.810.866	906.382.038	1.108.610.606	(326.151.824)	1.531.958.979
- Tax (expense)/income for the period	(6.809.883)	(17.806.450)	(50.848)	-	(58.549.717)	-	(83.216.898)
- Deferred tax (expense)/income	(7.629.089)	90.340.102	(94.896)	25.941.425	107.902.826	(81.525.957)	134.934.411
Tax (expense)/income from continued operations	(14.438.972)	72.533.652	(145.744)	25.941.425	49.353.109	(81.525.957)	51.717.513
Net profit/(loss) from continued operations	128.553.677	(259.151.704)	31.665.122	932.323.463	1.157.963.715	(407.677.781)	1.583.676.492
Net income/(loss) for the period	128.553.677	(259.151.704)	31.665.122	932.323.463	1.157.963.715	(407.677.781)	1.583.676.492
Other comprehensive income not to be reclassified to profit or loss							
- Actuarial gain/(loss) arising from defined benefit plans	(225.438)	(848.847)	(40.533)	(7.802)	(1.517.114)	-	(2.639.734)
- Share of other comprehensive income of investments accounted by equity method not to be reclassified to profit or loss	-	-	(1.481.408)	(2.431.657)	314.742	-	(3.598.323)
- Deferred tax income for other comprehensive income not to be reclassified to profit or loss	45.088	169.769	304.388	487.892	225.426	-	1.232.563
Other comprehensive income to be reclassified to profit or loss							
- Foreign currency translation differences	-	-	-	-	(2.487.186)	-	(2.487.186)
- Other comprehensive income/(expense) for financial assets at fair value difference is through other comprehensive income	-	-	-	-	(157.583)	-	(157.583)
- Share of other comprehensive income of investments accounted by equity method to be reclassified to profit or loss	-	-	-	-	222.559.559	-	222.559.559
Total comprehensive income/(expense)	128.373.327	(259.830.782)	30.447.569	930.371.896	1.376.901.559	(407.677.781)	1.798.585.788
Distribution of profit/(loss) for the period							
- Non-controlling interest	-	-	-	-	-	309.259.755	309.259.755
- Parent company shares	128.553.677	(259.151.704)	31.665.122	932.323.463	1.157.963.715	(716.937.536)	1.274.416.737
Distribution of total comprehensive income/(expense)							
- Non-controlling interest	-	-	-	-	-	321.493.550	321.493.550
- Parent company shares	128.373.327	(259.830.782)	30.447.569	930.371.896	1.376.901.559	(729.171.331)	1.477.092.238

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(Amounts expressed in Turkish Lira (TL) unless otherwise stated)

4. SEGMENT REPORTING (CONTINUED)

Distribution of depreciation and retirement pay liability expenses stated by segment in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2022 is as follows (TL):

	Holding	Tourism	Industry and merchandising	Energy	Contracting and land development	Elimination	Total
Right of use assets (Note 20, 29)	337.128	8.634.982	-	340.173	4.086.471	(7.910.834)	5.487.920
Property, plant and equipment (Note 18, 29)	793.400	10.581.360	-	16.360.961	35.272.934	-	63.008.655
Intangible assets (Note 19, 29)	32.705	680.017	-	1.710.000	817.256	-	3.239.978
Current period depreciation expenses	1.163.233	19.896.359	-	18.411.134	40.176.661	(7.910.834)	71.736.553
Provision no longer required for termination indemnity (Note 30)	(9.123)	(1.229.906)	-	(56.927)	(4.867.100)	-	(6.163.056)
Current period termination indemnity expense	933.918	3.993.730	9.151	682.927	5.127.821	-	10.747.547
Total termination indemnity expense for the period	924.795	2.763.824	9.151	626.000	260.721	-	4.584.491

Distribution of depreciation and retirement pay liability expenses stated by segment in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2021 is as follows (TL):

	Holding	Tourism	Industry and merchandising	Energy	Contracting and land development	Elimination	Total
Right of use assets (Note 20, 29)	84.282	9.304.423	-	198.984	4.159.034	(7.910.834)	5.835.889
Property, plant and equipment (Note 18, 29)	141.486	8.483.231	-	16.237.665	15.798.141	-	40.660.523
Intangible assets (Note 19, 29)	14.267	820.468	-	1.704.172	247.526	-	2.786.433
Current period depreciation expenses	240.035	18.608.122	-	18.140.821	20.204.701	(7.910.834)	49.282.845
Provision no longer required for termination indemnity (Note 30)	(936.634)	(2.204.408)	(40.533)	(217.420)	(2.303.769)	-	(5.702.764)
Current period termination indemnity expense	713.694	3.294.030	-	408.825	4.081.507	-	8.498.056
Total termination indemnity expense for the period	(222.940)	1.089.622	(40.533)	191.405	1.777.738	-	2.795.292

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(Amounts expressed in Turkish Lira (TL) unless otherwise stated)

5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of the following (TL) :

	31 December 2022	31 December 2021
Cash	283.485	87.275
Checks Received	420.000	-
Banks	4.999.499.460	834.416.047
- TL demand deposits	106.667.647	562.227
- foreign currency demand deposits	205.049.005	19.184.291
- TL time deposit	32.917.761	7.074.111
- foreign currency time deposit	4.654.865.047	807.595.418
Other liquid assets	100	4.250
Investment funds (*)	88.776.402	5.751.014
Total	5.088.979.447	840.258.586

As of 31 December 2022, the interest rates applied to time deposits are 10,00% -23,00% for TL deposits (31 December 2021 - 13% - 21%); 1,35% - 3,25% for Euro deposits (31 December 2021 - 0,30% - 0,95%); 0,03% - 4,25% for deposits denominated in US dollars (31 December 2021 - 0,05% - 1,05%); 4,80%-8,40% for deposits denominated in RON (31 December 2021 - 1,90% - 3,00%); no GBP deposits (31 December 2021 - 0,25%).

TL 492.844 consists of blocked deposit loans and has been classified to demand account since it is shorter than 3 months (31 December 2021: TL 194.777).

(*) Consists of Type B liquid investment funds as of 31 December 2022 and 2021.

6. FINANCIAL INVESTMENTS

Short term financial investments consist of the following (TL) :

	31 December 2022	31 December 2021
Financial assets at fair value through profit/(loss)		
- Investment funds (*)	189.065.460	70.042.144
Value increase in marketable securities (Note 31)	42.258.926	19.330.537
- Public sector notes, promissory notes and bonds (**)	20.359.354	8.737.109
- Currency protected deposit account	452.388.489	-
Financial assets at amortized cost		
- Public sector notes, promissory notes and bonds (**)	17.249.930	386.747.440
Total	721.322.159	484.857.230

(*) As of 31 December 2022 and 2021, financial assets at fair value through profit/(loss) consist of Type A investments funds.

(**) As of the 31 December 2022 public sector notes, promissory notes and bonds interest rate is 3,18% - 2,88% (31 December 2021 -3,18% - 3,12%).

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in Turkish Lira (TL) unless otherwise stated)

6. FINANCIAL INVESTMENTS (CONTINUED)

Long term financial assets consist of the following (TL):

	31 December 2022		31 December 2021	
	Participation rate %	Participation amount	Participation rate %	Participation amount
Financial assets at fair value through other comprehensive income				
- TSKB A.Ş.	< 1%	2.020.745	< %1	667.402
Financial assets at fair value through profit/(loss)				
- Public sector notes, promissory notes and bonds (*)		304.107.832		127.540.148
- Investments in foreign companies		181.472.828		58.951.871
- Barr Operation and Maintenance LLP(**)		230.617		-
Financial assets at amortized cost				
- Public sector notes, promissory notes and bonds (*)		292.292.368		-
Total		780.124.390		187.159.421

(*) As of the 31 December 2022 public sector notes, promissory notes and bonds interest rate is 3,18% and 2,88% (31 December 2021 - 3,18%)

(**) One of its Subsidiaries, Alsim Alarko Sanayi Tesisleri ve Ticaret A.Ş., has a newly established capital of 23.000.000 KZT (approximately 48.500 USD) for the highway maintenance and operation activities to be started after the completion of the construction works of the Büyük Almaata Çevre Yolu Projesi, which is still under construction in the Republic of Kazakhstan Barr Operation and Maintenance Limited Liability Partnership has participated in the at a rate of 25% with a capital of KZT 5.750.000. The company in question was registered in the Kazakhstan Trade Registry on September 23, 2022. It is not included in the consolidation as it has no operations as of 31 December 2022.

7. FINANCIAL LIABILITIES

Short-term financial liabilities consist of the following (TL) :

	31 December 2022	31 December 2021
Short term financial liabilities	1.499.234.298	94.929.584
Shot term lease obligations	13.700.957	8.853.645
Short term parts of long term borrowings	40.931.353	61.095.749
Other short term financial liabilities (*)	-	10.611.447
Total	1.553.866.608	175.490.425

Long-term financial liabilities are as follows (TL) :

	31 December 2022	31 December 2021
Long-term borrowings	113.445.877	26.044.381
Long-term lease obligations	27.292.097	25.997.560
Total	140.737.974	52.041.941

(*) Within the scope of the Transfer of Operating Rights Agreement signed with the Privatization Administration and Elektrik Üretim A.Ş. regarding the granting of the operating rights of Gönen Hydroelectric Power Plant for 49 years, 65% of the tender price will be paid to the Privatization Administration on term.

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in Turkish Lira (TL) unless otherwise stated)

7. FINANCIAL LIABILITIES (CONTINUED)

As of 31 December 2022 and 2021, the maturities and interest rates of short term bank loans are as follows:

31 December 2022						
	Maturity date	Effective interest rate	Currency	Original amount of foreign currency	Foreign exchange rate	TL Amount
Bank loans	03.03.2023-15.12.2023	10,00%-11,00%	TL	40.938.183	-	40.938.183
Bank loans	28.03.2023	5,10%	USD	15.184.226	18,732	284.430.917
Bank loans	27.02.2023-14.03.2023	1,70%-7,50%	Euro	60.828.637	19,9708	1.214.796.551
Leases	01.01.2023-31.12.2023	9,00%-24,00%	TL	8.773.158	-	8.773.158
Leases	01.03.2023	5,40%	USD	3.001	18,732	56.223
Leases	01.03.2023	1,80%	Ron	1.200.309	4,0586	4.871.576
Total						1.553.866.608
31 December 2021						
	Maturity date	Effective interest rate	Currency	Original amount of foreign currency	Foreign exchange rate	TL Amount
Bank loans	03.01.2022-13.10.2022	11,00%-30,00%	TL	156.025.333	-	156.025.333
Leases	01.01.2022-31.12.2022	9,00%-24,00%	TL	7.641.545	-	7.641.545
Leases	01.01.2022-31.12.2022	5,40%	USD	12.633	13,353	168.682
Leases	01.01.2022-31.12.2022	2,71%-2,95%	Euro	69.037	15,1139	1.043.418
Other financial liabilities	01.01.2022-25.12.2022	12,00%	TL	10.611.447	-	10.611.447
Total						175.490.425

As of 31 December 2022 and 2021, the maturities and interest rates of long term bank loans are as follows:

31 December 2022						
	Maturity date	Effective interest rate	Currency	Original amount of foreign currency	Foreign exchange rate	TL Amount
Bank loans	15.03.2024-15.12.2032	10,00%	TL	113.445.877	-	113.445.877
Leases	01.01.2024-28.02.2062	9,00%-24,00%	TL	27.292.097	-	27.292.097
Total						140.737.974
31 December 2021						
	Maturity date	Effective interest rate	Currency	Original amount of foreign currency	Foreign exchange rate	TL Amount
Bank loans	03.03.2023	11,00%	TL	26.044.381	-	26.044.381
Leases	01.01.2023-28.02.2062	9,00%-24,00%	TL	22.185.973	-	22.185.973
Leases	01.01.2023-01.03.2023	5,40%	USD	1.880	13,353	25.102
Leases	01.01.2023-31.12.2027	2,71%	Euro	250.530	15,1139	3.786.485
Total						52.041.941

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(Amounts expressed in Turkish Lira (TL) unless otherwise stated)

7. FINANCIAL LIABILITIES (CONTINUED)

As of 31 December 2022 and 2021, the distribution of short and long term financial liabilities according to their maturities are as follows (TL):

	Bank loans 31 December 2022 (TL)	Leases 31 December 2022 (TL)	Bank loans and other financial liabilities 31 December 2021 (TL)	Leases 31 December 2021 (TL)
Within 1 year	1.540.165.651	13.700.957	166.636.780	8.853.645
Within 1 - 2 years	13.935.941	4.991.109	26.044.381	7.796.659
Within 2 - 3 years	20.684.330	3.855.190	-	4.472.255
Within 3 - 4 years	17.675.667	3.375.402	-	3.648.114
4 years and longer	61.149.939	15.070.396	-	10.080.532
Total (Note 36 (ii))	1.653.611.528	40.993.054	192.681.161	34.851.205

As of 31 December 2022, the movement schedule of financial liabilities is as follows (TL) :

	Bank loans	Leases	Other financial liabilities
Opening balance, 1 January 2022	182.069.714	34.851.205	10.611.447
Uses	1.351.464.453	87.009.445	-
Interest accruals	23.075.454	3.079.955	1.249.733
Principal payments	(86.630.709)	(84.691.185)	(11.861.080)
Interest payments	(8.752.126)	-	-
Effective interest rate effect	140.997	-	(100)
Adjustments related to unrealized exchange rate differences	192.243.745	743.634	-
Closing balance, 31 December 2022	1.653.611.528	40.993.054	-

As of 31 December 2021, the movement schedule of financial liabilities is as follows (TL) :

	Bank loans	Leases	Other financial liabilities
Opening balance, 1 January 2021	173.700.396	26.660.765	21.219.294
Uses	92.399.918	15.135.080	-
Interest accruals	18.233.995	4.327.249	2.454.211
Principal payments	(87.765.483)	(13.232.041)	(13.061.638)
Interest payments	(16.622.696)	-	-
Effective interest rate effect	181.981	-	(420)
Adjustments related to unrealized exchange rate differences	1.941.603	1.960.152	-
Closing balance, 31 December 2021	182.069.714	34.851.205	10.611.447

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

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8. TRADE RECEIVABLES AND PAYABLES

Short term trade receivables consist of the following (TL) :

	31 December 2022	31 December 2021
Customers	1.290.888.061	233.448.478
Rediscount on receivables (-)	(1.947.810)	(581.351)
Other short term receivables	324.953.729	186.728.193
Doubtful trade receivables	4.321.423	10.626.853
Provision for doubtful trade receivables (-)	(4.321.423)	(10.626.853)
Total	1.613.893.980	419.595.320
Trade receivables from related parties	12.063.784	115.281.340
Total trade receivables from related parties (Note 35)	12.063.784	115.281.340
Grand Total (Note 36 (i))	1.625.957.764	534.876.660

Long term trade receivables consist of the following (TL) :

	31 December 2022	31 December 2021
Customers	89.707	67.890
Total (Note 36 (i))	89.707	67.890

Changes in provision for doubtful trade receivables are set out in the table below (TL) :

	31 December 2022	31 December 2021
Opening balance	10.626.853	10.013.240
Expense for the current period (Note 28)	57.163	4.459
Collections/provisions no longer required (Note 30)	(208)	(92.760)
Bad debt cancellation	(6.732.786)	-
Currency translation difference	370.401	701.914
Closing balance	4.321.423	10.626.853

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in Turkish Lira (TL) unless otherwise stated)

8. TRADE RECEIVABLES AND PAYABLES (CONTINUED)

Short term trade payables consist of the following (TL) :

