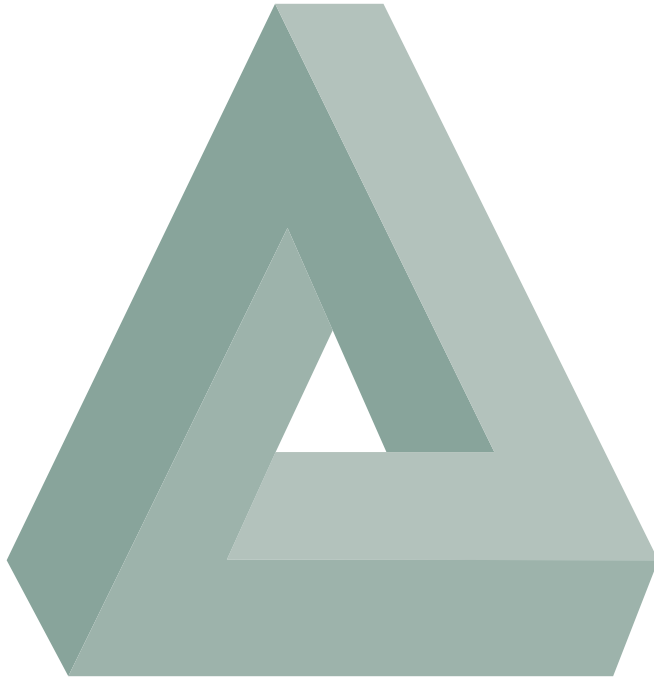


AKKÖK
HOLDİNG A.Ş.
2022

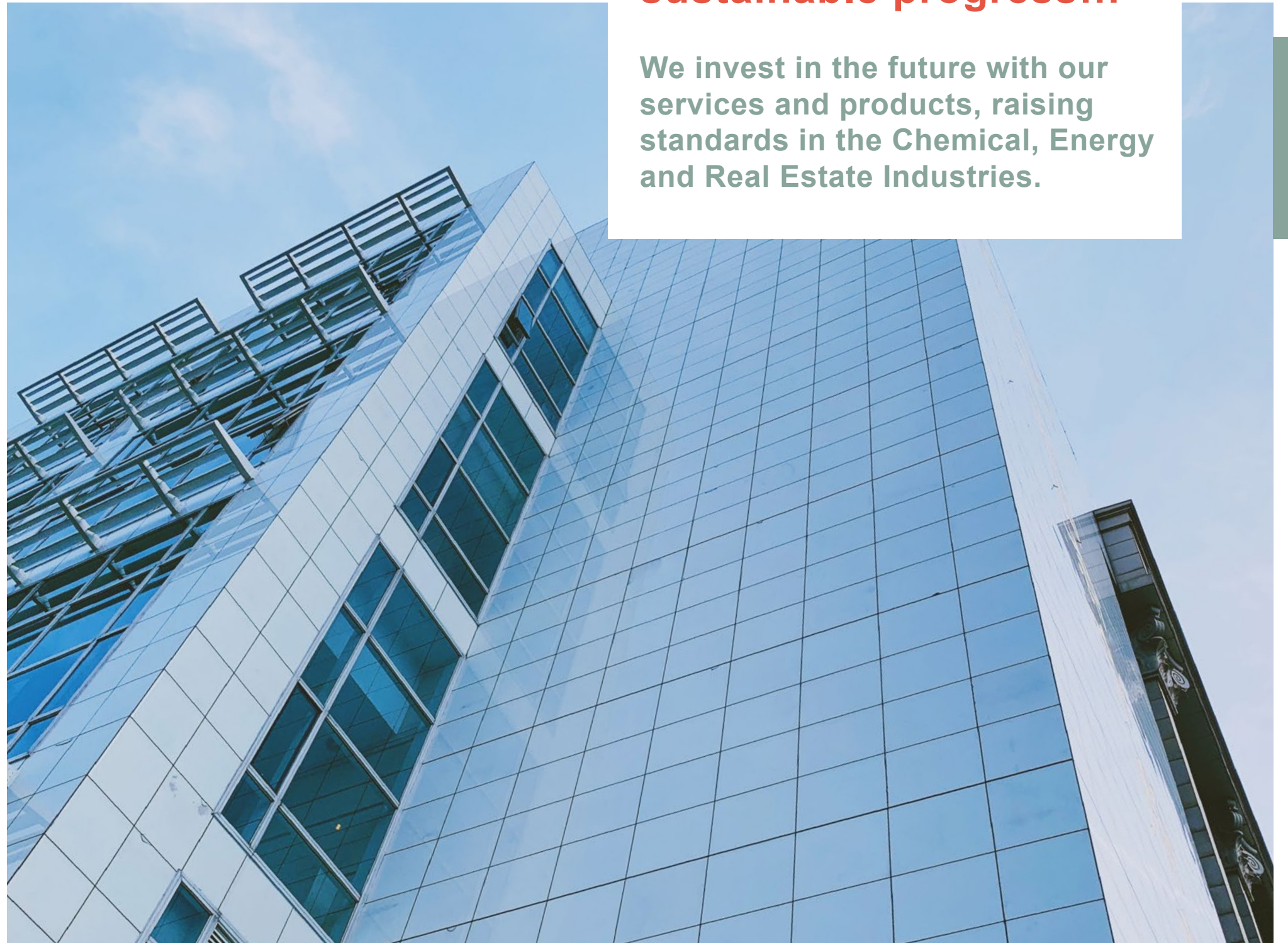


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**Appropriate investments,
sustainable progress...**

We invest in the future with our services and products, raising standards in the Chemical, Energy and Real Estate Industries.



ABOUT US

A beacon of established knowhow, financial strength and reliability...



Akkök Holding

Akkök Holding, whose foundations were laid in 1952 by the late Raif Dinçök, one of the respected entrepreneurs of our country, is among the most well established organizations in Turkey with its 70 years of experience. The Holding conducts operations in the fields of chemicals, energy and real estate, with 23 operational companies, four of which is overseas, and with 24 production plants. By closely following the trends in the world's markets and in its operating industries, Akkök Holding aims to catch up with the global competition, and achieve world-class standards together with all the companies under its roof.

World's Giant Companies From Textile to Chemistry

Aksa Akrilik Kimya Sanayi A.Ş. was founded in Yalova to meet the requirements for acrylic fiber in Turkey in 1968, and started production in 1971 with an annual capacity of 5000 tons. Becoming the largest acrylic fiber producer in the world with its investments and innovations, Aksa is a world giant with approximately 300 customers in 50 cities on 5 continents. The company, with a power generation license and a capacity of 145 MW, meets the electricity and steam needs of itself and Akkök Holding group companies in Yalova. With 1.400 employees, a production area of 600,000 square meters, and annual capacity of 330,000 tons, it is the largest acrylic fiber producer in the world and the only producer in Turkey. Thanks to its wide product range, Aksa supplies textile and technical textile raw materials to a wide range of fields, from carpet to upholstery, from sweater to socks, from yarn to hand knitting, from velvet to rugs, blankets, awnings and industrial filters.

Turkey's leading chemical manufacturer Akkim Kimya was established in Yalova in 1977. Akkim, which produces in 5 different locations with its more than a thousand personnel, has a special place in the chemical industry with its product variety. Akkim is a chemical company serving more than 70 countries in 6 continents with its wide product range including chlor-alkali and derivatives, peroxides, methylamines, persulfates, bisulphites, textile auxiliaries, concrete additives and plastic additives. The company, which is the market leader in many products in basic chemicals and performance chemicals, serves

the cleaning, hygiene, water treatment, textile, paper, construction, plastic, food, metal, energy, detergent, drilling, mining and chemistry sectors. The company has been selling some of its know-how and technologies to companies abroad since 2002 and offers many different services from engineering studies to turnkey commitments. Using its presence and synergy in the water treatment sector, Akkim entered the high-tech treatment sector with its ultrafiltration membrane module investment at its facility in Yalova. With its modern factory commissioned in 2016, it is the first and only manufacturer of this product in the region stretching from Europe to Asia.

Akkim, whose subsidiaries include Akcoat and Dincox, acquired USK Kimya, one of the largest carboxymethyl cellulose producers of our country and the world, in the first months of 2021. In the last quarter of 2021, Akkim Silikon Kimya was established and it started the production of silicone polymers, which are high-tech products, in its Yalova facilities. Akkim Kimya, which signed the United Nations Global Compact in 2007, pioneering the spread of universal principles on the path of sustainable development, is one of the exemplary companies in the field of sustainability in the chemical industry.

Akcoat, which started its operations in 1979 with frit generation, continues its generation in 5 main groups: enamel, ceramic, non-stick and decorative coatings, pigment and glass coatings. With its product groups and "advanced chemical coating material products", it is the solution partner of global brands, each of which is a leader in its field, in various sectors such as white goods, ceramic tiles, household and kitchenware, glass industry, digital printing inks. As a preferred brand in 6 continents and more than 65 countries, it has generation facilities in Turkey and Spain. It also operates in the USA and China with its regional offices and subsidiaries. With its regularly rising international sales and production capacity, the company has succeeded in being among the export leaders of its sector for 15 consecutive years, adding a strategic added value to the Turkish economy. Akcoat takes solid steps to strengthen its leadership by focusing on R&D, digitalization and innovation, and realizes its new investments in this direction. It aims to achieve world leadership by doubling its exports and total turnover in 5 years.