	31 December 2022	31 December 2021
Suppliers	1.062.682.723	279.999.478
Rediscount for payables (-)	(1.435.534)	(1.055.992)
Other trade payables	3.897.431	17.952.057
Total	1.065.144.620	296.895.543
Trade payables to related parties	3.391.945	88.000.785
Total trade payables to related parties (Note 35)	3.391.945	88.000.785
Grand Total (Note 36(ii))	1.068.536.565	384.896.328

9. OTHER RECEIVABLES AND PAYABLES

Short term other receivables consist of the following (TL) :

	31 December 2022	31 December 2021
Deposits and guarantees given	3.801.350	3.187.539
Other miscellaneous receivables	5.398.763	32.921
Total	9.200.113	3.220.460
Other receivables from related parties	1.399.562	783.625
Total other receivables from related parties (Note 35)	1.399.562	783.625
Grand Total	10.599.675	4.004.085

Long term other receivables consist of the following (TL):

	31 December 2022	31 December 2021
Deposits and guarantees given	383.214	290.153
Other miscellaneous receivables	96.425	96.425
Total	479.639	386.578
Other receivables from related parties	66.797.272	51.469.250
Total other receivables from related parties (Note 35)	66.797.272	51.469.250
Grand total	67.276.911	51.855.828

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(Amounts expressed in Turkish Lira (TL) unless otherwise stated)

9. OTHER RECEIVABLES AND PAYABLES (CONTINUED)

	31 December 2022	31 December 2021
Taxes, duties, and other withholdings payable	98.337.612	73.569.030
Deposits and guarantees received	958.465	186.036
Other miscellaneous payables	8.347.695	3.510.646
Total	9.200.113	3.220.460
Other payables to related parties	3.088.888.161	-
Total other receivables from related parties (Note 35)	3.088.888.161	-
Grand Total	3.196.531.933	77.265.712

Long term other receivables consist of the following (TL):

	31 December 2022	31 December 2021
Deposits and guarantees given	287.214.621	173.248.269
Total	287.214.621	173.248.269

10. INVENTORIES

Inventories consist of the following (TL) :

	31 December 2022	31 December 2021
Raw materials and supplies	497.292.457	189.186.448
Merchandise (*)	88.213.951	89.491.879
Other inventories	1.270	49.336
Inventory impairment provision (-)	(5.159)	(5.159)
Total	585.502.519	278.722.504

(*) TL 85.359.735 (31 December 2021 - TL 85.359.735) part of merchandise balance, having a total amount of TL 88.213.951 (31 December 2021 - TL 89.491.879) as of 31 December 2022, consists of real estates.

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10. INVENTORIES (CONTINUED)

As of 31 December 2022 and 2021, details of real estates consist of the following (TL) :

	31 December 2022				31 December 2021			
	Adjusted book value (TL)	Sales value (TL)	Expertise value (TL)	Expertise date	Adjusted book value (TL)	Sales value (TL)	Expertise value (TL)	Expertise date
Land in								
Büyükçekmece								
Land cost (3 parcels)	3.271.735	-	333.840.000	29.12.2022	3.271.735	-	114.715.000	27.12.2021
Land in Orhanlı and								
Kocataş								
Land Cost	82.088.000	-	1.440.980.000	05.01.2023	82.088.000	-	685.173.000	17.01.2022
Total	85.359.735	-	1.774.820.000		85.359.735	-	799.888.000	

Land in Büyükçekmece: There are 3 parcels of land with a total area of 622.651 m². According to the appraisal report dated 27 December 2021 and 29 December 2022, equal comparison and income reduction methods have been used and equal comparison has been taken into consideration.

Lands in Orhanlı and Kocataş: There is a land of 103.820,54 m² located in Orhanlı Village of Tuzla District in Istanbul, and a land of 369.411 m² located in Kocataş Village of Maden District in Sarıyer. In accordance with the appraisal report dated 5 January 2023, equal comparison method is used in the determination of appraiser value.

As of 31 December 2022 and 2021 the real estates in the inventories have been valued by TSKB Gayrimenkul Değerleme A.Ş..

11. PREPAID EXPENSES

Short-term prepaid expenses consist of the following (TL):

	31 December 2022	31 December 2021
Advances given	156.549.088	80.789.107
Advances given to sub-contractors	175.491.227	76.130.268
Prepaid expenses	43.208.550	18.829.266
Total	375.248.865	175.748.641

Long-term prepaid expenses consist of the following (TL):

	31 December 2022	31 December 2021
Advances given	6.518.410	721.254
Prepaid expenses	14.397.151	4.552.086
Total	20.915.561	5.273.340

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12. ASSETS AND LIABILITIES ARISING FROM CUSTOMER CONTRACTS

Costs and estimated earnings related to on-going constructions and commitments are as follows (TL) :

	31 December 2022	31 December 2021
Costs related to on-going constructions	11.033.879.509	4.644.397.435
Estimated earnings	692.178.322	319.540.554
Less: Total invoiced progress payment for the end of period	(12.187.908.268)	(5.447.712.019)
Total	(461.850.437)	(483.774.030)

Net balance reclassified enclosed in the accompanying consolidated statements of financial position is as follows (TL):

	31 December 2022	31 December 2021
Receivables from on-going constructions	14.810.904	4.845.530
Progress payments from on-going constructions contracts	(476.661.341)	(488.619.560)
Total	(461.850.437)	(483.774.030)

Total amount of short and long term advances received by the subsidiaries of the Group related to on-going constructions contracts is TL 755.237.857 as of 31 December 2022 (31 December 2021 - TL 517.198.005) and aforementioned amounts is recognized under deferred income account.

Assets arising from short-term customer contracts are as follows (TL):

	31 December 2022	31 December 2021
Contractual assets arising from ongoing construction and contracting works	14.810.904	4.845.530
Total	14.810.904	4.845.530

Liabilities arising from short-term customer contracts are as follows (TL):

	31 December 2022	31 December 2021
Progress payments for ongoing construction contracts	476.661.341	488.619.560
Payables arising from ongoing construction and contracting works	321.126.457	338.123.902
Contract liabilities arising from sales of goods and services	6.426.538	6.346.075
Total	804.214.336	833.089.537

Liabilities arising from long-term customer contracts are as follows (TL):

	31 December 2022	31 December 2021
Payables arising from ongoing construction and contracting works	101.408.355	-
Contract liabilities arising from sales of goods and services	33.607	4.644.946
Total	101.441.962	4.644.946

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13. DERIVATIVE INSTRUMENTS

The details of short-term derivative instruments as of 31 December 2022 and 2021 are as follows;

				31 December 2022	31 December 2021
	Contract amount	Currency type	Maturity date	Asset/(liability) amount at fair value (TL)	Asset/(liability) amount at fair value (TL)
Forward transactions	5.793.125	Euro	13.10.2022	-	(27.802.804)
Forward transactions	18.830.000	TL	27.06.2022	-	2.443.399
Forward transactions	17.248.125	TL	31.03.2022	-	2.772.747
Forward transactions	119.310.000	TL	31.05.2023	6.380.266	-
Total				6.380.266	(22.586.658)

14. DEFERRED INCOME (EXCLUDING LIABILITIES FROM CUSTOMER CONTRACTS)

Short-term deferred income consist of the following (TL):

	31 December 2022	31 December 2021
Advances received from commitment works	615.659.826	494.341.180
Advances received	86.257.163	23.915.939
Deferred income related to following months	2.629.988	66.851
Total	704.546.977	518.323.970

Long-term deferred income consist of the following (TL):

	31 December 2022	31 December 2021
Advances received from commitment works	139.578.031	22.856.825
Total	139.578.031	22.856.825

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

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15. INVESTMENTS ACCOUNTED BY USING EQUITY METHOD

Investments accounted by equity method assets consist of the following (TL):

	31 December 2022		31 December 2021	
	Partnership rate%	Partnership amount	Partnership rate%	Partnership amount
Alarko Carrier Sanayi ve Ticaret A.Ş.	43,12	422.344.344	43,19	192.278.448
Bakad International B.V. (*)	33,27	1.076.740.319	33,27	464.293.373
Obrascon Huarte Lain SA - Alsim Alarko San.Tes.ve Ticaret A.Ş. (Spain)	44,96	44.543.050	44,96	93.262.838
Doğuş-Alarko-YDA İnş. Adi Ortaklığı	-	-	37,47	96.388
Alcen Enerji Dağıtım ve Perakende Satış Hiz.A.Ş. (**)	49,96	10.195.839.102	49,96	1.720.794.632
Al-Riva Arazi Değ. Konut İnş. Turistik Tes. Golf İşl. ve Tic. A.Ş. (***)	2,28	462.796	2,28	614.498
Total		11.739.929.611		2.471.340.177

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15. INVESTMENTS ACCOUNTED BY USING EQUITY METHOD (CONTINUED)

Investments accounted by equity method liabilities consist of the following (TL):

	31 December 2022		31 December 2021	
	Partnership rate%	Partnership amount	Partnership rate%	Partnership amount
Obrascon Huarte Lain SA - Alsim Alarko San. Tes. ve Ticaret A.Ş. (Turkey)	45,00	25.395.931	45,00	25.395.434
Alarko - Makyol Adi Ortaklığı	49,95	1.123.928	49,95	883.068
Al-Riva Arazi Ar. Değ. Konut İnş. ve Tic. A.Ş. (***)	2,63	2.702.093	2,63	2.068.738
Al-Riva Projesi Ar. Değ. Konut İnş. ve Tic. A.Ş. (***)	12,13	14.641.687	12,13	10.230.975
Total		43.863.639		38.578.215
Net		11.696.065.972		2.432.761.962

(*) Since Bakad International B.V. owns the %100 shares of Bakad Investment & Operation LLP these entities are included in the carried investment amount in consolidated financial statements.

(**) Since Alcen Enerji Dağıtım ve Perakende Satış Hiz. A.Ş., owns the 100% shares of Meram Elektrik Dağıtım A.Ş., Cenal Elektrik Üretim A.Ş., Algiz Enerji A.Ş., Panel Enerji A.Ş., and 99,99% shares of Meram Elektrik Perakende Satış A.Ş., and 99,60% of Meram Elektrik Enerjisi Tопtan Satış A.Ş., these entities are included in the carried investment amount in consolidated financial statements.

(***) The shareholding and controlling rate of the Parent Company in these affiliates is 40%.

Changes in investments accounted by using the equity method are as follows (TL) :

	31 December 2022	31 December 2021
Opening balance	2.432.761.962	1.151.599.762
Net profit/(loss) for the period	9.804.904.827	952.439.924
Dividends received	(970.817.144)	(10.486.439)
Other comprehensive income	91.801.520	219.674.406
Capital increase	337.892.162	119.374.004
Effects of rate changes	(372.035)	160.305
Investment valued according to the equity method exiting the consolidation (*)	(105.320)	-
Closing Balance	11.696.065.972	2.432.761.962

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15. INVESTMENTS ACCOUNTED BY USING EQUITY METHOD (CONTINUED)

Shares of profit/loss of investments accounted by using equity method are as follows (TL) :

	31 December 2022 before elimination	Elimination	31 December 2022	31 December 2021 before elimination	Elimination	31 December 2021
Alarko Carrier Sanayi ve Ticaret A.Ş.	249.763.330	30.490	249.793.820	31.077.945	707.138	31.785.083
Obrascon Huarte Lain SA- Alsim Alarko San.Tes.ve Ticaret A.Ş. (Spain)	(602)	-	(602)	(423)	-	(423)
Obrascon Huarte Lain SA- Alsim Alarko San.Tes.ve Ticaret A.Ş. (Turkey)	(497)	-	(497)	7.999	-	7.999
Bakad International B.V. (*)	95.038.158	-	95.038.158	56.022.452	-	56.022.452
Alarko - Makyol Adi Ortaklığı	(114.892)	-	(114.892)	(258.598)	-	(258.598)
Doğuş-Alarko-YDA İnş. Adi Ortaklığı	8.932	-	8.932	17.767	-	17.767
Alcen Enerji Dağıtım ve Perakende Satış Hiz. A.Ş. (**)	9.465.405.645	(186.464.420)	9.278.941.225	868.622.770	(31.239.933)	837.382.837
Al-Riva Projesi Ar. Değ Konut İnş. ve Tic. A.Ş. (***)	(4.410.192)	4.147.172	(263.020)	(2.568.181)	2.421.668	(146.513)
Al-Riva Arazi Değ. Konut İnş.Turistik Tes.Golf İşl. ve Tic. A.Ş. (***)	(151.701)	146.552	(5.149)	(96.957)	87.705	(9.252)
Al-Riva Arazi Ar. Değ. Konut İnş. ve Tic. A.Ş. (***)	(633.354)	627.598	(5.756)	(384.850)	377.261	(7.589)
Total	9.804.904.827	(181.512.608)	9.623.392.219	952.439.924	(27.646.161)	924.793.763

(*) Since Bakad International B.V. owns the %100 shares of Bakad Investment & Operation LLP these entities are included in the carried investment amount in consolidated financial statements.

(**) Since Alcen Enerji Dağıtım ve Perakende Satış Hiz. A.Ş., owns the 100% shares of Meram Elektrik Dağıtım A.Ş., Cenal Elektrik Üretim A.Ş., Algiz Enerji A.Ş., Panel Enerji A.Ş., and 99,99% shares of Meram Elektrik Perakende Satış A.Ş. and 99,60% shares of Meram Elektrik Enerjisi Toptan Satış A.Ş., these entities are included in the carried investment amount in consolidated financial statements.

(***) The shareholding and controlling rate of the Parent Company in these affiliates is 40%.

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in Turkish Lira (TL) unless otherwise stated)

15. INVESTMENTS ACCOUNTED BY USING EQUITY METHOD (CONTINUED)

Investments accounted by using equity method financial statement summary consist of the following (TL) :

	31 December 2022			
	Cash and cash equivalents	Other current assets	Other non-current assets	Total assets
Alarko Carrier Sanayi ve Ticaret A.Ş.	553.069.975	1.486.884.474	174.793.103	2.214.747.552
Obrascon Huarte Lain SA - Alsim Alarko San. Tes. ve Ticaret A.Ş. (Spain)	483.349	907.037.950	-	907.521.299
Alarko - Makyol Adi Ortaklığı	7.012	-	493.932	500.944
Doğuş-Alarko-YDA İnş. Adi Ortaklığı	-	-	-	-
Alcen Enerji Dağıtım ve Perakende Satış Hiz. A.Ş. (*)	4.203.115.776	13.242.743.667	16.631.101.343	34.076.960.786
Al-Riva Projesi Ar. Değ. Konut İnş. ve Tic. A.Ş. (**)	-	7.568.244	41.869.681	49.437.925
Al-Riva Arazi Değ. Konut İnş. Turistik Tes. Golf İşl. ve Tic. A.Ş. (**)	-	278.838	71.225.606	71.504.444
Al-Riva Arazi Ar. Değ. Konut İnş. ve Tic. A.Ş. (**)	-	1.132.936	22.328.104	23.461.040
Obrascon Huarte Lain SA - Alsim Alarko San. Tes. ve Ticaret A.Ş. (Turkey)	22.379	-	-	22.379
Bakad International B.V. (***)	531.415.278	27.948.966	12.692.319.261	13.251.683.505

	31 December 2021			
	Cash and cash equivalents	Other current assets	Other non-current assets	Total assets
Alarko Carrier Sanayi ve Ticaret A.Ş.	208.157.156	883.052.258	87.312.099	1.178.521.513
Obrascon Huarte Lain SA - Alsim Alarko San. Tes. ve Ticaret A.Ş. (Spain)	366.961	686.444.850	-	686.811.811
Alarko - Makyol Adi Ortaklığı	3.648	1.180	567.640	572.468
Doğuş-Alarko-YDA İnş. Adi Ortaklığı	388.154	20.364	-	408.518
Alcen Enerji Dağıtım ve Perakende Satış Hiz. A.Ş. (*)	377.346.747	4.774.611.009	9.677.950.832	14.829.908.588
Al-Riva Projesi Ar. Değ. Konut İnş. ve Tic. A.Ş. (**)	-	5.674.255	41.900.509	47.574.764
Al-Riva Arazi Değ. Konut İnş. Turistik Tes. Golf İşl. ve Tic. A.Ş. (**)	-	209.623	71.225.606	71.435.229
Al-Riva Arazi Ar. Değ. Konut İnş. ve Tic. A.Ş. (**)	-	847.976	22.328.104	23.176.080
Obrascon Huarte Lain SA - Alsim Alarko San. Tes. ve Ticaret A.Ş. (Turkey)	6.529	4.683	-	11.212
Bakad International B.V. (***)	259.542.648	3.068.762	5.406.279.588	5.668.890.998

(*) Since Alcen Enerji Dağıtım ve Perakende Satış Hiz. A.Ş., owns the 100% shares of Meram Elektrik Dağıtım A.Ş., Cenal Elektrik Üretim A.Ş., Algiz Enerji A.Ş., Panel Enerji A.Ş., 99,99% shares of Meram Elektrik Perakende Satış A.Ş. and 99,60% shares of Meram Elektrik Enerjisi Tiptan Satış A.Ş., these entities are included in the carried investment amount in consolidated financial statements.