Added Value Created by Composite

DowAksa, the first and only carbon fiber producer in Turkey and one of the few in the world, provides carbon fiber composite solutions to industrial sectors, especially energy, transportation, defense and infrastructure. The company was established as a 50 percent equal joint venture with Dow Chemical Company and Aksa Akrylic San. DowAksa has combined the knowledge, experience and power of Dow, a pioneer in materials science and Aksa, the world leader in acrylic fiber. The company is one of the few fully integrated solution manufacturers in the sector with its product range from precursor to carbon fiber, from carbon fiber to resin, engineering solutions and know-how.

Epsilon Kompozit, which joined Akkök Holding in 2021, manufactures and assembles high-tech composite components and parts for various sectors, especially aviation. The company, which produces products with a very high export value per kilogram, has international business partners as well as domestic defense industry organizations. Akkök Holding aims to be a leader in the international race with Epsilon Kompozit, which generates 60% of its total sales through exports.

Real Estate Projects that add Value to Life

The company successfully carries out Akbatı and Akasya Shopping Center projects. Also, as an alternative to shopping center investments, it has street store projects on Bağdat Street. The operational real estate of Akiş REIT in this area is the Erenköy Apartment, which was opened on Bağdat Street in 2021 and leased to the Boyner brand. Akiş REIT made its first overseas investment in a housing project in England to diversify its portfolio. In addition to being a participant in the United Nations Global Compact, the world's largest corporate sustainability initiative, Akiş REIT has the highest Corporate Governance Rating among the companies listed on Borsa İstanbul in its sector. Akiş REIT took its place in the BIST Sustainability Index, which includes companies with high corporate sustainability performance. As of January 2022, it will be the only real estate investment company to be included in the index, which is updated every quarter. Akiş

REIT also carries out cooperation and investment-oriented studies with startups in order to support innovation in retail and real estate, create synergy from the startup ecosystem and make the current business model sustainable.

Akyaşam Yönetim Hizmetleri A.Ş., a subsidiary of Akiş REIT, undertakes the management of the Akbatı project opened in 2011 and the Akasya project opened in 2014.

KidZania İstanbul was established in 2014 as the 16th of the world's KidZanias. KidZania, the Children's Country was established with the aim of providing a world where all children can learn while having fun and operates in 20 countries and 27 cities today. It serves all children between the ages of 1-14 in an area of 10,000 square meters in Akasya, İstanbul. It is a real city with more than 120 roles in 67 different activity areas with its bank, supermarket, fire department, hospital, earthquake simulation center, courier, stadium, streets and square. KidZania İstanbul, a success of social entrepreneurship, has hosted 1.7 million children in the city to date. While children have the opportunity to gain many skills such as teamwork, taking responsibility, creative and analytical thinking, and communication at KidZania İstanbul, they experience the real life equivalent of the academic knowledge they have learned at school. KidZania İstanbul has been carrying out the corporate social responsibility project, "I have a big heart for a better world" since 2014 when it was opened. Within the scope of the project, children with no means are hosted at KidZania through nongovernmental organizations, public institutions and universities. In this context, cooperation has been made with a total of 300 different NGOs, public institutions and universities in nine years, and 130,000 visitors have benefited from the free and highly entertaining learning experience. In addition, children and their parents are made aware of critical areas such as the environment, social and economic issues in the fields of Earthquake Simulation Center, Electricity Center, E-Waste Recycling and Waste Separation Center, Social Volunteering and University activities at KidZania İstanbul. KidZania İstanbul helps children feel responsible, ethical and curious about the world around them, in the hope that they will partake in improving the world they live in.

Akmerkez, on the other hand, has been both the address for pleasant experiences and one of the city's favorite meeting points, with its exclusive brands, shopping, entertainment and food and beverage areas, which have been within its structure since 1993. Adding dynamism to the social life of the city, Akmerkez continues to add value to the lives of its guests with its award-winning project "Agriculture on the Terrace", which proves that a sustainable life is possible in the city, and its services such as click & collect, shopping delivery, cloakroom, cargo and trust, which it has renewed according to current needs. World award in 1996 presented by the International Council of Shopping Centers (ICSC), Akmerkez improves itself constantly with projects adding value to city life.

Turkey's Energy

Starting its activities as an auto-producer group in the Akkök Group of Companies in 1989, Akenerji has been operating as an independent power generation company since 2005. With the 50-50 strategic partnership of Akkök Holding and CEZ, the Company has installed power of 1,224 MW.

Sepaş Enerji is the official electricity supplier of Bolu, Düzce, Kocaeli and Sakarya regions. In addition to being the Supply Company in Charge, the Company provides power supply services to some 4 million people, as well as all major industrial, health care and the public sector organizations in the whole of Turkey.

Sakarya Elektrik Dağıtım A.Ş. (SEDAŞ) provides energy distribution services to more than 2 million customers in 5 different regional directorates in Sakarya, Kocaeli, Bolu, Düzce and Gebze and a total of 21 operation centers affiliated to these regional directorates. As of the end of 2022, the total amount of electricity distributed in SEDAŞ's operating region covering East Marmara stands at 10.6 billion kWh.

15 radiant years on the road to technology

Aktek Bilişim was established in 2007 to meet the information needs of Akkök Holding. Over time, it has realized hundreds of value-added projects with

all its customers in the field of technology and has achieved many successes during this time. Always trying to stand by and guide its stakeholders, business partners and customers, Aktek provides services from A to Z with its services consisting of Oracle ERP, Data Science and Business Intelligence, Infrastructure, Database Management, Network and Security, Software Development and Robotic Process Automation.

Aktek, which has been serving the energy, chemistry, production, real estate, retail, telecom and education sectors for 15 years, is one of the major players in the sector.

Privileged Insurance Service

Since 1976, Dinkal Sigorta Acenteliği A.Ş. has become one of the sought-after players in the in-surance industry by adopting the "customer-oriented quality service approach" as a priority.

It carries out insurance risk consultancy for its customers, primarily Akkök Group of Companies, through approximately 30 insurance companies and its expert staff, and demonstrates studies that make a difference in terms of risk.

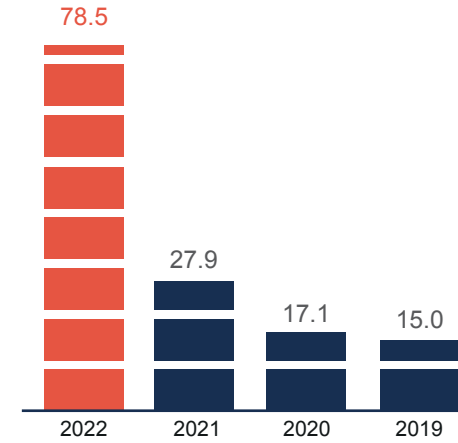
Export Leader

Ak-Pa was established in 1976 to carry out the overseas marketing and export activities of Akkök Holding companies. As one of Turkey's strongest exporting companies, it has mediated exports of USD 9.7 billion to more than 90 countries in 6 continents since its establishment.

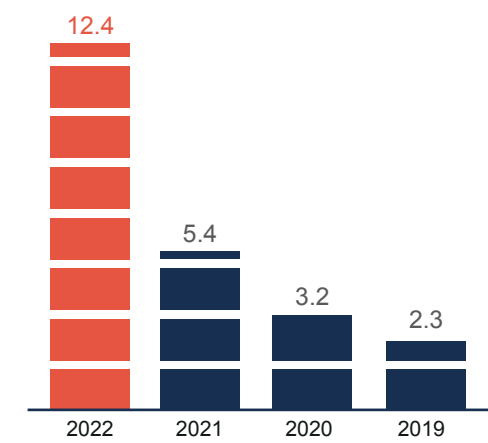
Akkök Holding companies Aksa Akrylic, Akkim Kimya, Akcoat and DowAksa export acrylic fiber, chemical products, enamel and ceramic frit, carbon fiber products to the world's large and medium-sized industrial establishments. Ak-Pa, which has the status of a Foreign Trade Company, follows the world markets closely with the synergy it has established with its producer sister companies and creates value for its stakeholders with its sectoral experience, service quality and the power it receives from Akkök Holding.