(**) The shareholding and controlling rate of the Parent Company in these affiliates is 40%.

(***) Since Bakad International B.V. owns the %100 shares of Bakad Investment & Operation LLP these entities are included in the carried investment amount in consolidated financial statements.

31 December 2022				
Short-term financial liabilities	Other short-term liabilities	Long-term financial liabilities	Other long-term liabilities	Total liabilities
483.878.141	552.965.601	40.087.300	105.590.371	1.182.521.413
-	322.455.373	-	-	322.455.373
-	2.596.637	-	54	2.596.691
-	-	-	-	-
2.599.562.346	5.382.276.130	4.331.169.236	1.352.693.362	13.665.701.074
-	55.793.499	-	65.132	55.858.631
-	2.100.412	-	-	2.100.412
-	8.947.083	-	-	8.947.083
-	56.457.782	-	-	56.457.782
113.190.601	635.638.820	9.088.938.997	177.515.840	10.015.284.258
31 December 2021				
Short-term financial liabilities	Other short-term liabilities	Long-term financial liabilities	Other long-term liabilities	Total liabilities
289.704.100	312.321.913	38.033.254	40.715.626	680.774.893
-	244.034.203	-	-	244.034.203
-	2.186.009	-	54	2.186.063
-	52	-	-	52
2.859.207.000	2.563.539.864	4.703.976.602	1.254.746.197	11.381.469.663
-	42.755.784	-	209.925	42.965.709
-	1.651.943	-	-	1.651.943
-	7.078.737	-	-	7.078.737
-	56.445.509	-	-	56.445.509
41.929.969	132.249.154	4.029.587.060	69.573.470	4.273.339.653

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(Amounts expressed in Turkish Lira (TL) unless otherwise stated)

15. INVESTMENTS ACCOUNTED BY USING EQUITY METHOD (CONTINUED)

Investments accounted by using equity method financial statement summary consist of the following (TL) :

	1 January 2022- 31 December 2022		1 January 2021- 31 December 2021	
	Revenue	Net profit/loss	Revenue	Net profit/loss
Alarko Carrier Sanayi ve Ticaret A.Ş.	2.158.486.347	579.275.520	1.264.868.843	71.950.613
Obrascon Huarte Lain SA - Alsim Alarko San. Tes. ve Ticaret A.Ş. (Spain)	-	(1.338)	-	(942)
Obrascon Huarte Lain SA - Alsim Alarko San. Tes. ve Ticaret A.Ş. (Turkey)	-	(1.105)	-	17.775
Alarko - Makyol Adi Ortaklığı	-	(229.993)	64.093	(517.669)
Doğuş-Alarko-YDA İnş. Adi Ortaklığı	-	23.840	-	47.423
Alcen Enerji Dağıtım ve Perakende Satış Hiz. A.Ş.	54.934.106.490	18.944.436.129	15.256.822.187	1.738.503.521
Al-Riva Projesi Ar. Değ. Konut İnş. ve Tic. A.Ş.	150	(11.025.480)	668	(6.420.451)
Al-Riva Arazi Değ. Konut İnş. Turistik Tes. Golf İşl. ve Tic. A.Ş.	-	(379.254)	-	(242.393)
Al-Riva Arazi Ar. Değ. Konut İnş. ve Tic. A.Ş.	-	(1.583.386)	-	(962.124)
Bakad International B.V.	4.905.412.502	285.659.800	2.597.712.834	168.389.670
	1 January 2022- 31 December 2022		1 January 2021- 31 December 2021	
	Other comprehensive income	Deferred tax expense/income	Other comprehensive income	Deferred tax expense/income
Alarko Carrier Sanayi ve Ticaret A.Ş.	(55.995.001)	11.199.000	(3.429.705)	685.941
Obrascon Huarte Lain SA - Alsim Alarko San. Tes. ve Ticaret A.Ş. (Spain)	(108.365.632)	-	136.791.529	-
Obrascon Huarte Lain SA - Alsim Alarko San. Tes. ve Ticaret A.Ş. (Turkey)	-	-	-	-
Alarko - Makyol Adi Ortaklığı	-	-	634.112	(139.505)
Doğuş-Alarko-YDA İnş. Adi Ortaklığı	-	-	(2.133)	-
Alcen Enerji Dağıtım ve Perakende Satış Hiz. A.Ş.	(49.229.375)	9.845.875	(4.866.836)	973.367
Al-Riva Projesi Ar. Değ. Konut İnş. ve Tic. A.Ş.	(5.350)	1.070	(10.092)	2.018
Al-Riva Arazi Değ. Konut İnş. Turistik Tes. Golf İşl. ve Tic. A.Ş.	-	-	-	-
Al-Riva Arazi Ar. Değ. Konut İnş. ve Tic. A.Ş.	-	-	-	-
Bakad International B.V.	539.572.806	-	484.105.691	-

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in Turkish Lira (TL) unless otherwise stated)

16. INVESTMENT PROPERTIES

As of 31 December 2022 and 2021, investment properties are as follows (TL):

Fair value	Investment properties
As of 1 January 2021	472.101.448
Increase arising from change in fair value (Note 31)	162.397.737
Foreign currency translation difference	92.413.466
Transfers	72.020
As of 31 December 2021	726.984.671
Increase arising from change in fair value (Note 31)	757.073.096
Foreign currency translation difference	105.230.504
Sale of investment property (*)	(19.075.000)
Disposals	(24.319)
As of 31 December 2022	1.570.188.952

(*) At the Board of Directors meeting of Alarko Gayrimenkul Yatırım Ortaklığı A.Ş. one of the subsidiaries, on September 27, 2022; The independent sections no: 1-2-3-4 of the Alarko-DİM Business Center located in İstanbul Province, Beyoğlu District, Evliyaçelebi Neighbourhood, Şimal Kuytu St, 299. Block, 29. Lot. It was unanimously decided to sell to Sürgü Gayrimenkul Yatırım A.Ş. for 39.640.000 TL+VAT and to collect the sales price in cash during the title deed transfer. The title deed transfer transactions regarding the said sale were completed on 30 September 2022, and the entire sale price of 39.640.000 TL+VAT was collected. The sales profit of TL 20.565.000 resulting from the sale is shown in the income from investing activities in the consolidated statement of profit or loss and other comprehensive income.

As of 31 December 2022 and 2021, fair values of investment properties are as follows:

Name of Property	31 December 2022		31 December 2021	
	Expertise report date	Fair Value (TL)	Expertise report date	Fair Value (TL)
Maslak Land	29.12.2022	274.950.000	27.12.2021	127.995.000
Eyüp Topçular - Factory	29.12.2022	205.315.000	27.12.2021	109.145.000
Ankara Çankaya Business Center	29.12.2022	21.815.000	27.12.2021	9.815.000
İstanbul Karaköy Business Center	29.12.2022	49.840.000	27.12.2021	19.775.000
Büyüçekmece Alkent 2000-Stores	29.12.2022	32.705.000	27.12.2021	19.605.000
Antalya Land	05.01.2023	117.738.372	17.01.2022	30.600.000
İstanbul Sarıyer Land	05.01.2023	289.250.000	31.01.2022	103.305.000
Etiler Alkent Site Stores	29.12.2022	167.475.000	27.12.2021	53.560.000
İstanbul Büyüçekmece Land	05.01.2023	3.135.000	17.01.2022	1.045.000
Sanayi Mah. Store	05.01.2023	9.060.000	17.01.2022	5.470.000
Adana Office Building	05.01.2023	3.890.000	17.01.2022	1.460.000
Mosalarko Office Building	27.12.2022	366.535.580	06.12.2021	212.474.671
Tuzla Land	05.01.2023	28.480.000	17.01.2022	13.660.000
Total		1.570.188.952		726.984.671

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in Turkish Lira (TL) unless otherwise stated)

16. INVESTMENT PROPERTIES (CONTINUED)

As of 31 December 2022, the methods of the fair value of the investment properties calculation as follows:

Name of Property	Valuation Methods Applied	Basis of Valuation Method
Maslak Land	Equal Comparison	Equal Comparison
Eyüp Topçular - Factory	Income Reduction, Cost Analysis	Cost Approach
Ankara Çankaya Business Center	Equal Comparison, Income Reduction	Equal Comparison
İstanbul Karaköy Business Center	Equal Comparison, Income Reduction	Income Reduction
İstanbul Şişhane Business Center	Equal Comparison, Income Reduction	Equal Comparison
Büyüçekmece Alkent 2000-Stores	Equal Comparison, Income Reduction	Income Reduction
Antalya Land	Equal Comparison	Equal Comparison
İstanbul Sarıyer Land	Equal Comparison	Equal Comparison
Etiler Alkent Site Stores	Equal Comparison, Income Reduction	Income Reduction
İstanbul Büyüçekmece Land	Equal Comparison	Equal Comparison
Sanayi Mah Store	Equal Comparison, Income Reduction	Equal Comparison
Adana Office Building	Equal Comparison, Income Reduction	Equal Comparison
Mosalarko Office Building	Equal Comparison, Income Reduction	Average
Tuzla Land	Equal Comparison	Equal Comparison

As of 31 December 2021, the methods of the fair value of the investment properties calculation as follows:

Name of Property	Valuation Methods Applied	Basis of Valuation Method
Maslak Land	Equal Comparison	Equal Comparison
Eyüp Topçular - Factory	Equal Comparison, Cost Analysis	Cost Approach
Ankara Çankaya Business Center	Equal Comparison, Income Reduction	Equal Comparison
İstanbul Karaköy Business Center	Equal Comparison, Income Reduction	Income Reduction
İstanbul Şişhane Business Center	Equal Comparison, Income Reduction	Equal Comparison
Büyüçekmece Alkent 2000-Stores	Equal Comparison, Income Reduction	Income Reduction
Antalya Land	Equal Comparison	Equal Comparison
İstanbul Sarıyer Land	Equal Comparison	Equal Comparison
Etiler Alkent Site Stores	Equal Comparison, Income Reduction	Income Reduction
İstanbul Büyüçekmece Land	Equal Comparison	Equal Comparison
Sanayi Mah Store	Equal Comparison, Income Reduction	Equal Comparison
Adana Office Building	Equal Comparison, Income Reduction	Equal Comparison
Mosalarko Office Building	Equal Comparison, Income Reduction	Average
Tuzla Land	Equal Comparison	Equal Comparison

In years 2022 and 2021 Mosalarko Office Building that is an investment property has been valued by Nexia Pacioli Consulting LLC. In years 2022 and 2021 other investment properties have been valued by TSKB Gayrimenkul Değerleme A.Ş..

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in Turkish Lira (TL) unless otherwise stated)

16. INVESTMENT PROPERTIES (CONTINUED)

As of 31 December 2022, the Group's investment properties and fair value hierarchy of the related assets are as follows (TL):

Name of Property	Fair Value	Level 1	Level 2	Level 3
Maslak Land	274.950.000	-	274.950.000	-
Eyüp Topçular - Factory	205.315.000	-	205.315.000	-
Ankara Çankaya Business Center	21.815.000	-	21.815.000	-
İstanbul Karaköy Business Center	49.840.000	-	-	49.840.000
Büyükkçekmece Alkent 2000-Stores	32.705.000	-	-	32.705.000
Antalya Land	117.738.372	-	117.738.372	-
İstanbul Sarıyer Land	289.250.000	-	289.250.000	-
Etiler Alkent Site Stores	167.475.000	-	-	167.475.000
İstanbul Büyükkçekmece Land	3.135.000	-	3.135.000	-
Sanayi Mah. Store	9.060.000	-	9.060.000	-
Adana Office Building	3.890.000	-	3.890.000	-
Mosalarko Office Building	366.535.580	-	-	366.535.580
Tuzla Land	28.480.000	-	28.480.000	-
Total	1.570.188.952	-	953.633.372	616.555.580

As of 31 December 2021, the Group's investment properties and fair value hierarchy of the related assets are as follows (TL):

Name of Property	Fair Value	Level 1	Level 2	Level 3
Maslak Land	127.995.000	-	127.995.000	-
Eyüp Topçular - Factory	109.145.000	-	109.145.000	-
Ankara Çankaya Business Center	9.815.000	-	9.815.000	-
İstanbul Karaköy Business Center	19.775.000	-	-	19.775.000
İstanbul Şişhane Business Center	19.075.000	-	19.075.000	-
Büyükkçekmece Alkent 2000-Stores	19.605.000	-	-	19.605.000
Antalya Land	30.600.000	-	30.600.000	-
İstanbul Sarıyer Land	103.305.000	-	103.305.000	-
Etiler Alkent Site Stores	53.560.000	-	-	53.560.000
İstanbul Büyükkçekmece Land	1.045.000	-	1.045.000	-
Sanayi Mah. Store	5.470.000	-	5.470.000	-
Adana Office Building	1.460.000	-	1.460.000	-
Mosalarko Office Building	212.474.671	-	-	212.474.671
Tuzla Land	13.660.000	-	13.660.000	-
Total	726.984.671	-	421.570.000	305.414.671

17. NON-CURRENT ASSETS HELD FOR SALE

Non-current assets held for sale are as follows (TL) :

	31 December 2022	31 December 2021
Property, plant and equipment	23.048.557	16.743.478
Total	23.048.557	16.743.478

Property, plant and equipment with net carrying value of TL 23.048.557 is classified as non-current assets held for sale as of 31 December 2022 (31 December 2021- TL 16.743.478).

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in Turkish Lira (TL) unless otherwise stated)

18. PROPERTY, PLANT AND EQUIPMENT

Movements of cost and accumulated depreciation of property, plant and equipment for the years ended 31 December 2022 and 2021 are as follows (TL):

As of 31 December 2022;

Cost	Opening 1 January 2022	Additions	Currency translation difference	Disposals and transfers	Reversal of impairment	Total 31 December 2022
Land	5.110.056	19.872.655	1.443.613	-	-	26.426.324
Land improvements	5.830.669	-	-	-	-	5.830.669
Buildings	574.839.602	1.790.533	11.593.945	(1.864.608)	-	586.359.472
Plant, machinery and equipment	518.849.559	12.520.322	37.018.262	(40.129.072)	-	528.259.071
Motor vehicles	11.362.273	220.027	3.324.026	(3.196.288)	-	11.710.038
Furniture and fixtures	81.374.026	30.831.423	3.622.128	(8.034.657)	-	107.792.920
Leasehold improvements	35.194.781	6.533.829	-	(2.742.652)	-	38.985.958
Other tangible assets	6.119.986	187	-	-	-	6.120.173
Construction in progress	46.132.040	70.901.587	-	(1.021.044)	-	116.012.583
Total	1.284.812.992	142.670.563	57.001.974	(56.988.321)	-	1.427.497.208
Accumulated Depreciation	Opening 1 January 2022	Depreciation expense for the period	Currency translation difference	Depreciation of sales and transfers	Reversal of impairment	Total 31 December 2022
Land improvements	4.460.740	678.060	-	-	-	5.138.800
Buildings	58.758.233	16.386.008	3.061.811	(330.757)	-	77.875.295
Plant, machinery, and equipment	250.926.079	33.454.933	26.302.612	(12.875.392)	-	297.808.232
Motor vehicles	8.861.352	516.055	1.704.176	-	-	11.081.583
Furniture and fixtures	54.300.421	9.916.581	2.669.217	(2.033.667)	-	64.852.552
Leasehold improvements	12.831.247	1.593.820	-	(2.692.623)	-	11.732.444
Other tangible assets	2.757.113	463.198	-	-	-	3.220.311
Total accumulated depreciation (Note 29)	392.895.185	63.008.655	33.737.816	(17.932.439)	-	471.709.217
Property, plant, and equipment, (net)	891.917.807					955.787.991

As of 31 December 2022, there is no capitalized borrowing costs.

As of 31 December 2022, total insurance amount of asset values is TL 8.567.750.409.

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in Turkish Lira (TL) unless otherwise stated)

18. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

As of 31 December 2021;

Cost	Opening 1 January 2021	Additions	Currency translation difference	Disposals and transfers	Reversal of Impairment (*)	Total 31 December 2021
Land	3.225.738	-	1.956.338	(72.020)	-	5.110.056
Land improvements	5.830.669	-	-	-	-	5.830.669
Buildings	101.260.183	465.804.985	8.579.352	(804.918)	-	574.839.602
Plant, machinery and equipment	419.995.022	39.022.765	36.202.880	10.357.810	13.271.082	518.849.559
Motor vehicles	6.704.336	2.381.791	3.586.966	(1.310.820)	-	11.362.273
Furniture and fixtures	78.185.773	14.742.380	3.904.872	(15.458.999)	-	81.374.026
Leasehold improvements	32.673.612	270.836	-	2.250.333	-	35.194.781
Other tangible assets	5.372.586	747.400	-	-	-	6.119.986
Construction in progress	31.415.616	31.486.311	-	(16.769.887)	-	46.132.040
Total	684.663.535	554.456.468	54.230.408	(21.808.501)	13.271.082	1.284.812.992
Accumulated Depreciation	Opening 1 January 2021	Depreciation expense for the period	Currency translation difference	Depreciation of sales and transfers	Reversal of Impairment (*)	Total 31 December 2021
Land improvements	3.782.680	678.060	-	-	-	4.460.740
Buildings	48.846.026	7.246.767	3.247.148	(581.708)	-	58.758.233
Plant, machinery, and equipment	189.635.834	22.769.374	30.727.133	(865.650)	8.659.388	250.926.079
Motor vehicles	6.422.104	328.986	3.217.637	(1.107.375)	-	8.861.352
Furniture and fixtures	57.001.332	8.045.275	2.516.484	(13.262.670)	-	54.300.421
Leasehold improvements	11.660.618	1.172.460	-	(1.831)	-	12.831.247
Other tangible assets	2.337.512	419.601	-	-	-	2.757.113
Total accumulated depreciation (Note 29)	319.686.106	40.660.523	39.708.402	(15.819.234)	8.659.388	392.895.185
Property, plant, and equipment, (net)	364.977.429					891.917.807

(*) As of December 2021, the impairment loss of TL 4.611.694 reserved for tangible fixed assets of Kırklareli natural gas combined cycle power plant has been canceled (Note 31)

As of 31 December 2021, there is no capitalized borrowing costs.

As of 31 December 2021, total insurance amount of asset values is TL 2.256.645.632.

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in Turkish Lira (TL) unless otherwise stated)

19. INTANGIBLE ASSETS

Movements of the cost and accumulated amortization of Group's intangible assets for the year ended 31 December 2022 (TL):

Cost	Rights	Other intangible assets	Total
As of 1 January 2022	97.386.990	258.003	97.644.993
Additions	15.328.455	-	15.328.455
Disposals	(3.474.131)	-	(3.474.131)
Transfers	-	-	-
Currency translation difference	7.325.741	-	7.325.741
As of 31 December 2022	116.567.055	258.003	116.825.058
Accumulated amortization	Rights	Other intangible assets	Total
As of 1 January 2022	15.074.876	157.787	15.232.663
Charge for the current period (Note 29)	3.218.113	21.865	3.239.978
Disposals	(126.412)	-	(126.412)
Currency translation difference	529.927	-	529.927
As of 31 December 2022	18.696.504	179.652	18.876.156
Intangible assets (net)			97.948.902

Movements of the cost and accumulated amortization of Group's intangible assets for the year ended 31 December 2021 (TL):

Cost	Rights	Other intangible assets	Total
As of 1 January 2021	90.825.736	148.676	90.974.412
Additions	3.978.812	109.327	4.088.139
Disposals	(51.080)	-	(51.080)
Transfers	180.000	-	180.000
Currency translation difference	2.453.522	-	2.453.522
As of 31 December 2021	97.386.990	258.003	97.644.993
Accumulated amortization	Rights	Other intangible assets	Total
As of 1 January 2021	11.613.053	148.676	11.761.729
Charge for the current period (Note 29)	2.777.322	9.111	2.786.433
Disposals	(51.080)	-	(51.080)
Currency translation difference	735.581	-	735.581
As of 31 December 2021	15.074.876	157.787	15.232.663
Intangible assets (net)			82.412.330

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in Turkish Lira (TL) unless otherwise stated)

20. RIGHT OF USE ASSETS

As of 31 December 2022 and 2021, Right of use assets are as follows (TL) :

	1 January 2022			Currency translation	31 December 2022
Cost value	Opening balance	Additions	Disposals	difference	Closing balance
Right of use assets	95.855.695	41.667.901	(11.365.224)	172.960	126.331.332
Accumulated depreciation (-)	(30.671.512)	(5.688.901)	2.915.021	(139.561)	(33.584.953)
Net book value	65.184.183	35.979.000	(8.450.203)	33.399	92.746.379

	1 January 2021			Currency translation	31 December 2021
Cost value	Opening balance	Additions	Disposals	difference	Closing balance
Right of use assets	89.107.761	18.471.619	(12.365.930)	642.245	95.855.695
Accumulated depreciation (-)	(31.315.772)	(6.018.820)	7.187.188	(524.108)	(30.671.512)
Net book value	57.791.989	12.452.799	(5.178.742)	118.137	65.184.183

21. GOODWILL

As of 31 December 2022 and 2021, goodwill consists of the following (TL) :

Transaction Date	Goodwill amount, gross	
	31 December 2022	31 December 2021
31 December 2013 (*)	2.750.656	2.750.656
21 June 1994	161.302	161.302
7 October 1998	218.549	218.549
Total	3.130.507	3.130.507

(*) Goodwill formed upon acquisition of 50% of shares of Alarko Konut Projeleri Geliştirme A.Ş., having a fair net asset value of TL 84.805.345 as of 31 December 2013, with a price of TL 45.153.329 by Alsım Alarko Sanayi Tesisleri ve Ticaret A.Ş. which is a subsidiary.

22. PROVISIONS, CONDITIONAL ASSETS AND LIABILITIES

Short term debt provisions consist of the following (TL) :

	31 December 2022	31 December 2021
Provisions for litigation	39.218.946	25.681.016
Total	39.218.946	25.681.016

Changes in provisions for litigation as of 31 December 2022 and 2021 are set out below (TL) :

	31 December 2022	31 December 2021
Opening balance	25.681.016	6.410.947
Charge for the current period (Note 28)	27.870.750	20.213.939
Payments during the year	(14.268.200)	(876.870)
Provisions no longer required	(64.620)	(67.000)
Provision for litigation at the end of the period	39.218.946	25.681.016

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in Turkish Lira (TL) unless otherwise stated)

22. PROVISIONS, CONDITIONAL ASSETS AND LIABILITIES (CONTINUED)

Contingent assets and liabilities are as follows (TL) :

a) Mortgage on the assets:

As of 31 December 2022, there is a right of easement in relation to the stores in Etiler Alkent Sitesi in Beşiktaş District dated 14 October 1987 nr. 6430 to be utilized on behalf of the real estate of its subsidiary Alarko Gayrimenkul Yatırım Ortaklığı A.Ş. (Alarko Gayrimenkul) on section 1411, parcel 1 and against that on section 1408, parcel 1 for benefiting from the central heating; and there is a right of easement for a period of 49 years at a fee of 7,72 TL to construct 1,5 m wide channels in some parts of the heating installations. Furthermore, there is a personal right of easement for the owners of the property on section 1410 parcel 1 to benefit from the unused parking lot as stated in the project against the same parcel by voucher dated 26 February 1992 nr 784.

- b) As of 31 December 2022, guarantees received for short term trade receivables amount to TL 2.220 (31 December 2021 - TL 2.220). The guarantees received other than those received for short term trade receivables amount to TL 2.395.924.639 (31 December 2021 - TL 306.697.997).
- c) As of 31 December 2022, the overdue receivables and the related provisions stated in the Group's accounting records amount to TL 4.321.423 (31 December 2021 - TL 10.626.853).
- d) As of 31 December 2022, the mortgage on the group assets is TL 1.248.000.000. amount (31 December 2021 - None).

23. COMMITMENTS

As of 31 December 2022 and 2021, the Group's guarantees-sureties-mortgage ("GSM") position is as follows (TL):

	31 December 2022	31 December 2021
Guarantee letters given	4.372.654.331	3.584.665.898
Mortgages given	1.248.000.000	-
Sureties given	5.780.751.287	3.488.969.857
Pledges given	287.083.250	-
Total	11.688.488.868	7.073.635.755
Sureties received	1.872.002.320	2.320
Guarantee letters received	504.897.892	292.281.199
Mortgages received	13.150	13.150
Notes received	19.013.497	14.403.548
Total	2.395.926.859	306.700.217

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in Turkish Lira (TL) unless otherwise stated)

23. COMMITMENTS (CONTINUED)

	31 December 2022		31 December 2021	
Guarantees, sureties, mortgages given by the Company				
A. Total guarantees, sureties, mortgages given in the name of its own corporate body	Foreign Currency	TL Equivalent	Foreign Currency	TL Equivalent
	-	-	-	-
B. Total guarantees, sureties, mortgages given in the name of entities included in the consolidation by full consolidation method	Foreign Currency	TL Equivalent	Foreign Currency	TL Equivalent
TL	1.872.000.220	1.872.000.220	78.198	78.198
EURO	-	-	1.958.077	29.540.922
	1.872.000.220			29.619.120
C. Total guarantees, sureties, mortgages given as collateral for other third parties' liabilities to ensure continuity of ordinary trade operations	Foreign Currency	TL Equivalent	Foreign Currency	TL Equivalent
TL	1.599.510.396	1.599.510.396	144.040.209	144.040.209
USD	135.102.779	2.526.192.285	225.894.459	3.010.947.241
EURO	204.462.194	4.075.933.387	183.898.363	2.774.419.426
RON	403.088.358	1.614.852.580	367.663.860	1.114.609.759
	9.816.488.648			7.044.016.635
D. Total other guarantees, sureties, mortgages given	Foreign Currency	TL Equivalent	Foreign Currency	TL Equivalent
i. in the name of the Parent Company	-	-	-	-
ii. in the name of other group companies that are not included in the scope of items B and C	-	-	-	-
iii. in the name of third parties that are not included in the scope of item C	-	-	-	-
Grand Total	11.688.488.868			7.073.635.755

The rate of other guarantees, sureties and mortgages given by the Group to the equity of the Group is 0% as of 31 December 2022 (31 December 2021: 0%).

**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022**

(Amounts expressed in Turkish Lira (TL) unless otherwise stated)

24. EMPLOYEE BENEFITS

Long term debt provisions consist of the following (TL) :

	31 December 2022	31 December 2021
Provision for unused vacation	18.323.261	6.526.113
Provision for termination indemnity	60.157.040	26.714.617
Total	78.480.301	33.240.730

i) Provision for termination indemnity

Movements of provision for termination indemnity during the year are as follows (TL) :

	31 December 2022	31 December 2021
Opening balance	26.714.617	20.879.820
Interest cost	2.494.830	4.539.273
Current service cost	9.779.112	3.340.380
Payments during the year	(8.312.357)	(4.684.590)
Gain/(loss) on remeasurement of defined benefit plans	29.480.838	2.639.734
Provision for termination indemnity at the end of the period	60.157.040	26.714.617

ii) Provision for unused vacation

Movements of provision for unused vacation during the year are as follows (TL) :

	31 December 2022	31 December 2021
Unused vacation allowance at the beginning of the period	6.526.113	4.490.340
Increase/(decrease) during the period	11.797.148	2.035.773
Provision for unused vacation at the end of the period	18.323.261	6.526.113

Payables related to employee benefits are as follows (TL):

	31 December 2022	31 December 2021
Social security withholding payable	6.875.687	2.918.935
Reverse charge taxes and funds withheld	24.118.669	16.289.338
Payables related to other employee benefits	4.711.231	191.301
Total	35.705.587	19.399.574

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in Turkish Lira (TL) unless otherwise stated)

25. OTHER ASSETS AND LIABILITIES

Other current assets consist of the following (TL) :

	31 December 2022	31 December 2021
Deferred VAT	93.990.602	59.803.092
Other current assets	663.038	777.469
Total	94.653.640	60.580.561

Other non-current assets consist of the following (TL) :

	31 December 2022	31 December 2021
Prepaid taxes and funds	124.566.160	86.064.262
Total	124.566.160	86.064.262

Other short term liabilities consist of the following (TL):

	31 December 2022	31 December 2021
Provisions for other liabilities and expenses	3.068	1.854
Total	3.068	1.854

26. EQUITY

(a) Share capital :

As of 31 December 2022 and 2021, the Parent Company's shareholding structure is as follows (TL) :

Name	31 December 2022		31 December 2021	
	Shareholding	Nominal value	Shareholding	Nominal value
Alaton Family	34,36%	149.492.491	34,36%	149.492.491
Garih Family	32,92%	143.219.254	32,92%	143.219.254
Other	32,72%	142.288.255	32,72%	142.288.255
Total	100,00%	435.000.000	100,00%	435.000.000

The registered capital limit of the Parent Company is TL 500.000.000. As of 31 December 2022, the paid-in capital of the Parent Company is TL 435.000.000 (31 December 2021 - TL 435.000.000) consisting of 43.500.000.000 shares of Kr 1 nominal value each (31 December 2021 - 43.500.000.000 shares).