KEY INDICATORS

Net Sales
Combined (TL Billion)



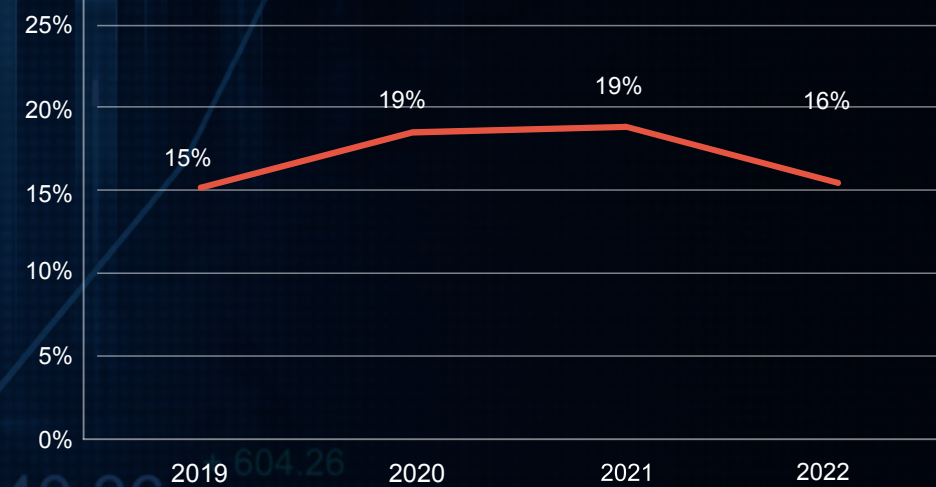
EBITDA
Combined (TL Billion)



Akkök Group generated net sales of TL 78.5 billion. Consolidated net sales in 2022 amounted to TL 26.7 billion.

In 2022, Akkök Group announced a combined EBITDA of TL 12.4 billion. In 2022, consolidated EBITDA amounted to TL 7.1 billion.

EBITDA Margin
Combined



Akkök Group achieved a combined EBITDA margin of 16% in 2022. Consolidated EBITDA margin for 2022 was 27%.

⁽¹⁾ Combined values are calculated as per the Regulatory Financial Statements of Akkök Holding A.Ş., as well as its Affiliates, Subsidiaries, and Jointly Controlled Entities, without being subject to elimination.

MILESTONES

Investments adding value to the Turkish economy and society from past to present...

1952

Aksu was established in Bakırköy, Istanbul in 1952, as the Holding's first industrial investment.

Ariş was established in Bakırköy, Istanbul.

1955

Dinarsu was established in Eyüp, Istanbul.

Dinkal manufacturer and trader of yarn, was also founded.

1968

Aksa was established in Yalova.

1971

Aksa, started production.

1974

Ak-AI Yalova Plant was established and started production.

1975

Dinarsu Çerkezköy Facilities were established.

1976

Akmetem was established and started production.

Ak-Pa were established.

Dinkal Sigorta was established.

1977

Aksa Akrilik realized its first export.

Akkim was established and started producing sulfur dioxide.

1978

Aksu İplik opened its Çerkezköy Plant.

1979

Akkök Sanayi Yatırım ve Geliştirme Anonim Şirketi was established.

Gizemfrit was established in Sakarya.

1981

Akkim started to produce persulfate.

1982

The foundations of **Ak-AI Bozüyük Factory** were laid.

1986

Ak-Tops was established.

Aksa Akrilik shares began trading on the ISE.

Ak-AI shares began trading on the ISE.

1988

Akkim started the production of textile auxiliaries.

1989

Akenerji was established.

Aktem was established.

Akkim started the production of methylamines.

1990

Dinkal was restructured as Dinkal Sigorta Danışmanlık ve Acentelik A.Ş.

Aksu İplik was listed on the ISE.

1992

Akkim's chlor-alkali plant with a capacity of 60,000 tons/year went into operation.

1993

Akmerkez opened its doors to its guests.

By signing the Responsible Care Program, **Akkim** was among the first companies to implement the program in Turkey.

1996

Paper Moon Akmerkez opened its doors to its guests.

Akmerkez received the "World's Best Shopping Center" award in Las Vegas.

1998

Akport opened Tekirdağ-Trieste Ro-Ro line.

Akkim opened Turkey's first hydrogen peroxide facility for production.

1999

Akrom Akal Textile Romania SRL was established.

2000

Akrom Romania Factory started production.

Akenerji shares were listed on the ISE.

Aksa Akrilik wastewater treatment system broke new ground in Turkey by switching to biological treatment with the Deep Tank system.

2002

Akkim began to export the know-how it has reached as a result of the engineering studies carried out within its own body.

2003

"**Aksa Akrilik Egypt**" was established in Alexandria.

Aksa Akrilik established FITCO B.V. for the new investments it plans to make.

Aksu became the first Turkish company to attend the Premiere Vision Fair.

2004

Akenerji Elektrik Enerjisi İthalat İhracat Töptan Ticaret A.Ş. began its activities.

2005

Akiş REIT was established to develop and manage Akkök Holding's real estate investments.

Mr. Mehmet Ali Berkman became the Chairman of the Executive Board of Akkök Holding.

Dinarsu was sold to Merinos Carpet Industry Group.

Akmerkez was listed on the ISE.

Akkim began the production of paper chemicals.

2006

Akkim commissioned Turkey's first sodium percarbonate plant.

Akenerji incorporated Akkur Enerji.

Paper Moon Ankara opened.

2007

Akkök Holding and Akkim, signed the United Nations Global Compact.

Aktek Bilgi İletişim Hizmetleri Sanayi ve Ticaret A.Ş. was established.

Akiş GYO started Akkoza construction with the partnership of Garanti Koza and Corio.

The Yedigâr-ı İstanbul book, created from **Yıldız Palace** photo albums, was published with the contributions of Akkök Holding.

SAF REIT one of the subsidiaries of Akkök Holding, started to be traded on the ISE as of 2007.

Akkim started the production of concrete chemicals.

2008

Akenerji signed a strategic partnership agreement based on equal partnership with the Czech energy company CEZ.

AKCEZ consortium won the Sakarya Elektrik Dağıtım A.Ş. (SEDAŞ) tender during the electricity distribution privatization process.

Aksa Akrilik received the National Quality Grand Award of KalDer.

2009

Akiş REIT became 100% owner of Akbatı Shopping Center and Akbatı Residences by acquiring the partnership shares of Garanti Koza and Corio in the Akkoza Project.

Aksu ve Ak-AI merged under the umbrella of Ak-AI.

Akenerji commissioned the Ayyıldız Wind Power Plant with an installed capacity of 15 MW in Bandırma, Balıkesir.

Aksa Akrilik launched its carbon fiber production facility with a capacity of 1,500 tons/year.

2010

Akenerji Akocak, Bulam, Burç, Uluabat and Feke II Hydroelectric Power Plants. In addition, it purchased the entire generation capacity of the 100 MW wind power plants owned by Polat Enerji.

The railway line between Tekirdağ-Muratlı of **Akport Tekirdağ Port** was put into operation.

2011

Raif Dinçök Cultural Center opened to the service of the people of Yalova.

Aksa Akrilik signed a partnership agreement with Dow Chemicals for strategic cooperation in the field of carbon fiber.

Akbatı Shopping Mall was put into service.

Akenerji became the first energy company in Turkey to receive the IIP (Investors in People) Certificate of Commitment and one of the two energy companies reporting by participating in the CDP Turkey reporting.

2012

DowAksa was established.

The Akbatı Residences Project, built by Akiş REIT in Esenyurt, İstanbul, was delivered.

Akiş took the title of Real Estate Investment Trust.

2013

Mr. Ahmet Cemal Dördüncü assumed the position of the Chairman of the Executive Board of Akkök Holding.

Akkim established Akferal company by signing an equal share partnership with Feralco, Europe's 2nd largest water chemicals and coagulant producer.

Akkim received the R&D Center registration from the Ministry of Science, Industry and Technology.

Aksa Akrilik was included in the Turquality Project.

DowAksa acquired the **CarbonWrap** business unit, which offers carbon fiber composite solutions in the field of infrastructure and building reinforcement.

With the establishment of **Sepaş Enerji**, the separation project between SEDAŞ and Sepaş Enerji began.

Akiş REIT began trading on the Borsa İstanbul Corporate Products Market.

Aksa Akrilik was included in the Turquality Project.

2014

Akkök Holding's first GRI-approved sustainability report was published.

Aksa Shopping Center opened its doors to its guests.

Aksa Akrilik became the second company in Turkey and the first in its sector to hold the Risk Management System Verification Certificate.

Akkim bought the water treatment chemicals division of Dostel Group.

DowAksa Advanced Composites Holdings B.V. signed a triple joint investment decision with Rusnano and Kompozit Holding (HCC) for the Composite Nanotechnology Center (NCC).

DowAksa USA was established. 50% of German prepreg manufacturer c-m-p was purchased.

Erzin Natural Gas Cycle Power Plant project was completed and commissioned by Akenerji.

SEDAŞ commissioned the SCADA Project in Kocaeli, Gebze and Sakarya, which will enable remote monitoring of electrical energy and respond to faults in a shorter time.

KidZania İstanbul (Akasya Çocuk Dünyası A.Ş.) started its activities.

2015

For the first time, Akkök Holding undertook the main sponsorship of the **Mamut Art Project**, which it will support for five years, within the framework of its "Investing in the Future" strategy.

YALKİM OIZ whose founding partners are Acrylic-Based Composite, of which Aksa Akrilik is a member, Advanced Materials and Technology Manufacturers Association, Yalova Special Provincial Administration, Taşköprü Municipality and the Yalova Chamber of Commerce and Industry, was established with the approval of the Ministry of Science, Industry and Technology.

A Joint Development Agreement was signed between **DowAksa** and Ford.

Akkim bought 100% shares of **Gizemfrit**.

Akenerji became the first and only energy company to report to the CDP (Carbon Disclosure Project) Turkey Water Program.

Sepaş Enerji broke new ground in the sector and started selling electricity online through its website.

Life Academy was implemented by **Akiş REIT**.

Aktek created an organization called Aktek Garage, which structurally describes its internal and external innovation philosophy.

2016

At the traditional Corporate Governance Awards ceremony of the **Corporate Governance Association of Turkey (TKYD)**, Aksa Akrilik received the grand prize as the Company with the Highest Corporate Governance Rating.

Aksa Akrilik aimed to add a new vision to acrylic fiber with its new brands Acryluna, Acrysole, Acryterna and Acrylusion.

The Global Composite Center supported by SSM and financed within the scope of the IPEK Project carried out jointly by TAI and DowAksa, was put into service.

Akkim entered the high-tech water treatment sector with its Ultrafiltration Membrane Module investment.

Akenerji became the first company to implement the virtual power plant tender in Turkey.

Akenerji became the only electricity generation company to participate in the CDP Turkey 2016 Water Program.

Sepaş Enerji Enerji started the SAP IS-U-CRM project, which will restructure all its systems to provide the best experience to its customers.

Akiş REIT started the sales of its new brand Akapartman Suadiye.

Aksa Culture and Art (AKS) opened its doors.

2017

- Aksa Akrikil**'s Corporate Rating was updated as 9.63 and received the grand prize as the Company with the Highest Corporate Governance Rating in the BIST Corporate Governance Index for two consecutive years.
- DowAksa** signed a long-term supply agreement with Vestas Wind Systems AS, one of the world's largest wind turbine manufacturers.

- The 13.2 MW additional capacity of **Akenerji**'s Ayyıldız Power Plant was commissioned, bringing the total installed capacity of the plant to 28.2 MW.
- SEDAŞ** came first in the 3rd Energy R&D Workshop with its EMRA-approved Remote Reading of Electronic Meters Project and received the R&D success award.

- SEDAŞ** became a "Corporate Tax Record Holder" in Sakarya.
- Akiş REIT** became one of the most prominent players in the sector by merging with SAF REIT.
- Akkim** put into production a new persulfates facility with a capacity of 10,000 tons/year in Yalova.
- Akkim** put its new hydrochloric acid plant into operation with a capacity of 40,000 tons/year.

- Akkim** acquired the chemical sales and marketing company Dincox to be close to customers in the European market and to expand its export activities.
- Akkim** bought Feralco shares in Akferal and Feralco became a 100% Akkim subsidiary. Dilovası and Osmaniye facilities began to operate on behalf of Akkim.

- Gizemfrit** bought Megacolor, one of the most important players in the ceramic industry in Spain.
- Gizemfrit** Gizemfrit received the R&D Center registration from the Ministry of Science, Industry and Technology.
- Gizemfrit** was accepted into Turquality Brand Support, Turkey's most prestigious and comprehensive incentive program.

2018

- Aksa Akrikil** raised its Corporate Governance Rating from 9.63 to 9.70 and this year, it won the grand prize three years in a row by being the first.
- Akiş REIT** acquired a very valuable international stakeholder by selling 7.36% shares to the European Bank for Reconstruction and Development (EBRD) in 2018 and became a partner in a housing project developed in London by making a foreign investment for the first time.
- Gizemfrit** received an R&D center certificate.
- Akkim** put into production its new performance chemicals facility with a capacity of 150,000 tons/year.

- Akkim**'s 2018-2019 Sustainability Report was deemed worthy of the Platinum Award by LACP (League of American Communications Professionals LLC).
- Gizemfrit** received the Authorized Economic Operator Certificate from the Ministry of Customs and Trade, which provides convenience and privileges to reliable companies in customs procedures.
- Gizemfrit** received ISO 14001: 2015 Environmental Management System and ISO 9001: 2015 Quality Management System Certificates.
- Gizemfrit** received the first Occupational Health and Safety Management System Certificate OHSAS 18001.

2019

- Aksa Akrikil** was honored by the Turkish Chemical Manufacturers Association (TKSD) with the "50th Year" plaque.
- Aksa Akrikil** ranked 41st in the ISO 500 list. It also got the 2nd prize by raising its Corporate Governance Rating from 9.70 to 9.72.
- The production capacity of **Aksa Akrikil** was determined as 330,000 tons/year as a result of the efforts to create the optimum production track.

- Akkim** was promoted to Silver Recognition in the sustainability assessment of the Global Supply Chain by EcoVadis.
- Akkim** was selected as the National Champion in the innovation category at the European Business Awards.
- Akkim** completed the TFS (Together for Sustainability) Sustainable Supplier audit with a high score.
- Akkim** R&D Center received the 2nd prize in the evaluation of the Ministry of Industry and Technology.

- Akkim** became the 21st company that carried out the most projects and the 50th company that received the most patents in the Turkishtime R&D 250 Research.
- Akiş REIT**'s Corporate Governance Rating was determined as 9.62.
- Akiş REIT**'nun Kurumsal Yönetim Derecelendirme Notu 9,62 olarak belirlenir.
- Akiş REIT** was accredited by TÜV Thüringen e.V. (German Accreditation Agency-DAkKS) and received the ISO 27001:2013 Information Security Management System Certificate.

- At The One Awards, which are given to the companies that raise their reputation the most every year, **Akenerji** was awarded 1st place for 2 consecutive years, adding 1 star to its award.
- Gizemfrit** once again ranked first in the "Paint, Varnish and Inks" category with its export figures in the "Star of Export" awards organized by the Istanbul Chemicals and Chemical Products Exporters' Association, with its exports this year, as it has been for the last 11 years.

2020

- Akenerji** became one of the first companies to implement the ISO 45001:2018 standard. The continuity of ISO 27001:2013 Information Security Management Systems documents was ensured.
- SEDAŞ** signed the United Nations Women's Empowerment Principles (WEPs) within the scope of the "Forget the Gender" Project.

- Paper Moon İstanbul** İstanbul was deemed worthy of the "Diploma of Good Cuisine" award given by the "Accademia Italiana Della Cucina", which was established in September 2019 to develop cultural and commercial relations between Italy and Turkey in the field of gastro-economics and gastrotourism.

- Akkim** raised its Silver Recognition level to the Gold Recognition level in the Global Supply Chain Sustainability Assessment conducted by EcoVadis.
- Ranking 252nd in the ISO 500 ranking, **Akkim** has risen 100 notches in the last five years.
- Akiş REIT** became a signatory to the United Nations Global Compact.

- Akiş REIT** had the highest Corporate Governance Rating in its sector with a score of 9.63 among the companies listed on Borsa İstanbul.
- Akiş REIT** became one of the supporters of the "Innovate21st" Investment and Acceleration Program for startups that offer digital solutions in the retail field.
- Akenerji** was included in the Fortune 500, ISO 500 and Capital 500 lists. It ranked 1st in the "Those Increasing Profit Before Interest and Taxes" list, which ranks the fastest growing companies in the Fortune 500.

- As of the end of 2020, all **Akenerji** power plants were entitled to receive the Basic Level Zero Waste Certificate.
- Paper Moon İstanbul** took its place as 4 pearls in the 2020 Gastronomy Guide with Pearls prepared with Turkey's first and unique gastronomy rating system.
- Akkim** became a Bluesign System Partner.
- Akkim** sold its Dilovası and Osmaniye facilities.

- Gizemfrit** decided to carry out all her activities under the name Akcoat.
- Akcoat** was the 6th best R&D center in Turkey and among the top 3 R&D centers in the chemical materials sector, according to the R&D centers 2020 performance index report of the Ministry of Industry and Trade.
- Akcoat** received the ISO 50001:2018 Energy Management System Certificate.

2021

Akkök Holding and its group companies ARD Holding A.Ş. and NDC Holding A.Ş. acquired 51% of **Epsilon Kompozit Teknoloji ve Savunma Sanayi A.Ş.**, which manufactures, assembles, sells and exports high-tech composite components and parts.

Akkök Holding became a signatory to the Business World Plastics Initiative (IPG).

Aksa Akrilik commissioned a new facility of 20,000 square meters for Aksafil, which will produce for sectors such as knitwear, active wear, technical textiles and hand knitting.

Aksa Akrilik announced three more high-tech brands to the world.

Aksa Akrilik won the award for the 6th time as the owner of the “2nd Company with the Highest Corporate Governance Rating” at the 11th Corporate Governance Awards organized by the Corporate Governance Association of Turkey.

After the evaluation made by JCR Eurasia, **Aksa Akrilik’s** credit rating was announced as “AA Stable”.

Akenerji became the first Turkish company to register on the European Energy Exchange, Europe’s largest energy exchange.

Paper Moon opened its doors for those who wanted to have a special dining experience at Akfen Bodrum Loft in Göltürkbükü during the summer season.

Akiş REIT was entitled to be the only Real Estate Investment Trust to be included in the Borsa Istanbul Sustainability Index.