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in Turkish Lira (TL) unless otherwise stated)

26. EQUITY (CONTINUED)

(b) Cross shareholding adjustment (-) :

Capital adjustment made upon participation of subsidiaries having interest in the Parent Company capital is as follows (TL) :

	31 December 2022	31 December 2021
Parent Company capital	435.000.000	435.000.000
Parent Company shares acquired by the Subsidiary at nominal value (-)	(1.535.883)	(1.535.883)
Total share capital	433.464.117	433.464.117

There are Parent Company shares acquired by Alarko Gayrimenkul Yatırım Ortaklığı A.Ş. in 2003 amounting to TL 1.183.962 as of 31 December 2022 (Value adjusted to the purchasing power of the Turkish Lira at 31 December 2004 - TL 1.208.359), and Parent Company shares acquired by Alsim Alarko San. Tes. ve Tic. A.Ş. as of 31 December 2022 amounting to a total value of TL 348.778, and shares acquired by Tüm Tesisat ve İnşaat A.Ş. as of 31 December 2022 amounting to TL 3.143.

(c) Restricted reserves:

As of 31 December 2022 and 2021, restricted reserves consist of legal reserves.

Legal reserves, which are divided as First Legal Reserve and Second Legal Reserve as per the Turkish Commercial Code, are appropriated as below :

a) First Legal Reserve: Appropriated out of net profit at the rate of 5% until such reserve is equal to 20% of issued and fully paid capital.

b) Second Legal Reserve: Appropriated out of net profit at the rate of 10% of distributions after providing for First Legal Reserve and an amount equal to 5% of capital as dividends.

Legal reserves which do not exceed one half of share capital may only be used to absorb losses or for purposes of continuity of the business in times of business difficulties and to prevent unemployment or lessen its effects.

(d) Repurchased shares (-)

On March 18, 2022 by the Board of Directors of Alarko Holding A.Ş.; In order to protect the interests of all stakeholders, especially small stakeholders, and to contribute to the formation of healthy prices, taking into account the worldwide economic developments; Within the framework of the Capital Markets Board's Communiqué on Repurchased Shares numbered II-22.1 and the related announcements dated 21 July 2016 and 25 July 2016, the maximum amount of funds that can be allocated for share buybacks has been determined as 180.000.000 TL, to be met from internal resources. It has been decided that the maximum share amount that may be subject to share repurchase is 8.700.000 nominal value. It was unanimously decided that the share repurchase program and the purchases to be made within the scope of the program be submitted to the information of the shareholders at the first General Assembly Meeting. Within the scope of the said buyback program; 19.256.602 TL, which corresponds to 613.000 shares on 14 June 2022, 1.454.680 TL, which corresponds to 46.500 shares on July 5, 2022, 2.755.636 TL which corresponds to 88.747 shares on 6 July 2022, 4.897.528 TL corresponding to 132.335 shares on 26 July 2022, 14.087.908 TL corresponding to 305.782 shares on 24 August 2022, 9.813.798 TL corresponding to 213.150 shares on 26 August 2022, 9.765.906 TL corresponding to 179.600 shares on September 12, 2022, 390.025 TL corresponding to 7.000 shares on 30 September 2022, 3.636.275 TL, which corresponds to 62.000 shares, on 3 October 2022, 9.251.391 TL, which corresponds to 148.972 shares, on 20 October 2022, 4.892.625 TL corresponding to 82.500 shares on 25 October 2022, 9.890.331 TL corresponding to 159.201 shares on 26 October 2022, 9.888.650 TL corresponding to 157.500 shares on 27 October 2022, 1.955.175 TL corresponding to 27.000 shares on 17 November 2022 and 29.843.776 TL corresponding to 378.500 shares on 28 December 2022 the purchase has been made and the rate of repurchased shares in the company's capital is 0,5981%. The Company has shown TL 131.780.306 in the "Repurchased Shares (-)" account, which was paid in connection with the repurchase of shares.

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(Amounts expressed in Turkish Lira (TL) unless otherwise stated)

26. EQUITY (CONTINUED)

Board of Directors of Alarko Gayrimenkul Yatırım Ortaklığı A.Ş., one of the subsidiaries, has taken a new share purchase decision on 29 August 2022. It has been decided to determine the maximum amount of funds to be covered by internal resources as 37.000.000 TL and to determine the maximum amount of shares that may be subject to share repurchase with a nominal value of 1.000.000 TL. Within the scope of the said buyback program; On 2 September 2022, 3.363.164 TL, which corresponds to 86.450 shares, amounted to 1.731.655 TL, which corresponds to 43,750 shares, on 6 September 2022, 236.053 TL, which corresponds to 3.639 shares, on 17 November 2022, on 28 December 2022 9.964.652 TL, which corresponds to 122.500 shares purchase were made.

As of 31 December 2022, there are TL 147.313.116 repurchased shares (31 December 2021 - TL 10.118.710).

Dividends falling on repurchased shares are shown in the repurchased shares account.

The Company has reserved reserves equal to the repurchase price of the repurchased shares and classified them as restricted reserves allocated from profit under equity.

(e) Retained earnings or accumulated losses :

Distribution of retained earnings or accumulated losses is as follows (TL) :

As per the Communiqué Nr. II-14.1 "Paid-in Capital and Restricted Reserves" are recognized over the totals stated in the legal books, and the differences arising upon valuations made in accordance with TAS/TFRS are associated with the retained earnings or accumulated losses. As per the same Communiqué, Retained earnings or accumulated losses other than the net profit for the period, are stated in the "Retained Earnings or Accumulated Losses" account together with the extraordinary reserves regarded in essence as accumulated losses.

	31 December 2022	31 December 2021
Retained earnings or accumulated losses	1.147.290.088	(137.050.288)
Legal reserves	356.378.794	211.747.933
Extraordinary reserves	1.165.897.421	1.579.066.283
Total	2.669.566.303	1.653.763.928

(f) Non-controlling interest :

Non-controlling interest consists of the following (TL) :

	31 December 2022	31 December 2021
Share capital	33.259.849	32.572.233
Repurchased shares(-)	(14.805.976)	(9.645.288)
Legal reserves	33.911.769	23.657.796
Other comprehensive income	67.987.162	25.432.167
Retained earnings or (accumulated losses)	776.519.993	486.162.645
Profit/(loss) for the period	422.857.565	309.259.755
Total	1.319.730.362	867.439.308

As of 31 December 2022 a portion of TL 400.892.602 (31 December 2021 - 306.926.184 TL) of non-controlling share that is related to the profit for the period amounting to TL 422.857.565 (31 December 2021 - TL 309.259.755) represents 48,80% rate of share of Alarko Gayrimenkul Yatırım Ortaklığı A.Ş., (a subsidiary) that the Group has no control.

As of 31 December 2022, TL 1.167.781.851 (31 December 2021 - TL 824.078.407) portion of the non-controlling interests amounting to TL 1.319.730.362 (31 December 2021 - TL 867.439.308) in the consolidated statement of financial position represents 48,80% rate of share of Alarko Gayrimenkul Yatırım Ortaklığı A.Ş. (a subsidiary) that the Group has no control.

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in Turkish Lira (TL) unless otherwise stated)

26. EQUITY (CONTINUED)

(f) Non-controlling interest (continued):

The total assets, liabilities and equity of Alarko Gayrimenkul Yatırım Ortaklığı A.Ş. as of 31 December 2022 and 2021 and summary statement of profit and loss for the years ended is as follows :

	31 December 2022	31 December 2021
Current assets	468.475.851	667.136.878
Non-current assets	1.904.454.404	1.070.853.029
Total assets	2.372.930.255	1.737.989.907
Current liabilities	50.399.454	30.034.305
Non-current liabilities	118.058.519	5.117.891
Equity	2.204.472.282	1.702.837.711
Total liabilities	2.372.930.255	1.737.989.907
	31 December 2022	31 December 2021
Gross profit/(loss)	129.984.191	116.887.864
Operating income/(expenses)	691.481.019	512.029.334
Net income/(loss)	821.465.210	628.917.198

27. REVENUE AND COST OF SALES

Revenues consist of the following (TL) :

	31 December 2022	31 December 2021
Domestic sales	2.468.178.186	825.762.888
Exports sales	4.734.573.079	1.227.105.925
Other sales	15.369.139	10.096.607
Sales returns (-)	(2.143.648)	(1.562.877)
Sales discounts (-)	(92.796.963)	(44.848.648)
Total	7.123.179.793	2.016.553.895

Cost of sales consists of the following (TL) :

	31 December 2022	31 December 2021
Cost of trade goods sold	28.884.682	2.314.319
Cost of services sold	6.162.498.441	1.984.008.404
Total	6.191.383.123	1.986.322.723

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28. MARKETING EXPENSES, GENERAL ADMINISTRATION EXPENSES

Marketing expenses and general administrative expenses are as follows (TL) :

Marketing expenses consist of the following (TL) :

	31 December 2022	31 December 2021
Personnel expenses (Note 29)	8.338.233	3.945.249
Outsourced benefits and services	7.560.304	3.197.981
Exhibition, advertisement, presentation expenses	909.163	3.680.402
Transportation and travelling expenses	1.162.225	410.365
Material expenses	2.242.141	54.195
Miscellaneous expenses	10.797.944	2.510.098
Total	31.010.010	13.798.290

General administration expenses consist of the following (TL):

	31 December 2022	31 December 2021
Personnel expenses (Note 29)	172.996.914	68.397.757
Outsourced benefits and services	64.892.157	16.419.617
Depreciation and amortisation (Note 29)	8.159.231	5.237.642
Rental expenses	10.407.968	7.698.741
Provision for termination indemnity (Note 29)	8.935.359	8.498.056
Taxes, duties, and fees	12.278.911	4.936.379
Provision for litigation (Note 22)	27.870.750	20.213.939
Doubtful receivables expense (Note 8)	57.163	4.459
Communication expenses	1.991.797	375.073
Bank expenses	6.665.122	850.325
Provision for unused vacation (Note 29)	11.778.572	2.017.963
Miscellaneous expenses	53.512.136	13.625.423
Total	379.546.080	148.275.374

29. EXPENSES BY NATURE

Depreciation and amortisation expenses consist of the following (TL) :

	31 December 2022	31 December 2021
Cost expenses	63.577.322	44.045.203
General administrative expenses (Note 28)	8.159.231	5.237.642
Total	71.736.553	49.282.845
	31 December 2022	31 December 2021
Right of use assets (Note 20)	5.487.920	5.835.889
Depreciation of plant, property and equipment (Note 18)	63.008.655	40.660.523
Amortisation of intangible assets (Note 19)	3.239.978	2.786.433
Total	71.736.553	49.282.845

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in Turkish Lira (TL) unless otherwise stated)

29. EXPENSES BY NATURE (CONTINUED)

Employee benefits consist of the following (TL) :

	31 December 2022	31 December 2021
Service rendering costs	107.471.206	94.263.739
General administration expenses (Note 28)	193.710.845	78.913.776
Marketing, sales, and distribution expenses (Note 28)	8.338.233	3.945.249
Total	309.520.284	177.122.764
Wages and salaries	230.560.796	126.945.198
Social security premiums	15.015.881	16.034.177
Other personnel expenses	55.008.248	25.645.333
Provision for termination indemnity (Note 28)	8.935.359	8.498.056
Total	309.520.284	177.122.764

30. OTHER INCOME/EXPENSES FROM OPERATING ACTIVITIES

Other income from operating activities is as follows (TL):

	31 December 2022	31 December 2021
Foreign exchange income	812.555.670	625.015.007
Interest income	106.568.985	53.984.814
Rental income	8.807.766	3.599.542
Provisions for termination indemnity no longer required	6.163.056	5.702.764
Rediscounted interest income	1.406.284	1.118.716
Provisions for doubtful trade receivables no longer required (Note 8)	208	92.760
Maturity differences received	14.194.370	4.486.447
Compensation received	2.669.334	601.786
Other income and profit	214.116.143	85.535.774
Total	1.166.481.816	780.137.610

Other expense from operating activities is as follows (TL):

	31 December 2022	31 December 2021
Foreign exchange losses	362.455.691	106.903.726
Expenses before the commitment	32.609.855	23.395.612
Commercial cost	36.419.101	9.863.363
Rediscounted interest expense	2.312.334	283.515
Commitment costs for completed projects	16.408.956	40.619.539
Other expenses and losses	136.422.906	13.849.968
Interest rates given	55.517.722	67.297
Total	642.146.565	194.983.020

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31. INCOME/EXPENSE FROM INVESTING ACTIVITIES

Income from investing activities are as follows (TL) :

	31 December 2022	31 December 2021
Fair value increase (Note 16)	757.073.096	162.397.737
Investment property sales profit	20.565.000	-
Value increase in marketable securities (Note 6)	42.258.926	19.330.537
Gain on sale of marketable securities	2.366.246	6.912.831
Gain on sale of fixed assets	78.148.809	25.550.586
Financial fixed asset sales profit	5.573.112	-
Fair value change of financial investments (*)	50.057.629	-
Dividend income	-	12.130
Reversal of impairment (Note 18)	-	4.611.694
Total	956.042.818	218.815.515

(*) Relates to time deposits in financial assets at fair value through profit or loss.

Expenses from investing activities are as follows (TL) :

	31 December 2022	31 December 2021
Loss on sale of fixed assets	12.514.826	7.818.701
Total	12.514.826	7.818.701

32. FINANCIAL EXPENSES

Financial income is as follows (TL):

	31 December 2022	31 December 2021
Derivative instrument income	6.380.266	-
Total	6.380.266	-

Financial expenses consist of the following (TL) :

	31 December 2022	31 December 2021
Borrowing expenses	72.954.586	28.876.281
Interest expenses related to leases	5.457.819	5.680.757
Derivative instrument expenses	30.455.037	22.586.658
Total	108.867.442	57.143.696

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in Turkish Lira (TL) unless otherwise stated)

33. TAX ASSETS AND LIABILITIES

a) Corporation tax;

The effective tax rate in 2022 is 23% (2021: 25%).

The corporate tax rate to be accrued over the taxable corporate income is based on the remaining tax after deducting the expenses that cannot be deducted from the tax base and the tax exemptions, non-taxable income and other discounts (if any, previous year losses and investment discounts used if preferred). it is calculated.

Advance tax in Turkey is calculated as three-month period and are accrued. The advance tax rate that needs to be calculated on corporate earnings at the taxation stage of 2022 corporate earnings as of temporary tax periods is 23% (2021 - 25%). However, in accordance with the Law No. 7316 published in the Official Gazette dated April 22, 2021, the corporate tax rate has been increased to 25% for the taxation period of 2021, starting with the declarations that must be submitted as of July 1, 2021 and being valid for the taxation period starting from January 1, 2021. and this rate will be applied as 23% for the taxation period of 2022. Losses can be carried forward for a maximum of 5 years, to be deducted from the taxable profits that will arise in future years. However, the losses incurred cannot be deducted retrospectively from the profits of previous years. The Law numbered 7061 on Amendment of Certain Taxes and Laws and Other Acts was published on the Official Gazette dated 5 December 2017 and numbered 30261. Article 5 entitled "Exceptions" of the Corporate Tax Law has been amended in Article 89 of the Law. In accordance with (a) clause in the first paragraph of the Article, the exemption of 75% applied to gains from the sales of lands and buildings held by the entities for two full years has been reduced to rate of 50%. This regulation has been effective from 5 December 2017.

Furthermore, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns between 1-30 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 Withholding Tax

In addition to corporate taxes, companies should also calculate income withholding taxes on any dividends distributed, except for companies receiving dividends who are Turkish residents and Turkish branches of foreign companies. Income withholding tax applied in between 24 April 2003 - 22 July 2006 is 10% and commencing from 23 July 2006, this rate has been changed to 15% upon the Council of Minister's' Resolution No: 2006/10731. Undistributed dividends incorporated in share capital are not subject to income withholding tax.

Based on the investment incentive certificates received before April 24, 2003, 19,8% tax withholding is required over the investment allowance amount. No tax withholding is made from investment expenditures without incentive certificate made after this date.