Akiş REIT’s Corporate Governance Rating rose to 96.33 in 2021. It has the highest Corporate Governance Rating among companies operating in the real estate sector in Turkey.

Akasya ve Akbatı shopping malls received the I-REC International Renewable Energy Certificate issued by IRECS International to promote renewable energy investment and use.

Ak-Pa realized the record export of its history with group exports of USD 452 million.

Akenerji SEDAŞ and Sepaş Enerji implemented the “Women’s Energy” project to raise female employment and support women in their career journeys.

SEDAŞ received the “Low Carbon Hero” award at the 7th Istanbul Carbon E-Summit, which was held with the main support of the Ministry of Environment and Urbanization, Istanbul Technical University and the Sustainable Production and Consumption Association.

In line with the importance it attached to inorganic growth opportunities, **Akkim** acquired 100% of Turkey’s largest carboxymethyl cellulose producer, USK Kimya.

Akkim Silikon Kimya was established and started the production of high-tech silicone polymers.

Sepaş Smart Solutions was established to provide “energy solutions and consultancy” services to companies from various sectors and home users, especially industrial facilities and commercial enterprises.

Akcoat became a participant in the UN Global Compact, the world’s largest corporate sustainability initiative.

Akcoat became the 6th company in Turkey and the first company in the chemical industry to sign the CEO Water Mandate statement.

Akcoat opened a new R&D center building.

Akcoat received the ISO 45001:2018 Occupational Health and Safety Management System Certificate.

2022

Akkök Holding in cooperation with Beşiktaş Municipality, implemented the public space transformation project on the German Creek walking track.

Dinkal Sigorta Acenteliği A.Ş. was deemed worthy of the “Most Insurtech Agency” award as a result of the evaluations of the jury consisting of influential and distinguished names of the sector within the scope of “Turkey Insurtech Awards 2022”.

With its customer experience management project “İKİGAI”, **SEDAŞ** received the “Most Commendable” Award in the “Best Customer Experience” category at the “Turkey Communication Center Awards 2022” organized by IMI Conferences.

Akkim laid the foundation of Turkey’s first Epoxy Resin Production Facility with an investment budget of USD 100 million.

Akkim received the A-Excellent Level Sustainability certificate in its ESG (Environmental, Social, Corporate Governance) performance in the Fortune Turkey-CRIF Synergy sustainability research.

The foundation of the new integrated production facility to be established by **DowAksa** in Yalova was laid.

DowAksa was deemed worthy of an award in the “Investment” category at the “IAmChampion Awards” organized by the American Companies Association (AmCham Turkey).

Aksa Akrilik started the investment process to expand production to 355,000 tons/year by adding 2 production lines to its 330,000 tons/year production capacity.

Akiş REIT received the ISO9001 Quality Management System certificate.

Akiş REIT received a Management Level B rating from the Carbon Disclosure Project (CDP), which it reported for the first time.

Akiş REIT became the only REIT listed on the Borsa Istanbul Sustainability Index in 2022.

Akcoat implemented the Wildlife Rescue project for the conservation and scientific development of wildlife.

Akcoat was entitled to receive the Basic Level Zero Waste Certificate from the Ministry of Environment, Urbanization and Climate Change.

Akcoat completed its carbon and water footprint measurements and published its first sustainability report.

Akkök R&D Summit was hosted by Akcoat R&D center for the first time in a 2-day event where the R&D teams of Akcoat, Aksa Akrilik, Akkim, Dowaksa and Epsilon Kompozit and Akkök Holding senior management came together.

Akcoat received 2 awards in the Alfe De Oro “innovation” category and Liderpack in the “best logistics and distribution packaging” category for its innovative and sustainable packaging system for Lessbox inkjet ceramic printing inks.

In 2022, **Ak-Pa** realized the record export of its history with USD 629 million group exports, thanks to the changing world conditions after the pandemic and the advantage of Turkey’s geographical-logistics location.

MESSAGE FROM THE CHAIRMAN



Raif Ali Dinçök
Chairman of the Board of Directors and
Executive Board Advisor

Dear business partners and valuable employees,

At Akkök Holding, we have successfully completed this year as always in our 70-year journey. On this occasion, we wanted to convey some of our predictions about 2023 to you, our esteemed stakeholders, by evaluating the developments in the world and in our country throughout the year.

The rapid recovery in 2021 after the COVID-19 pandemic brought inflationary effects and this situation triggered the central banks to make a series of interest rates hikes in the first quarter of 2022. However, when the highest global inflation rates of the last 40 years were reached, it was understood that it was too late to intervene. Adding to the Russian occupation of Ukraine, the ensuing energy crisis and the difficulties in accessing finance, the global growth rate, which was 6% in 2021, unfortunately declined to the 3% level in 2022. This rate was recorded as the lowest growth rate in the last 30 years, excluding the 2009 financial crisis and the 2020 pandemic. In light of the developments, we have entered 2023 with the rising risk of recession. Strong interest rate hikes are

not expected to continue for the remainder of 2023, also due to the bankruptcy of banks such as SVB and Credit Suisse.

However, dynamics in major economies remain different. While growth is expected to come to a standstill in Europe in 2023 with the efforts to get rid of the effects of the war and the transition to alternative energy sources, the Chinese economy is expected to grow by more than 5% with the end of the 'Zero Covid' policy and the accelerated increase in individual consumption. In the USA, where the Dollar and the labor market are stronger, it is estimated that the FED will remain at 5% interest rate in the new year due to the high interest rate sensitivity of banks. Our general expectation is that economic activity will recover, especially from the second half of 2023, with the cessation of interest rate hikes globally.

Contrary to many economies struggling with inflation, our country prioritized growth and supported employment. In this framework, practices such as policy rate cuts, high minimum wage increases, and lowering the corporate

With the active participation and support of our subsidiaries, we develop long-term growth plans and implement innovative investments that will add value to our country and our stakeholders in all sectors in which we operate.

tax rate from 25% to 23% were introduced in 2022. Thus, while a growth rate of 7.6% was achieved in the first half of 2022, the unemployment rate declined to around 10%. In the rest of the year, growth slowed down due to the rising negative impact of the global conjuncture and our own vulnerabilities, and the year ended with a growth rate in the region of 5%. However, the growing current account deficit, the election atmosphere, low foreign exchange reserves and frequently changing regulations, especially inflation reaching 80% during the year, make commercial activities very difficult. Difficulties in accessing finance, high energy costs and low external demand are likely to further constrain economic activity in 2023. It should not be overlooked that taking short-term measures may cause more fundamental problems in the long run.

At Akkök Holding, we continued our growth and investments without slowing down in 2022, despite this challenging macroeconomic environment. With the active participation and support of our subsidiaries, we develop long-term growth plans and implement innovative investments that will add value to our country and our stakeholders in all sectors in which we operate. For example, only in 2022, we invested nearly USD 200 million in projects such as the facility established by Akkim for the domestic production of epoxy, a completely imported product, the installation of DowAksa's 3rd carbon fiber production line, and Aksa's outdoor technical yarn facility. We closely follow all developments and innovations in technology, consumer habits and business models and integrate them into our processes.

We continue to achieve our tangible sustainable growth targets with these investments, in which we ensure a balanced increase in new products and capacity. This year, we also established the Green Strategy Group with our group companies to strengthen cooperation in sustainable and environmental growth. Thus, we will take concrete steps on behalf of our action plans in

areas such as the circular economy, renewable energy and adaptation to climate change, which are the current requirements of sustainable growth.

As a result of all our efforts, we achieved a total turnover of TL 78.5 billion in 2022, which was a challenging year. Our EBITDA rose by 130% to TL 13 billion. In addition, our exports grew 30% and reached USD 797 million. I would like to thank all our business partners and employees for their continued support and determination during this difficult period globally, as we continue to implement our investments with a long-term perspective and the goal of creating added value.

Sincerely,

Raif Ali Dinçök
Chairman of the Board of Directors and
Executive Board Advisor

MESSAGE FROM THE PRESIDENT OF THE EXECUTIVE BOARD



Ahmet C. Dördüncü
Chairman of the Executive Board
and Member of the Board of Directors

Dear Stakeholders,

As Akkök Holding, we successfully left behind a difficult year with prudent planning, competitive understanding and determined financial management.

We have not stopped working in the fields of sustainability, innovation and production technologies, which we see as the locomotive of our growth strategy that we have adopted since the day we were founded. Our companies, each of which is a leader in its sector with its sustainability and innovative production technologies, closely follow all new developments and trends in the world and successfully carry out their own processes with the concept of Industry 4.0.

Aksa Akriilik, the world's leader and Turkey's only acrylic fiber producer, is starting to invest in a new yarn facility with a production capacity of 7,000 tons in line with its growth targets. The facility, which has a budget of USD 45 million, is targeted to be commissioned by the end of 2024. Aksa will be the leading manufacturer in this field. DowAksa, a 50% subsidiary of Aksa and one of the world's leading carbon fiber producers, made an investment of approximately USD 100 million to commission the third production line to be established to produce carbon fiber, which is mainly used in wind turbines. With this investment, which will meet the rising global clean energy demand with local production, we aim to achieve a significant increase in capacity.

Turkey's leading chemical producer Akkim Kimya laid the foundations for an epoxy plant investment of USD 100 million in 2022 in line with its sustainable growth targets. The facility, which will have an annual production capacity of 100,000 tons, will start to produce epoxy resins (liquid/LER and solid/SER), Epichlorohydrin (ECH) and pure glycerine as of 2024. Akcoat, which is one of Akkim's subsidiaries and produces in 5 different categories including enamel, ceramic, glass, non-stick - decorative coatings and pigment, has put into operation its new R&D Center, established on an area of 6,000 m² in Sakarya, to develop value-added products in the field of coatings.

Within the scope of R&D activities, which is our other priority area, the "Akkök R&D Summit" was held for the first time this year at Akcoat's new R&D Center, and our companies' future production technology development and innovation targets were evaluated. Within the scope of our R&D activities, our group companies have made 165 patent applications and 88 design registrations in 50 different product groups over the last 3 years.

Distinguished by the diversity and quality of its portfolio structure in the real estate sector, Akiş REIT closed 2022 with an occupancy rate of 98% in both Akbatı and Akasya shopping malls. This year has also been a year in which our Company strengthened its start-up investments. For example, our Pulpo AR investment was sold to the US-

In 2022, at Akkök Holding, we grew our combined turnover to TL 78.5 billion.

based augmented reality company Glimpse Group, with an exit performance of more than twice the initial investment value. We are preparing to celebrate the 30th anniversary in 2023 of Akmerkez Shopping Mall, which closed the year with an occupancy rate of 98%.

Akenerji, our power generation company with an installed capacity of 1,224 MW, has more than doubled its EBITDA despite the volatile year the whole world has gone through. Continuing its activities at a healthy debt level, the Company also continues its research to add sustainable energy projects with high efficiency and profitability to its portfolio.

Partnership negotiations were completed for the sale of 50% of CEZ shares of AKCEZ, our electricity distribution and retail sales company, to Torunlar Enerji and Başkent Doğalgaz, and a shareholders' agreement was signed in December 2022. The share transfer process is planned to be completed in 2023. With this partnership, we will strengthen our position among the sector leaders by becoming even stronger in the energy sector. We will maintain our uninterrupted, safe and innovative service approach by strengthening our service standards.

In 2022, we also started our corporate venture capital (CVC) activities, which we call "Akkök Next". Our fund, which will invest in various start-ups in areas such as materials and retail, in addition to the chemistry and energy sectors, which are the main sectors in which Akkök operates, is planned to be operational in 2023.

In 2022, at Akkök Holding, we grew our combined turnover to TL 78.5 billion. In addition, we have reached an export figure of TL 13 billion by maintaining the share of our exports in total turnover.

In 2023, we will continue to follow value-added technologies in our three main fields of activity, chemistry, energy and real estate, prioritize innovative management approach and closely monitor global trends.

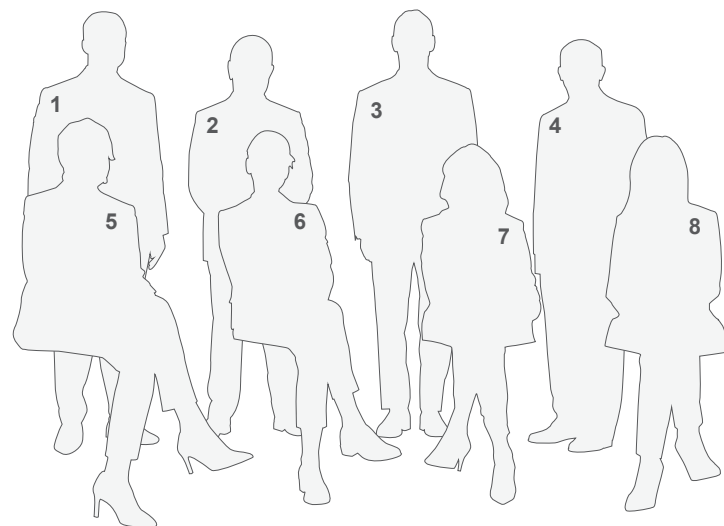
Our investments, which will enable the development of new technologies in our country and support domestic production, as in every year will be at the top of our strategic goals in the coming periods.

I would like to extend my sincere thanks to all our stakeholders, employees, business partners and shareholders who have supported us.

Sincerely,

Ahmet C. Dördüncü
Chairman of the Executive Board
and Member of the Board of Directors

BOARD OF DIRECTORS



- | | | | |
|--|--|---|--|
| <p>1- Mehmet Emin Çiftçi
Member of the Board of Directors</p> | <p>2- Ahmet Cemal Dördüncü
Member of the Board of Directors and Chief Executive Officer</p> | <p>3- Raif Ali Dinçök
Chairman of the Board of Directors and Executive Board Advisor</p> | <p>4- Dr. Yılmaz Argüden
Member of the Board of Directors</p> |
| <p>5- Özlem Ataüinal
Member of the Board of Directors</p> | <p>6- Alize Dinçök
Member of the Board of Directors</p> | <p>7- Nilüfer Dinçök Çiftçi
Assistant Chairman of the Board of Directors</p> | <p>8- Melis Çiftçi
Member of the Board of Directors</p> |

AKKÖK HOLDING BOARD OF DIRECTORS

Raif Ali Dinçkök

Chairman of the Board of Directors and Executive Board Advisor

Born in Istanbul in 1971, Raif Ali Dinçkök graduated from Boston University (USA), Department of Business Administration in 1993, and subsequently started working at Akkök Holding. Mr. Raif Ali Dinçkök continued his career in the Purchasing Department of Ak-Al Tekstil San. A.Ş. between 1994 and 2000, and later served as Coordinator of Akenerji Elektrik Üretim A.Ş. from 2000 to 2003. Prior to his current position as the Chairman of the Board of Directors at Akkök Holding A.Ş., he served as a Member of the Board of Directors and Vice Chairman of the Executive Committee at Akkök Holding A.Ş. Mr. Raif Ali Dinçkök has served as the Chairman of the Board of Aksa Akrilik, Ak-Kim, Akiş REIT and Akmerkez REIT, as well as a Member of the Board of Directors in other companies within Akkök Holding. He also works as Akkök Holding Executive Board Advisor.

Nilüfer Dinçkök Çiftçi

Assistant Chairman of the Board of Directors

Born in Istanbul in 1956, Nilüfer Dinçkök Çiftçi graduated from Lycée Français Sainte Pulchérie in Istanbul in 1970. She continued her education in Switzerland, where she later graduated from St. Georges School in 1976. Assistant Chairman of the Board of Directors of Akkök Holding A.Ş., Nilüfer Dinçkök Çiftçi is acting on the Board of Directors of Akkök Group Companies.

Ahmet Cemal Dördüncü

Member of the Board of Directors and Chief Executive Officer

Born in Istanbul in 1953, Ahmet C. Dördüncü, graduated from Çukurova University, Department of Business Administration. Later, he pursued his postgraduate studies at Mannheim and Hannover Universities. Mr Dördüncü began his professional career at Claas OHG Company in Germany, and after returning to Turkey, he worked at Mercedes Benz A.Ş. between 1984 and

1987. He joined Sabancı Group in 1987, and assumed several positions at Kordsa A.Ş. until 1998. Mr. Dördüncü served as General Manager/President at DUSA South America, and later at DUSA North America in 1998. After working as Group President of Strategic Planning and Business Development at Sabancı Holding A.Ş. in 2004, he assumed the position of Chairman of the Executive Board of Sabancı Holding from 2005 to 2010. Mr. Ahmet

Cemal Dördüncü, Chairman of the Executive Board of Akkök Holding since January 2013, also serves as the Chairman of Epsilon and Akcoat, Deputy Chairman of Aksa Akrilik, Ak-Kim Kimya and Akiş REIT, and Member of the Board of Directors of various Akkök Holding Companies. Mr. Dördüncü is the Chairman of the United Nations Global Compact Turkey. He is also a Member of the Board of Directors in International Paper Co. companies. He speaks English, German and Portuguese.

Alize Dinçkök

Member of the Board of Directors

Born in İstanbul in 1983, Alize Dinçkök graduated from the Department of Business Administration and Economics at the Sawyer School of Management of Suffolk University in 2004. She attended Harvard Business School General Management Program and completed it successfully. In 2018, she graduated from the Innovative Thinking Program at MIT Sloan School of Management. She started her career in 2005 as a Strategic Planning Expert at Ak-Al Tekstil Sanayi A.Ş. She joined Akiş Gayrimenkul Yatırımı A.Ş., when the Company was setup in 2005. Here she worked as Project Coordinator, Sales and Marketing Manager, and Assistant General Manager for Sales and Marketing respectively. Member of the Board of Directors and Executive Board Member of Akkök Holding A.Ş., Alize Dinçkök acts as Chairman of the Board of Directors of Akmerkez Lokantacılık, Ak-Pa, and also serves on the Board of Directors of various Akkök Group Companies. Alize Dinçkök also manages the Akkök Group Marketing Platform established in December 2015.