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33. TAX ASSETS AND LIABILITIES (CONTINUED)

a) Corporation tax (continued)

Taxation of The Operations of Foreign Subsidiaries

The subsidiaries, affiliates and joint venture included in full consolidation and equity pick-up methods in the accompanying consolidated financial statements are subject to corporate tax and withholding tax effective in the relevant country. Effective tax rates in Russia, Romania, Ukraine and Spain in which the Group operates are 20%, 16%, 18% and 25% respectively, and Kazakhstan countries in tax rate 28%.

Tax liability of the profit for the period is as follows (TL):

	31 December 2022	31 December 2021
Current period corporation tax ^(*)	116.799.563	99.794.711
Prepaid taxes and funds	(49.095.975)	(30.180.522)
Total	67.703.588	69.614.189

Tax income and expenses recognized in the consolidated statement of profit or loss and other comprehensive income are summarized in the following (TL) :

	31 December 2022	31 December 2021
Current period corporation tax ^(*)	(109.699.823)	(83.216.898)
Deferred tax income/(expense) (Note 33(b))	463.333.437	134.934.411
Total tax expense	353.633.614	51.717.513

^(*) The difference between foreign subsidiaries' current tax provision and current period corporate tax is the effect of currency translation differences.

As of 31 December 2022 and 2021, the reconciliation between the tax expense calculated by applying the legal tax rate on the profit before tax and the total tax provision stated in the consolidated statement of profit or loss and other comprehensive income is as follows (TL) :

	31 December 2022	31 December 2021
Profit/(loss) before tax	11.510.008.866	1.531.958.979
Share of profits/(losses) of investments accounted by equity method	9.623.392.219	924.793.763
Profit/(loss) before tax (share of profits/(losses) of investments accounted by equity method excluded)	1.886.616.647	607.165.216
Local tax rate	%23	%25
Tax expense calculated by using the tax rate	433.921.829	151.791.304
Disallowable expenses and other additions	40.110.294	11.218.413
Tax-exempt earnings and other deductions	(787.188.758)	(261.641.788)
The effect of changes in tax rates	(40.476.979)	46.914.558
Total tax expense	(353.633.614)	(51.717.513)

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

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33. TAX ASSETS AND LIABILITIES (CONTINUED)

b) Deferred tax assets and liabilities;

The Group accounts for deferred tax assets and liabilities for temporary timing differences arising from differences between tax-based financial statements and financial statements prepared in accordance with TFRS. These differences are generally caused by the fact that some income and expense items are included in different periods in tax-based financial statements and financial statements prepared in accordance with TFRS. These differences are stated below.

The tax rate used in the calculation of deferred tax assets and liabilities is 20% over temporary timing differences that are expected to reverse.

Temporary differences creating a basis for deferred tax calculations and deferred tax assets/liabilities and deferred tax income/expenses are as follows (TL) :

Temporary income/(expense) differences

	Accumulated temporary differences		Deferred tax assets/liabilities	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Tax assets				
Tax losses of carry forward (*)	49.787.135	62.692.357	9.957.427	13.231.939
Cost of long term construction contracts	4.466.348.382	2.803.127.000	893.269.676	561.805.162
Provision for doubtful receivables	-	6.736.826	-	1.549.470
Provision for litigation expenses	39.218.946	25.681.016	7.843.789	5.906.634
Derivative instruments	-	22.586.658	-	5.194.931
Unused vacation provision	18.031.906	6.395.540	3.606.381	1.279.108
Termination indemnity	24.474.623	21.532.065	4.894.925	4.306.413
Difference between carrying value and tax bases of property, plant and equipment and intangible assets	2.412.919.930	261.466.037	482.583.986	52.293.207
Leases	33.788.743	30.260.609	6.757.749	6.243.423
Other	25.770.082	-	5.154.018	-
Total			1.414.067.951	651.810.287

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33. TAX ASSETS AND LIABILITIES (CONTINUED)

	Accumulated temporary differences		Deferred tax assets/liabilities	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Tax liabilities				
Temporary differences on inventory	(52.573.618)	(52.853.435)	(10.514.723)	(10.399.489)
Right of use assets	(35.577.099)	(23.921.550)	(7.115.420)	(4.784.310)
Derivative instruments	(6.380.266)	-	(1.276.053)	-
Contract progress income	(3.806.556.527)	(2.717.218.621)	(767.321.773)	(557.683.354)
Investment properties	(818.088.958)	(368.014.678)	(163.617.792)	(73.602.936)
Other	-	(5.416.127)	-	(1.183.342)
Total			(949.845.761)	(647.653.431)
Net deferred tax liability			464.222.190	4.156.856
Deferred tax asset on financial position			624.261.926	126.476.548
Deferred tax liability on financial position			(160.039.736)	(122.319.692)
Net effect of deferred tax			464.222.190	4.156.856

(*) As of 31 December 2022, of the prior years and current period losses subject to deferred tax calculation, TL 3.603.053 belongs to energy group companies, TL 42.287.454 belongs to contracting group companies, and TL 3.896.628 belongs to holding group companies (As of 31 December 2021, of the previous years and current period losses subject to deferred tax calculation, TL 21.905.300 belongs to energy group companies and TL 39.578.909 belongs to contracting group companies and 1.208.148 TL belongs to holding group companies.).

Deferred tax income/(expense) (TL) :

	31 December 2022	31 December 2021
Prior period deferred tax liability	4.156.856	(134.118.117)
Deferred tax (expense)/income (Note 33(a))	463.333.437	134.934.411
Foreign currency translation differences	(9.095.337)	2.821.167
Actuarial deferred tax income/(expense)	5.827.113	519.395
Effects of rate changes	121	-
Current period deferred tax liability (-)	464.222.190	4.156.856

**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS
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34. EARNINGS/(LOSS) PER SHARE

Earnings/(loss) per share is calculated as follows :

	31 December 2022	31 December 2021
Parent company profit/(loss) for the period (TL)	11.440.784.915	1.274.416.737
Weighted average number of ordinary shares at the beginning of the period *	434.168.375	435.000.000
Earnings/(loss) per share		
Earnings/(loss) per parent company share (TL)	26,351	2,930

(*) Per share of TL 1 nominal.

As of 31 December 2022, the Parent company profit for the period of Alarko Group as per the accompanying consolidated financial statements is TL 11.440.784.915 and other sources that may be subject to profit distribution amount to a total of TL 2.313.187.509 (Note 26).

As of 31 December 2022, the profit for the period is TL 134.789.163 as stated in the legal books. Total of other reserves may be subject to profit distribution is TL 96.909.271.

According to the Ordinary General Assembly of Alarko Holding A.Ş. held on April 27, 2022, the dividend paid per share from previous years' profits is 0,23 TL in gross and the total dividend payable is 100.050.000 TL in gross. According to the Ordinary General Assembly of Alarko Holding A.Ş. held on April 15, 2021, the gross amount of dividend paid per share from previous years' profits is TL 0,1380, and the total dividend paid is TL 60.030.000 gross.

35. RELATED PARTY DISCLOSURES

Trade receivables from related parties consist of the following (TL) :

	31 December 2022	31 December 2021
Meram Elektrik Perakende Satış A.Ş. ⁽¹⁾	3.171.069	102.992.935
Alarko Carrier San. ve Tic. A.Ş. ⁽¹⁾	977.714	3.784.421
Cenal Elektrik Üretim A.Ş. ⁽¹⁾	652.068	2.902.093
Meram Elektrik Enerjisi Toptan Satış A.Ş. ⁽¹⁾	569.411	2.569.018
Alarko Cengiz Metro Ortak Girişimi ⁽²⁾	6.693.091	3.032.873
Alarko-Makyol Adi Ortaklığı ⁽¹⁾	431	-
Total (Note 8)	12.063.784	115.281.340

Trade payables to related parties consist of the following (TL) :

	31 December 2022	31 December 2021
Alarko Cengiz Metro Ortak Girişimi ⁽²⁾	376.099	-
Alarko Carrier San. ve Tic. A.Ş. ⁽¹⁾	2.272.770	599.206
Meram Elektrik Dağıtım A.Ş. ⁽¹⁾	29.279	9.530
Meram Elektrik Enerjisi Toptan Satış A.Ş. ⁽¹⁾	713.797	66.340
Alarko-Makyol Adi Ortaklığı ⁽¹⁾	-	589
Cenal Elektrik Üretim A.Ş. ⁽¹⁾	-	87.325.120
Total (Note 8)	3.391.945	88.000.785

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35. RELATED PARTY DISCLOSURES (CONTINUED)

Other short-term receivables from related parties consist of the following (TL) :

	31 December 2022	31 December 2021
Alarko-Makyol Adi Ortaklığı ⁽¹⁾	924.636	783.625
Alarko Cengiz Metro Ortak Girişimi ⁽²⁾	460.961	-
Al-Riva Projesi Ar. Değ. Konut İnş. Tic. A.Ş. ⁽³⁾	4.660	-
Al-Riva Arazi Değer. Konut İnş. ve Tic. A.Ş. ⁽³⁾	2.272	-
Al-Riva Ar. Değ. Kon. İnş. Tur. Tes. Golf A.Ş. ⁽³⁾	7.033	-
Total (Note 9)	1.399.562	783.625

Non-trade long term receivables from related parties is as follows (TL):

	31 December 2022	31 December 2021
Al-Riva Projesi Ar. Değ. Konut İnş. Tic. A.Ş. ⁽³⁾	55.759.082	42.738.570
Al-Riva Arazi Değer. Konut İnş. ve Tic. A.Ş. ⁽³⁾	8.944.811	7.078.737
Al-Riva Ar. Değ. Kon. İnş. Tur. Tes. Golf A.Ş. ⁽³⁾	2.093.379	1.651.943
Total (Note 9)	66.797.272	51.469.250

Short term non-trade payables to related parties are as follows (TL):

	31 December 2022	31 December 2021
Alcen Enerji Dağ.ve Perak.Sat. Hizm.A.Ş. ⁽¹⁾	3.088.888.161	-
Total (Note 9)	3.088.888.161	-

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35. RELATED PARTY DISCLOSURES (CONTINUED)

Sales to related parties consist of the following (TL) :

As of 31 December 2022	Rent	Service	Trade good	Maturity difference	Other	Total
Al-Riva Projesi Ar. Değ. Konut İnş. Tic. A.Ş. ⁽³⁾	1.500	2.369	-	6.220.758	-	6.224.627
Al-Riva Arazi Değ. Konut İnş. ve Tic. A.Ş. ⁽³⁾	1.500	1.155	-	941.397	-	944.052
Al-Riva Ar. Değ. Kon. İnş. Tur. Tes. Golf A.Ş. ⁽³⁾	1.500	3.576	-	219.827	-	224.903
Alarko Carrier San. ve Tic. A.Ş. ⁽¹⁾	900.256	4.036.314	2.843	-	-	4.939.413
Alcen Enerji Dağıtım ve Perakende Satış Hiz. A.Ş. ⁽¹⁾	1.251	2.090	-	-	-	3.341
Meram Elektrik Enerjisi Toptan Satış A.Ş. ⁽¹⁾	1.251	2.284.689	7.146.557	-	-	9.432.497
Cenal Elektrik Üretim A.Ş. ⁽¹⁾	1.251	2.512.781	75.654	-	-	2.589.686
Meram Elektrik Perakende Satış A.Ş. ⁽¹⁾	-	12.061.007	236.168.934	6.768.233	-	254.998.174
Algiz Enerji A.Ş. ⁽¹⁾	1.251	-	-	-	-	1.251
Alhan Holding A.Ş. ⁽⁴⁾	2.500	-	-	-	-	2.500
Alarko Cengiz Metro Ortak Girişimi ⁽²⁾	2.049.363	-	15.730	-	2.081.843	4.146.936
Total	2.961.623	20.903.981	243.409.718	14.150.215	2.081.843	283.507.380
As of 31 December 2021	Rent	Service	Trade good	Maturity difference	Other	Total
Al-Riva Projesi Ar. Değ. Konut İnş. Tic.A.Ş. ⁽³⁾	900	2.520	-	3.632.502	-	3.635.922
Al-Riva Arazi Değ. Konut İnş. ve Tic. A.Ş. ⁽³⁾	900	1.214	-	565.891	-	568.005
Al-Riva Ar. Değ. Kon. İnş. Tur. Tes. Golf A.Ş. ⁽³⁾	900	3.765	-	131.557	-	136.222
Alarko Carrier San. ve Tic. A.Ş. ⁽¹⁾	1.156.935	3.487.650	4.168	-	25.216	4.673.969
Alcen Enerji Dağıtım ve Perakende Satış Hiz. A.Ş. ⁽¹⁾	751	-	-	-	-	751
Alarko Makyol Adi Ortaklığı ⁽¹⁾	-	44.099	-	-	-	44.099
Meram Elektrik Enerjisi Toptan Satış A.Ş. ⁽¹⁾	751	1.978.218	276.065	-	-	2.255.034
Doğuş-Alarko-YDA İnş. Adi Ortaklığı. ⁽¹⁾	-	45.552	-	-	-	45.552
Cenal Elektrik Üretim A.Ş. ⁽¹⁾	751	2.250.144	566.427	-	-	2.817.322
Meram Elektrik Perakende Satış A.Ş. ⁽¹⁾	-	10.614.603	163.573.776	-	-	174.188.379
Alhan Holding A.Ş. ⁽⁴⁾	1.500	-	-	-	-	1.500
Algiz Enerji A.Ş. ⁽¹⁾	751	151	-	-	-	902
Alarko Cengiz Metro Ortak Girişimi ⁽²⁾	687.796	36.489	77.606	-	2.063.043	2.864.934
Total	1.851.935	18.464.405	164.498.042	4.329.950	2.088.259	191.232.591

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35. RELATED PARTY DISCLOSURES (CONTINUED)

Purchases from related parties consist of the following (TL) :

As of 31 December 2022	Rent	Service	Trade good	Maturity difference	Other	Total
Alarko Carrier San. ve Tic. A.Ş. ⁽¹⁾	109.518	613.396	1.438.252	-	261.542	2.422.708
Meram Elektrik Dağıtım A.Ş. ⁽¹⁾	-	-	-	-	81.423	81.423
Meram Elektrik Enerjisi Tüptan Satış A.Ş. ⁽¹⁾	-	12.062.828	12.389.711	-	3.945	24.456.484
Alcen Enerji Dağıtım ve Perakende Satış Hiz. A.Ş. ⁽¹⁾	-	-	-	45.451.748	-	45.451.748
Cenal Elektrik Üretim A.Ş. ⁽¹⁾	-	-	234.487.188	6.864.238	-	241.351.426
Alarko Cengiz Metro Ortak Girişimi ⁽²⁾	-	490.798	-	-	-	490.798
Total	109.518	13.167.022	248.315.151	52.315.986	346.910	314.254.587
As of 31 December 2021	Rent	Service	Trade good	Maturity difference	Other	Total
Alarko Carrier San. ve Tic. A.Ş. ⁽¹⁾	93.023	118.305	13.814	25.196	64.562	314.900
Alarko Makyol Adi Ortaklığı ⁽¹⁾	-	-	-	-	500	500
Meram Elektrik Dağıtım A.Ş. ⁽¹⁾	-	-	-	-	21.053	21.053
Meram Elektrik Perakende Satış A.Ş. ⁽¹⁾	-	261	-	-	-	261
Meram Elektrik Enerjisi Tüptan Satış A.Ş. ⁽¹⁾	-	1.981.570	302.660	-	62.959	2.347.189
Cenal Elektrik Üretim A.Ş. ⁽¹⁾	-	-	159.061.061	-	-	159.061.061
Alarko Cengiz Metro Ortak Girişimi ⁽²⁾	-	164.237	-	-	-	164.237
Total	93.023	2.264.373	159.377.535	25.196	149.074	161.909.201

⁽¹⁾ Jointly controlled entity

⁽²⁾ Joint operation

⁽³⁾ Affiliate

⁽⁴⁾ Parent company's shareholder

As of 31 December 2022, remuneration provided to top executives such as the General Manager, Assistant General Manager and members of the Board of Directors amount to TL 114.463.325 (31 December 2021 - TL 67.004.004). The entire amount consists of short term benefits.