Mehmet Emin Çiftçi

Member of the Board of Directors

Mehmet Emin Çiftçi was born in Istanbul in 1987, and graduated from Istanbul Ticaret University Faculty of Business Administration. He started his professional life in the Department of Budget Planning and Reporting in Ak-Kim Kimya Sanayi ve Ticaret A.Ş, and completed his Business Administration education in UCLA Extension (UCLA). Mr. Mehmet Emin Çiftçi completed the MBA program at the Institute of Business at Özyeğin University in 2018. Mr. Mehmet Emin Çiftçi is a Member of the Executive Board of Akkök Holding as of 2020, as well as Akkök Holding Board Member. He also serves on the Boards of various Akkök Holding Companies.

Melis Çiftçi

Member of the Board of Directors

Born in 1978 in İstanbul, Melis Gürsoy graduated from Özel Işık High School in 1996 and continued her higher education in Boston, Massachusetts, where she received her degree in Business Administration from Mount Ida College in 2000. She started her business career at Ak-Pa Tekstil İhracat Pazarlama A.Ş. Melis Gürsoy performs duties on the Board of Directors of Akkök Holding.

Özlem Ataüenal

Member of the Board of Directors

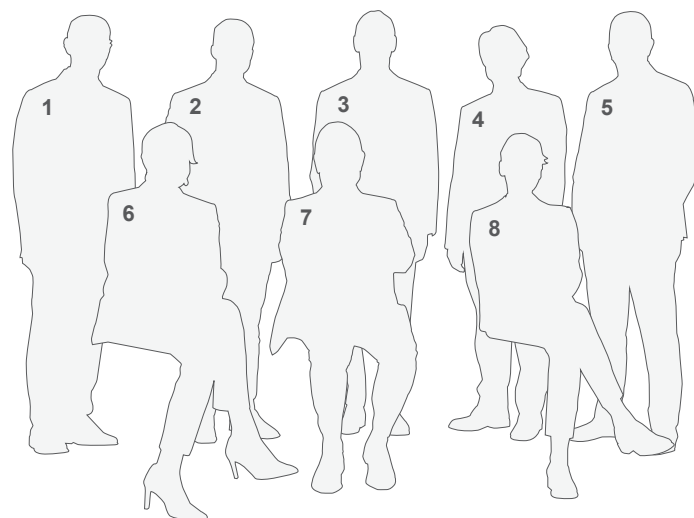
She graduated from Üsküdar American High School in 1985 and Uludağ University, Department of Business Administration in 1989. Starting her career at İktisat Bank, Ataüenal held various positions from Branch Manager to Customer Relations Management at Körfezbank. She joined Akkök Group in 2000 as Budget and Finance Manager of Akenerji. In 2005, Ataüenal was promoted to the position of CFO of Akkök Holding. In 2012, she was appointed as the Executive Committee Member in charge of Finance. In 2017, she became a member of the Board of Directors of Akkök Holding. She has assumed various responsibilities over the years and is currently the CFO of Akkök Holding, Executive Committee Member in charge of Strategy and Business Development and President of the Energy Group. In addition to being a Member of Akkök Holding's Board of Directors, Ms. Ataüenal is the Chairman, Deputy Chairman and Member of the Board of Directors in various companies of the group, including publicly traded companies and companies with foreign partners. She has also been a member of TÜSİAD since 2013.

Dr. Yılmaz Argüden

Member of the Board of Directors

Dr. Argüden is the Chairman of the Board of Directors of AR-GE Danışmanlık, known globally for its efforts to prepare companies for the future, the creative and innovative management strategies it has developed, and its social contributions. In addition to being the Chairman of the Rothschild & Co investment bank in Turkey, he has served on the boards of more than 70 companies in various countries throughout his career. Having started his career at the Koç Holding R&D Center, Dr. Argüden later worked as a Strategic Analysis Specialist at The RAND Corporation. He worked with 20 countries in the World Bank Credits Department, where he assumed the position of Section Manager. Carrying out the responsibility of the Privatization Program between 1988-1990, Dr. Argüden served as the Chief Advisor to the Prime Minister on the economy in 1991. Initiating the National Quality Movement during his KalDer Presidency, Dr. Argüden was elected as the World President of National Networks and served on the UN Global Compact Board of Directors, the world's most widespread sustainability platform. Known around the world for his work on boards of directors and governance, and whose books and articles are published in many languages, Dr. Argüden is the Chairman of the Board of Trustees of Argüden Yönetişim Akademisi. He also assumed international duties such as the Chairman of the Business at OECD Governance Committee and a member of the IFC Corporate Governance Group Advisory Board. Having completed Boğaziçi University by winning the Rector's Award for both academic first place and student leadership, and winning the Turkish Basketball Championship three years in a row as the playmaker in the Tarsus American College and Boğaziçi University basketball teams, Dr. Argüden also served as the Vice-President of the Turkish Basketball Federation. He has given lectures on strategy, governance and sustainability at Boğaziçi University, Koç University and War Academies. Winning many professional awards such as Outstanding Citizenship, Strategic Leadership, and Quality Leadership throughout his career, Dr. Argüden was selected among the 100 Global Leaders of the Future by the World Economic Forum.

EXECUTIVE BOARD



- 1- Cengiz Taş^(*)**
Member of the Executive Board
- 2- Mehmet Emin Çiftçi**
Member of the Executive Board and Member of the Board of Directors
- 3- Raif Ali Dinçök**
Executive Board Advisor and Chairman of the Board of Directors
- 4- İ. Gökşin Durusoy^(*)**
Member of the Executive Board
- 5- Onur Kipri^(*)**
Member of the Executive Board
- 6- Özlem Ataunal**
Member of the Executive Board and Member of the Board of Directors
- 7- Ahmet Cemal Dördüncü**
Chief Executive Officer and Member of the Board of Directors
- 8- Alize Dinçök**
Member of the Executive Board and Member of the Board of Directors



^(*) Mr. Cengiz Taş serves as a Member of the Executive Board responsible for Aksa Akrilik Kimya Sanayii A.Ş. and its subsidiaries. Mr. İhsan Gökşin Durusoy serves as a Member of the Executive Board responsible for Akış REIT and its subsidiaries, while Mr. Onur Kipri serves as a Member of the Executive Board responsible for Ak-Kim Kimya Sanayi ve Ticaret A.Ş. and its subsidiaries.

AKKÖK HOLDİNG EXECUTIVE BOARD

Ahmet Cemal Dördüncü

Chief Executive Officer and Member of the Board of Directors

Born in Istanbul in 1953, Ahmet C. Dördüncü, graduated from Çukurova University, Department of Business Administration. Later, he pursued his postgraduate studies at Mannheim and Hannover Universities. Mr Dördüncü began his professional career at Claas OHG Company in Germany, and after returning to Turkey, he worked at Mercedes Benz A.Ş. between 1984 and 1987. He joined Sabancı Group in 1987, and assumed several positions at Kordsa A.Ş. until 1998. Mr. Dördüncü served as General Manager/President at DUSA South America, and later at DUSA North America in 1998. After working as Group President of Strategic Planning and Business Development at Sabancı Holding A.Ş. in 2004, he assumed the position of Chairman of the Executive Board of Sabancı Holding from 2005 to 2010. Mr. Ahmet Cemal Dördüncü, Chairman of the Executive Board of Akkök Holding since January 2013, also serves as the Chairman of Epsilon and Akcoat, Deputy Chairman of Aksa Akrilik, Ak-Kim Kimya and Akış REIT, and Member of the Board of Directors of various Akkök Holding Companies. Mr. Dördüncü is the Chairman of the United Nations Global Compact Turkey. He is also a Member of the Board of Directors in International Paper Co. companies. He speaks English, German and Portuguese.

Alize Dinçkök

Member of the Executive Board and Member of the Board of Directors

Born in İstanbul in 1983, Alize Dinçkök graduated from the Department of Business Administration and Economics at the Sawyer School of Management of Suffolk University in 2004. She attended Harvard Business School General Management Program and completed it successfully. In 2018, she graduated from

the Innovative Thinking Program at MIT Sloan School of Management. She started her career in 2005 as a Strategic Planning Expert at Ak-AI Tekstil Sanayi A.Ş. She joined Akış Gayrimenkul Yatırımı A.Ş., when the Company was setup in 2005. Here she worked as Project Coordinator, Sales and Marketing Manager, and Assistant General Manager for Sales and Marketing respectively. Member of the Board of Directors and Executive Board Member of Akkök Holding A.Ş., Alize Dinçkök acts as Chairman of the Board of Directors of Akmerkez Lokantacılık, Ak-Pa, and also serves on the Board of Directors of various Akkök Group Companies. Alize Dinçkök also manages the Akkök Group Marketing Platform established in December 2015.