As of 31 December 2022, the guarantees, mortgages, and sureties received from Group companies amount to TL 1.872.002.320 (31 December 2021 - TL 2.320). As of 31 December 2022 the guarantees, mortgages, and sureties given to Group companies amount to TL 6.894.110.361 (31 December 2021 - TL 4.271.425.250)

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36. NATURE AND EXTENT OF RISK ARISING FROM FINANCIAL INSTRUMENTS

i. Credit risk

Credit risks incurred by type of financial instruments are as follows (TL) :

31 December 2022	Trade receivables		Other receivables		Banks	Other (*)
	Related party	Third party	Related party	Third party		
Maximum credit risk incurred as of the reporting date (A+B+C+D+E) (**) (Note 5, 8 and 9)	12.063.784	1.613.983.687	68.196.834	9.679.752	4.999.499.460	1.406.918.861
- Part of the maximum risk covered by collaterals	-	-	-	-	-	-
A. Net book value of financial assets that are neither overdue nor impaired (Note 5, 8 and 9)	12.063.784	1.457.855.811	1.399.562	9.679.752	4.999.499.460	1.406.918.861
B. Book value of financial assets with conditions revised which otherwise would be considered as overdue or impaired	-	-	-	-	-	-
C. Net book value of overdue assets that are not impaired (Note 8)	-	156.127.876	66.797.272	-	-	-
- Portion covered by collaterals	-	83.565	-	-	-	-
D. Net book value of impaired assets	-	-	-	-	-	-
- Overdue (gross book value)	-	4.321.423	-	-	-	-
- Impairment (-) (Note 8)	-	(4.321.423)	-	-	-	-
- Part of net value covered by collaterals	-	-	-	-	-	-
- Not overdue (gross book value)	-	-	-	-	-	-
- Impairment (-) (Note 8)	-	-	-	-	-	-
- Part of net value covered by collaterals	-	-	-	-	-	-
E. Derecognized elements involving credit risk (***)	-	-	-	-	-	-

(*) Consists of the sum of cheques received, other liquid assets, financial assets held for trading in cash and cash equivalents, short term financial assets, long-term public sector notes, promissory notes and bonds.

(**) In determining the amount of credit risk to be incurred, factors that increase credit reliability, i.e. the guarantees received, are not taken into consideration.

(***) The related amounts consist of guarantees and sureties given.

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36. NATURE AND EXTENT OF RISK ARISING FROM FINANCIAL INSTRUMENTS (CONTINUED)

i. Credit Risk (continued)

Credit risks incurred by type of financial instruments are as follows (TL) :

31 December 2021	Trade receivables		Other receivables		Banks	Other (*)
	Related party	Third party	Related party	Third party		
Maximum credit risk incurred as of the reporting date (A+B+C+D+E)**) (Note 5, 8 and 9)	115.281.340	419.663.210	52.252.875	3.607.038	834.416.047	618.152.642
- Part of the maximum risk covered by collaterals	-	16.066	-	-	-	-
A. Net book value of financial assets that are neither overdue nor impaired (Note 5, 8 and 9)	115.281.340	247.071.057	783.625	3.590.445	834.416.047	618.152.642
B. Book value of financial assets with conditions revised which otherwise would be considered as overdue or impaired	-	-	-	-	-	-
C. Net book value of overdue assets that are not impaired (Note 8)	-	172.592.153	51.469.250	16.593	-	-
- Portion covered by collaterals	-	235.616	-	-	-	-
D. Net book value of impaired assets	-	-	-	-	-	-
- Overdue (gross book value)	-	10.626.853	-	-	-	-
- Impairment (-) (Note 8)	-	(10.626.853)	-	-	-	-
- Part of net value covered by collaterals	-	-	-	-	-	-
- Not overdue (gross book value)	-	-	-	-	-	-
- Impairment (-) (Note 8)	-	-	-	-	-	-
- Part of net value covered by collaterals	-	-	-	-	-	-
E. Derecognized elements involving credit risk (***)	-	-	-	-	-	-

(*) Consists of the sum of cheques received, other liquid assets, financial assets held for trading in cash and cash equivalents, short term financial assets, long-term public sector notes, promissory notes and bonds.

(**) In determining the amount of credit risk to be incurred, factors that increase credit reliability, i.e. the guarantees received, are not taken into consideration.

(***) The related amounts consist of guarantees and sureties given.

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36. NATURE AND EXTENT OF RISK ARISING FROM FINANCIAL INSTRUMENTS (CONTINUED)

i. Credit Risk (continued)

Distribution of net book values by maturity of the overdue assets that are not impaired is as follows (TL) :

31 December 2022	Trade receivables		Other receivables	
	Related party	Third party	Related party	Third party
1-30 days past due (*) (**)	-	148.890.683	-	-
1-3 months past due (*)	-	7.174.485	-	-
3-12 months past due	-	62.708	-	-
1-5 years past due	-	-	-	-
More than 5 years past due (***)	-	-	66.797.272	-
Total	-	156.127.876	66.797.272	-
Portion covered by collaterals	-	83.565	-	-

31 December 2021	Trade receivables		Other receivables	
	Related party	Third party	Related party	Third party
1-30 days past due	-	78.874	-	-
1-3 months past due	-	65.929	-	-
3-12 months past due	-	260	-	16.593
1-5 years past due (**) (****)	-	172.447.090	-	-
More than 5 years past due (***)	-	-	51.469.250	-
Total	-	172.592.153	51.469.250	16.593
Portion covered by collaterals	-	235.616	-	-

The credit risk of Alarko Group may arise basically from its trade receivables. The Group management evaluates trade receivables taking into consideration the collaterals received, past experience, and current economic outlook; and states them as net in the statement of financial position after making provisions for doubtful receivables when deemed necessary. The Group has made provisions for doubtful receivables formed until the reporting date.

(*) Some of the receivables that are over due 1-30 days and 1-3 months consist of Teiaş receivables of Altek Alarko Elektrik Santralları Tesis İşletme ve Ticaret A.Ş.

(**) Some of the trade receivables that are past due 1-30 days are receivables to Alsım Alarko San. Tes. ve Tic. A.Ş. It consists of the receivables of Kabataş Mahmutbey Metro Project related to the VAT amounts of the progress payments.

(***) Other receivables that are more than 5 years past due Al-Riva Projesi, Arazi Değ. Konut İnş. ve Tic. A.Ş., Al-Riva Arazi Değ. Konut İnş. ve Tic. A.Ş., Al-Riva Arazi Değ. Konut İnş., Tur. Tes. Golf İşl. ve Tic. A.Ş., consists of receivables.

(****) As of 31 December 2021, the receivables that are over due 1-5 years consist of the receivables of the Morocco Tanger Kenitra High Speed Train Project.

ii. Liquidity risk

Holding financial instruments may lead to failure of the counterparty to fulfill the terms and conditions of the agreement. The Group management takes measures to prevent such risks through limiting the average risk for the counterparty (except for the related parties) at each agreement, and receiving collaterals if necessary.

The Group creates funds through converting short term financial instruments, i.e. trade receivables, into cash as of 31 December 2022 and 2021, the Group's liquid assets (current assets -inventories) exceed its short term liabilities by TL 540.633.583 and TL 28.882.031, respectively.

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in Turkish Lira (TL) unless otherwise stated)

36. NATURE AND EXTENT OF RISK ARISING FROM FINANCIAL INSTRUMENTS (CONTINUED)

ii. Liquidity risk (continued)

31 December 2022

Maturities per contract	Book value	Total cash outflows per contract (I+II+III+IV+V)	Less than 3 months (I)	3-12 months (II)	1-5 years (III)	More than 5 years (IV)	Eliminations and adjustments (V)
Non-derivative financial liabilities							
Lease liabilities (Note 7)	40.993.054	188.958.947	7.035.423	14.571.500	42.271.753	125.080.271	-
Bank loans (Note 7)	1.653.611.528	1.750.665.761	7.090.823	1.555.677.381	92.175.516	95.722.041	-
Trade payables (Note 8)	613.535.233	614.359.489	944.202.202	1.298.182.512	-	-	(1.628.025.225)
Other payables (Note 9)	3.415.431.739	3.415.431.739	3.127.244.906	1.991.776.464	287.214.621	-	(1.990.804.252)

Expected maturities	Book value	Expected cash outflows (I+II+III+IV+V)	Less than 3 months (I)	3-12 months (II)	1-5 years (III)	More than 5 years (IV)	Eliminations and adjustments (V)
Non-derivative financial liabilities							
Trade payables (Note 8)	455.001.332	455.612.610	4.116.640	1.658.849.036	-	-	(1.207.353.066)
Other payables (Note 9)	68.314.815	68.314.815	58.396.664	9.918.151	-	-	-

31 December 2021

Maturities per contract	Book value	Total cash outflows per contract (I+II+III+IV+V)	Less than 3 months (I)	3-12 months (II)	1-5 years (III)	More than 5 years (IV)	Eliminations and adjustments (V)
Non-derivative financial liabilities							
Lease liabilities (Note 7)	34.851.205	114.259.008	4.890.807	7.215.931	29.194.172	72.958.098	-
Bank loans (Note 7)	182.069.714	188.672.194	64.294.490	96.723.182	27.654.522	-	-
Other financial liabilities (Note 7)	10.611.447	11.882.067	1.960	11.880.107	-	-	-
Trade payables (Note 8)	90.239.413	90.486.991	324.879.839	200.080.142	-	-	(434.472.990)
Other payables (Note 9)	197.357.778	197.357.778	23.928.618	180.891	173.248.269	-	-

Expected maturities	Book value	Expected cash outflows (I+II+III+IV+V)	Less than 3 months (I)	3-12 months (II)	1-5 years (III)	More than 5 years (IV)	Eliminations and adjustments (V)
Non-derivative financial liabilities							
Trade payables (Note 8)	294.656.915	295.465.327	8.853.558	1.705.287.567	-	-	(1.418.675.798)
Other payables (Note 9)	53.156.203	53.156.203	52.817.052	339.151	-	-	-

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(Amounts expressed in Turkish Lira (TL) unless otherwise stated)

36. NATURE AND EXTENT OF RISK ARISING FROM FINANCIAL INSTRUMENTS (CONTINUED)

iii. Interest risk

Interest risk arises from the probability of interest rate changes to affect financial statements. The loan agreements made by the Group are denominated in USD, TL and Euro with fixed interest rates, and their average maturities vary between 1 months and 10 years. As the payments are denominated in foreign currency, it is assumed that the interest rate will not be subject to material changes during the maturity period; hence, the interest rate risk is regarded immaterial.

	31 December 2022	31 December 2021
Financial instruments with fixed interest		
Financial assets		
Time deposits (Note 5)	4.687.782.808	814.669.529
Currency protected deposit account (Note 6)	452.388.489	-
Assets of which the fair value differences are reflected to profit/loss (Note 6)	324.467.186	136.277.257
Assets measured at amortized cost (Note 6)	309.542.298	386.747.440
Financial liabilities (Note 7) (*)	1.694.604.582	227.532.366
	31 December 2022	31 December 2021
Financial instruments with variable interest		
Investment funds (Note 5)	88.776.402	5.751.014

(*) Financial liabilities stated under financial instruments with fixed interests consist of short and long term bank loans, other financial liabilities and lease obligations.

As of 31 December 2022 and 2021, there are no foreign currency loans with variable interest rates.

iv. Foreign currency risk

Balances of foreign currency transactions of Alarko Group originating from operating, investing, and financing activities as of the reporting date are stated below. In relation to the foreign currency receivables and payables, the Group may be exposed to foreign currency risk in parallel with the exchange rate fluctuations. The foreign currency risk is controlled through continuous analysis and monitoring of the foreign exchange position.

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(Amounts expressed in Turkish Lira (TL) unless otherwise stated)

36. NATURE AND EXTENT OF RISK ARISING FROM FINANCIAL INSTRUMENTS (CONTINUED)

iv. Foreign currency risk (continued)

As of 31 December 2022, the foreign currency assets and liabilities of the Group consist of the following (TL):

		Foreign currency position table				
		31 December 2022				
		TL Equivalent (Functional currency)	USD	EURO	GBP	Other
1.	Trade receivables	458.223.772	147.607	22.806.173	36.684	-
2a.	Monetary financial assets (Incl. Cash and Banks)	4.116.751.547	206.835.313	12.446.629	51.246	2.004
2b.	Non-monetary financial assets	61.325.656	3.279.745	-	-	-
3.	Other	335.511	59	16.775	-	-
4.	Current assets (1+2+3)	4.636.636.486	210.262.724	35.269.577	87.930	2.004
5.	Trade receivables	89.707	-	4.500	-	-
6a.	Monetary financial assets	596.400.200	31.895.958	-	-	-
6b.	Non-monetary financial assets	935	50	-	-	-
7.	Other	-	-	-	-	-
8.	Non-current assets (5+6+7)	596.490.842	31.896.008	4.500	-	-
9.	Total assets (4+8)	5.233.127.328	242.158.732	35.274.077	87.930	2.004
10.	Trade payables	176.302.043	1.195.761	7.684.217	19.600	-
11.	Financial liabilities	1.499.283.680	15.187.227	60.828.637	-	-
12.a.	Other monetary liabilities	1.997	-	100	-	-
12.b.	Other non-monetary liabilities	157.488.334	945.027	6.316.545	603.350	-
13.	Short term liabilities (10+11+12)	1.833.076.054	17.328.015	74.829.499	622.950	-
14.	Trade payables	-	-	-	-	-
15.	Financial liabilities	-	-	-	-	-
16a.	Other monetary liabilities	-	-	-	-	-
16b.	Other non-monetary liabilities	-	-	-	-	-
17.	Long term liabilities (14+15+16)	-	-	-	-	-
18.	Total liabilities (13+17)	1.833.076.054	17.328.015	74.829.499	622.950	-
19.	Net foreign currency asset/(liability) position (9-18)	3.400.051.274	224.830.717	(39.555.422)	(535.020)	2.004
20.	Monetary items net foreign currency asset/(liability) position (1+2a+5+6a-10-11-12a-14-15-16a)	3.495.877.506	222.495.890	(33.255.652)	68.330	2.004
21.	Exports (*)	8.279.255	-	484.016	-	-
22.	Imports (*)	323.768.839	13.620.055	3.414.061	169.016	-

(*) Average exchange rate is used and represents pre-elimination balances.

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Amounts expressed in Turkish Lira (TL) unless otherwise stated)

36. NATURE AND EXTENT OF RISK ARISING FROM FINANCIAL INSTRUMENTS (CONTINUED)

iv. Foreign currency risk (continued)

As of 31 December 2021, the foreign currency assets and liabilities of the Group consist of the following (TL):

		Foreign currency position table				
		31 December 2021				
		TL Equivalent (Functional currency)	USD	EURO	GBP	Other
1.	Trade receivables	233.099.072	15.527.292	1.732.184	159	-
2a.	Monetary financial assets (Incl. Cash and Banks)	868.858.207	54.769.788	8.667.308	449.199	1
2b.	Non-monetary financial assets	45.527.652	3.415.684	-	-	-
3.	Other	12.341	-	818	-	-
4.	Current assets (1+2+3)	1.147.497.272	73.712.764	10.400.310	449.358	1
5.	Trade receivables	67.890	-	4.500	-	-
6a.	Monetary financial assets	127.540.148	9.568.621	-	-	-
6b.	Non-monetary financial assets	666	50	-	-	-
7.	Other	-	-	-	-	-
8.	Non-current assets (5+6+7)	127.608.704	9.568.671	4.500	-	-
9.	Total assets (4+8)	1.275.105.976	83.281.435	10.404.810	449.358	1
10.	Trade payables	202.602.047	6.306.577	5.997.476	78.168	8.574.000
11.	Financial liabilities	1.212.100	12.633	69.037	-	-
12a.	Other monetary liabilities	16.984	380	788	-	-
12b.	Other non-monetary liabilities	133.127.850	2.052.257	6.298.039	583.383	-
13.	Short term liabilities (10+11+12)	336.958.981	8.371.847	12.365.340	661.551	8.574.000
14.	Trade payables	-	-	-	-	-
15.	Financial liabilities	3.811.587	1.880	250.530	-	-
16a.	Other monetary liabilities	-	-	-	-	-
16b.	Other non-monetary liabilities	-	-	-	-	-
17.	Long term liabilities (14+15+16)	3.811.587	1.880	250.530	-	-
18.	Total liabilities (13+17)	340.770.568	8.373.727	12.615.870	661.551	8.574.000
19.	Net foreign currency asset/(liability) position (9-18)	934.335.408	74.907.708	(2.211.060)	(212.193)	(8.573.999)
20.	Monetary items net foreign currency asset/(liability) position (1+2a+5+6a-10-11-12a-14-15-16a)	1.021.922.599	73.544.231	4.086.161	371.190	(8.573.999)
21.	Exports (*)	763.355	32.925	52.243	-	-
22.	Imports (*)	234.615.548	13.658.560	3.374.695	153.799	-

(*) Average exchange rate is used and represents pre-elimination balances.

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36. NATURE AND EXTENT OF RISK ARISING FROM FINANCIAL INSTRUMENTS (CONTINUED)

iv. Foreign currency risk (continued)

The following table details the Group's sensitivity to a 10% appreciation in the exchange rate of foreign currency against TL. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represent management's assessment of the possible change in the foreign exchange rates.

As of 31 December 2022 and 2021, the currency risk analysis of Alarko Group is as follows (TL):

Foreign currency sensitivity analysis chart				
31 December 2022				
	Profit/Loss		Equity	
	Value increase in foreign currency	Value decrease in foreign currency	Value increase in foreign currency	Value decrease in foreign currency
When USD changes by 10% against TL				
1- Net Assets/Liabilities in USD	420.336.823	(420.336.823)	-	-
2- Hedged from USD risk (-)	-	-	-	-
3- USD Net Effect (1+2)	420.336.823	(420.336.823)	-	-
When Euro changes by 10% against TL				
4- Net Assets/Liabilities in Euro	(79.121.975)	79.121.975	-	-
5- Hedged from Euro risk(-)	-	-	-	-
6- Euro Net Effect (4+5)	(79.121.975)	79.121.975	-	-
When GBP changes by 10% against TL				
7- Net Assets/Liabilities in GBP	(1.210.524)	1.210.524	-	-
8- Hedged from GBP risk (-)	-	-	-	-
9- GBP Net Effect (7+8)	(1.210.524)	1.210.524	-	-
When other foreign currencies changes by 10% against TL				
10- Net Assets/Liabilities in other currencies	803	(803)	-	-
11- Hedged from other currency risks(-)	-	-	-	-
12- Net Effect of Other Currencies (10+11)	803	(803)	-	-
Total (3+6+9+12)	340.005.127	(340.005.127)		

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36. NATURE AND EXTENT OF RISK ARISING FROM FINANCIAL INSTRUMENTS (CONTINUED)

iv. Foreign currency risk (continued)

Foreign currency sensitivity analysis chart				
31 December 2021				
	Profit/Loss		Equity	
	Value increase in foreign currency	Value decrease in foreign currency	Value increase in foreign currency	Value decrease in foreign currency
When USD changes by 10% against TL				
1- Net Assets/Liabilities in USD	99.824.388	(99.824.388)	-	-
2- Hedged from USD risk (-)	-	-	-	-
3- USD Net Effect (1+2)	99.824.388	(99.824.388)	-	-
When Euro changes by 10% against TL				
4- Net Assets/Liabilities in Euro	(3.370.075)	3.370.075	-	-
5- Hedged from Euro risk(-)	-	-	-	-
6- Euro Net Effect (4+5)	(3.370.075)	3.370.075	-	-
When GBP changes by 10% against TL				
7- Net Assets/Liabilities in GBP	(387.440)	387.440	-	-
8- Hedged from GBP risk (-)	-	-	-	-
9- GBP Net Effect (7+8)	(387.440)	387.440	-	-
When other foreign currencies changes by 10% against TL				
10- Net Assets/Liabilities in other currencies	(2.633.332)	2.633.332	-	-
11- Hedged from other currency risks(-)	-	-	-	-
12- Net Effect of Other Currencies (10+11)	(2.633.332)	2.633.332	-	-
Total (3+6+9+12)	93.433.541	(93.433.541)		

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36. NATURE AND EXTENT OF RISK ARISING FROM FINANCIAL INSTRUMENTS (CONTINUED)

v. Capital risk management

For proper management of capital risk, the Group aims;

- To maintain continuity of operations so as to provide earnings to partners and benefits to other shareholders.
- To increase profitability through determining a service pricing policy that is commensurate with the level of risks inherent in the market.

The Group determines the amount of share capital in proportion to the risk level. The equity structure of the Group is arranged in accordance with the economic outlook and the risk attributes of assets.

The Group monitors capital management by using the debt/equity ratio. This ratio is calculated by dividing the debt, net, by the total share capital. The net debt is calculated by deducting the value of cash and cash equivalents from the total debt (the sum of short and long term liabilities stated in the statement of financial position). The total share capital is the sum of all equity items stated in the statement of financial position.

The Group's general strategy has not changed with respect to last year. As of 31 December 2022 and 2021, the ratios of the total share capital to total net liabilities are as follows (TL):

	31 December 2022	31 December 2021
Total debt	8.421.683.872	2.573.279.881
Less: cash and cash equivalents	(5.088.979.447)	(840.258.586)
Net debt	3.332.704.425	1.733.021.295
Total capital	16.251.746.835	4.558.540.881
Debt/equity ratio	21%	38%

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37. AUDIT FEES

Fees for the services received from the independent auditor/independent audit firm The Group's statement regarding the fees for the services rendered by the independent audit firms, which is prepared by the POA pursuant to the Board Decision published in the Official Gazette on 30 March 2021, and the preparation principles are based on the POA letter dated 19 August 2021 as follows:

	31 December 2022	31 December 2021
Independent audit fee for the reporting period (*)	2.704.746	1.079.786
Fee for other assurance services	24.000	16.675
Total	2.728.746	1.096.461

(*) Foreign currency fees of foreign subsidiaries have been converted into TL using the annual average rates of the relevant years.

38. SUBSEQUENT EVENTS

- The Turkish Parliament has ratified a bill ("EYT") that eliminates an age requirement and offers early retirement to employees. The bill (The Law No. 7438 on Social Security and General Health Insurance and the Law No. 375 on the Amendment of the Decree Law No. 375, which includes "the regulation on Early Retirement") entered into force after being published in the Official Gazette dated 3 March 2023. This issue has been evaluated within the scope of IAS 10 - Events After the Reporting Period standard.
- Within the scope of the Regulation on Storage Activities in the Electricity Market published by Altek Alarko Elektrik Santralları Tesis İşletme ve Ticaret A.Ş., one of the subsidiaries, on November 19, 2022, solar energy with a total installed capacity of 827,5 MW for the Storage Electricity Generation Facility Project in 12 different locations and applied for an associate license for electricity generation facilities based on wind energy. and applied for a pre-license to the Energy Market Regulatory Authority to establish an electricity storage facility with a capacity of 827,5 MWh within the scope of these facilities.
- With the 1,5323 MWp additional auxiliary resource Solar Energy Power Plant project, which is planned to be established within the 76 MWe capacity Karakuz Dam and Hydroelectric Power Plant located in Adana Province, Karaisalı District, Çukur Mahallesi, one of the subsidiaries Altek Alarko Elektrik Santralları Tesis İşletme ve Ticaret A.Ş. The amendment request regarding the conversion of the existing generation license with the license number EÜ/984-3/745, dated November 23, 2006, into a multi-source electricity generation facility, regarding the Energy Market Regulation No. 11539-13, dated January 5, 2023, notified to us on January 16, 2023. It was approved by the decision of the Board.

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38. SUBSEQUENT EVENTS (CONTINUED)

- d) One of the Subsidiaries Altek Alarko Elektrik Santralleri Tesis İşletme ve Ticaret A.Ş., within the scope of the Regulation on Storage Activities in the Electricity Market published on 19 November 2022, It has applied for a pre-license to the Energy Market Regulatory Authority to establish electricity generation facilities based on wind energy with a total installed capacity of 208 MW for the Storage Electricity Generation Facility Project in 3 different locations and to establish an electricity storage facility with a capacity of 208 MWhours within the scope of these facilities.
- e) The roadmap for Alarko Holding A.Ş. until 2030 has been revised in order to carry the company's deep-rooted and strong structure to the future even more. In addition to its existing business lines, Alarko Holding A.Ş. has determined the "Agriculture" and "Food Industry" sectors as strategic sectors within the framework of new investment plans and accelerated its activities in these areas. Alarko has defined these two sectors as a very important value chain that complements each other and has built its strategic positioning on being able to take part in all value chains in this field.
- f) An earthquake occurred in the southeastern part of Turkey that affected many of our cities. Considering the region in which the Group operates, no direct impact is expected on Group operations.
- g) At the meeting of the Board of Directors of Alarko Carrier Sanayi ve Ticaret A.Ş. which is a joint venture, on February 28, 2023, from the pre-tax profit of 632.043.140 TL, which is included in the 2022 financial statements of the Company; Pursuant to the Capital Markets Legislation, Company Articles of Association and other legislation provisions, the net profit for the period remaining after the tax provision of 52.767.620 TL is 579.275.520 TL, and since the amount of first-order general legal reserves set aside in previous years has reached the legal ceiling, it is not allowed to allocate first-order general legal reserves., 90.000.000 TL (Gross), corresponding to 15,51% of 580.331.879 TL, which is formed by the addition of donations amounting to 1.056.359 TL to the net distributable profit for the period, will be distributed in cash to the shareholders as dividend, 8.946.000 over the dividend to be distributed. A total of 182.503.794 TL has been allocated to special funds in liabilities in order to allocate a second order general legal reserve fund of, 575.324 TL as R&D Venture Capital Fund and 181.928.470 TL, which is 50% of the real estate sales profit, in order to benefit from the corporate tax exemption account, making the necessary withholding tax on the profit share portion subject to tax withholding, the remaining amount as extraordinary reserve. It has been unanimously decided to add it to the funds, to start the dividend distribution on 17 April 2023, and to submit this proposal to the approval of the General Assembly.
- h) At the meeting of the Board of Directors of Alarko Gayrimenkul Yatırım Ortaklığı A.Ş., one of the subsidiaries, at the company headquarters on February 24, 2023, the profit for the period included in the financial statements of the Company for the year 2022 is TL 2.753.941.111, and the amount of first-order general legal reserves allocated in the previous years has reached the legal ceiling. Since the first order general legal reserve fund is not allocated, TL 2.755.441.111 net distributable profit, to which TL 1.500.000 donations are added during the year, will be distributed to the shareholders as dividends, TL 112.700.000 of the profit distribution will be distributed in cash. As a result, TL 80.500.000 of it is realized in the form of bonus shares by adding to the capital, the second order general legal reserves amounting to TL 18.998.000 is set aside over the dividend to be distributed, the remaining amount is added to the extraordinary reserves, and the cash dividend distribution has been made on April 25, 2023. to start, that this proposal is approved by the General Assembly It was decided unanimously to submit it to the approval.
- i) Subsidiaries Alarko Tarım Sanayi ve Ticaret A.Ş. At the meeting of the Board of Directors dated March 3, 2023; it has been decided to purchase 400.000 shares of Gürlük Jeotermal Enerji Tarım Seracılık Gıda Sanayi ve Ticaret Anonim Şirketi with a nominal value of 400.000 TL for 75.468.000 TL.

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38. SUBSEQUENT EVENTS (CONTINUED)

- i) Within the scope of share repurchase transactions initiated with the decision of Alarko Holding A.Ş. dated March 18, 2022; On January 3, 2023, ALARK shares with a total nominal value of 295.504 TL were bought back in Borsa Istanbul at a price range of 80,55 TL - 79,55 TL (weighted average 79,98 TL). With these transactions, the total nominal value of the repurchased shares as of January 3, 2023 is TL 2.897.291, and the ratio of these shares to the capital has reached 0,6660%.
- On January 5, 2023, ALARK shares with a total nominal value of 131.000 TL were bought back from Borsa Istanbul at a price range of 76,35 TL - 75,00 TL (weighted average 75,84 TL). With these transactions, the total nominal value of the repurchased shares as of 5 January 2023 is TL 3.028.291, and the ratio of these shares to the capital has reached 0,6962%.
- On January 11, 2023, ALARK shares with a total nominal value of 85.957 TL were bought back from Borsa Istanbul at a price range of 67,75 TL - 66,45 TL (weighted average 66,92 TL). With these transactions, the total nominal value of the shares bought back as of January 11, 2023 is TL 3.114.248, and the ratio of these shares to the capital has reached 0,7159%.
- On February 1, 2023, ALARK shares with a total nominal value of 74.625 TL were bought back from Borsa Istanbul at a price range of 67,50 TL - 66,55 TL (weighted average 66,97 TL) per share. With these transactions, the total nominal value of the repurchased shares as of February 1, 2023 is 3.188.873 TL, and the ratio of these shares to the capital has reached 0,7331%.
- On February 2, 2023, ALARK shares with a total nominal value of 42.500 TL were bought back from Borsa Istanbul at a price range of 62,45 TL - 61,95 TL (weighted average 62,24 TL). With these transactions, the total nominal value of the shares bought back as of February 2, 2023 is TL 3.231.373, and the ratio of these shares to the capital has reached 0,7428%.
- j) On February 16, 2023, by the Board of Directors of Alarko Holding A.Ş.; With the decision of the Board of Directors dated March 18, 2022 and numbered 855, it was decided to buy back shares. In addition to the existing share repurchase program, in order to protect the interests of all stakeholders and to contribute to the formation of a healthy price in the Company's share value, within the framework of the Capital Markets Board's Communiqué II-22.1 on Repurchased Shares and the principle decision numbered 9/177 dated 14 February 2023 to be repurchased, to revise the maximum amount of funds that can be allocated for share repurchase, determined as 180.000.000 TL, to 380.000.000 TL to be met from internal resources, to revise the maximum amount of shares that may be subject to share repurchase, to a nominal value of 5.600.000 TL, It was unanimously decided that the share repurchase program and the purchases to be made within the scope of the program be submitted to the information of the shareholders at the first General Assembly Meeting.

CONCLUSION

Distinguished shareholders,

We have prepared our Annual Report to provide you with detailed information on the activities of our Company. We closed 2021 with a strong performance thanks to the dedicated and tireless efforts of all our employees. Our Group will achieve its sustainable growth objective also in 2021 thanks to its flexible and competitive organizational structure. We hope 2022 brings health, peace and happiness to all of you and our valuable employees.

Board of Directors

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