Özlem Ataunal

Member of the Executive Board and Member of the Board of Directors

She graduated from Üsküdar American High School in 1985 and Uludağ University, Department of Business Administration in 1989. Starting her career at İktisat Bank, Ataunal held various positions from Branch Manager to Customer Relations Management at Körfezbank. She joined Akkök Group in 2000 as Budget and Finance Manager of Akenerji. In 2005, Ataunal was promoted to the position of CFO of Akkök Holding. In 2012, she was appointed as the Executive Committee Member in charge of Finance. In 2017, she became a member of the Board of Directors of Akkök Holding. She has assumed various responsibilities over the years and is currently the CFO of Akkök Holding, Executive Committee Member in charge of Strategy and Business Development and President of the Energy Group. In addition to being a Member of Akkök Holding's Board of Directors, Ms. Ataunal is the Chairman, Deputy Chairman and Member of the Board of Directors in various companies of the group, including publicly traded companies and companies with foreign partners. She has also been a member of TÜSIAD since 2013.

Mehmet Emin Çiftçi

Member of the Executive Board and Member of the Board of Directors

Mehmet Emin Çiftçi was born in Istanbul in 1987, and graduated from Istanbul Ticaret University Faculty of Business Administration. He started his professional life in the Department of Budget Planning and Reporting in Ak-Kim Kimya Sanayi ve Ticaret A.Ş., and completed his Business Administration education in UCLA Extension (UCLA). Mr. Mehmet Emin Çiftçi completed the MBA program at the Institute of Business at Özyeğin University in 2018. Mr. Mehmet Emin Çiftçi is a Member of the Executive Board of Akkök Holding as of 2020, as well as Akkök Holding Board Member. He also serves on the Boards of various Akkök Holding Companies.

Cengiz Taş

Member of the Executive Board

Born in Bursa in 1966, Cengiz Taş graduated from the Industrial Engineering Department at Boğaziçi University in 1989. He began his career at Kordsa as an Investment Planning Engineer in 1989. He joined Akkök Holding Companies in 1991 as a Budget Expert at Ak-AI Tekstil Sanayii Anonim Şirketi and acted respectively as Budget Chief, Budget Manager, Production Coordinator, Assistant General Manager in Charge of Planning and as General Manager between 2004 and 2011. He has been the General Manager of Aksa Akrilik Kimya Sanayii A.Ş. since February 1, 2011.

Mr. Cengiz Taş, who is a member of the Akkök Holding Executive Board, also serves on the Boards of the Akkök Group Companies. Mr. Taş has membership in various associations and continues to serve as the Vice President of the Board of Directors of the Turkish Textile Industry Employers' Union. From June 2019 on, he is a Board Member of the Turkish Confederation of Employers' Unions. Mr. Taş is married with two children and speaks English and French.

İ. Gökşin Durusoy

Member of the Executive Board

Born in Denizli in 1964, İhsan Gökşin Durusoy received his master's degree in Industrial Engineering from Boğaziçi University in 1987 and started his career as Production Engineer in Arçelik. Working as Finance and IT Executive at Izmir Demir Çelik A.Ş. from 1988 to 1989, Durusoy joined Akkök Group in 1989 as Chief Budget Planner at Ak-AI Tekstil Sanayii A.Ş. Here, he

later served first as Budget Planning Manager and then as Strategic Planning Director. In 2007, he became Assistant General Manager at Akış REIT, which was founded with the aim of developing unique and large-scale real estate projects. Since 2009, Mr Durusoy has been serving as General Manager and Member of the Board of Directors at Akış REIT, as well as serving on the Boards of Directors at various Akkök Holding companies.

Onur Kipri

Member of the Executive Board

Born in Adana in 1964, Mr. Onur Kipri graduated from Boğaziçi University, Faculty of Business Administration. He started his career at Çukurova İthalat as a Sales Coordinator in 1986. Between 1988 and 1989, he worked as the Metal Trade Department Manager at TASK Uluslararası Ticaret A.Ş. Between 1989 and 1990, he worked as MIS Project Coordinator & Import Fabric Purchasing Manager at Doğan Fabrics & Textile. From 1991 to 2013 he served at Organik Kimya as Sales Manager, Department Manager and Trade Director, respectively. He joined Ak-Kim Kimya as the General Manager in January 2014. He still continues this duty and besides being a Member of the Executive Board of Akkök Holding, he is a Member of the Board of Directors of Ak-Kim Kimya, Member of the Board of Directors of Akcoat and Chairman of the Board of Dinox.

Raif Ali Dinçkök

Executive Board Advisor and Chairman of the Board of Directors

Born in Istanbul in 1971, Raif Ali Dinçkök graduated from Boston University (USA), Department of Business Administration in 1993, and subsequently started working at Akkök Holding. Mr. Raif Ali Dinçkök continued his career in the Purchasing Department of Ak-AI Tekstil San. A.Ş. between 1994 and 2000, and later served as Coordinator of Akenerji Elektrik Üretim A.Ş. from 2000 to 2003. Prior to his current position as the Chairman of the Board of Directors at Akkök Holding A.Ş., he served as a Member of the Board of Directors and Vice Chairman of the Executive Committee at Akkök Holding A.Ş. Mr. Raif Ali Dinçkök has served as the Chairman of the Board of Aksa Akrilik, Ak-Kim, Akış REIT and Akmerkez REIT, as well as a Member of the Board of Directors in other companies within Akkök Holding. He also works as Akkök Holding Executive Board Advisor.

CHEMICALS

- **Aksa Akrilik Kimya Sanayii A.Ŗ.**
- **DowAksa İleri Kompozit Malzemeler Sanayi Ltd. Ŗti.**
- **Akkim Kimya Sanayi ve Tic. A.Ŗ.**
- **Akcoat İleri Kimyasal Kaplama Malzemeleri Sanayi ve Ticaret A.Ŗ**
- **Epsilon Kompozit Teknoloji ve Savunma Sanayi A.Ŗ.**





“At Aksa Akrilik, we aim to create long-term sustainable value for all our stakeholders and maintain our sector leadership with our sustainable and profitable growth-oriented business model. Continuing our way with this vision, the market value of our Company has reached TL 29.8 billion. We completed the year with a capacity utilization rate of 94%, well above the sector. Our turnover rose more than twice compared to the previous period and reached TL 17.5 billion.”

Cengiz Taş
Member of the Board of
Directors - General Manager



Aksa Akrilik Kimya Sanayi A.Ş.

Founded in 1968 in Yalova to meet the needs of acrylic fiber of Turkey, Aksa Acrylic began production in 1971 with a capacity of 5,000 tons/year. With the vision of investing in technology in order to maximize operational excellence and creating sustainable, profitable, new areas of use for acrylic fiber, Aksa today is a world giant with 400 customers in more than 50 countries on 5 continents with its new technology and modernization investments undertaken over the years. With 1,300 employees, a production area of 600,000 square meters and annual capacity of 330,000 tons, it is the largest acrylic fiber producer in the world and the sole producer in Turkey.

Along with its success in production, Aksa is also a leader with implemented management systems, environmental practices and social responsibility projects, and thanks to its extensive product range it supplies textiles and technical textile raw materials to various industries. Aksa, which expands its new and special product portfolio with its 50 years of experience and customer-oriented approach every year, started to produce outdoor fibers in 2001 apart from textile fibers and advances its claim in technical fibers with its flock tow, homopolymer and filament yarn products. In 2009, after improving its technology infrastructure, Aksa commenced production of carbon fiber, which is considered one of the most vital raw materials of the 21st century.

Aksa Akrilik once again registered its success with its corporate management approach. At the “12th Corporate Governance Awards”, organized by the Corporate Governance Association of Turkey, it was awarded the title of “The Second Company with the Highest Corporate Governance Rating”.

Aksa Akrilik has been listed on the Borsa Istanbul Sustainability Index since 2018. As of 2022, it took its place in the “BIST Sustainability 25 Index”, which consists of 25 shares with high Market Value and Transaction Volume, selected among companies with high sustainability ratings.

Aksa formed its medium and long term strategy in line with global trends and sustainable growth principles. With this index, Aksa manifests its approach to important issues such as global warming, health, employment and water resources for the world and for Turkey.

Aksa Akrilik continues its efforts to create new business areas and develop new products for acrylic fiber with its unique technology knowledge through its R&D activities.

In the yarn industry, which we entered during the year, we gained rapid recognition and prestige thanks to our innovative product Aksafil. By 2023, we aim to contribute to the profitability of the Company by strengthening our position with the commissioning of the second phase of Aksafil.

As targeted in 2022, the reach of AKSA brands to end users has risen. In 2022, the penetration of our Everfresh, Acrycycle and Innofleece products in the market rose, and brand collaborations were multiplied. In addition, our EcoDye brand, which offers sustainable dyeing, was launched and the first sales were made. In order to enhance our cooperation with our indirect customers, relations with distribution channels and retail stores were developed.

The traceability project, which enables tracking in the supply chain, has been implemented. Especially our Acrycycle and EcoDye products in our sustainable product range have made a difference in the market with these features. As part of market development efforts, bulky fabrics, home textiles,

thermal underwear, active wear and fleece products were developed. The first sales were made in thermal underwear and active wear.

As part of our communication activities, speeches were made at Sustainability Talk events and at the Istanbul Fashion Conference of the Turkish Clothing Manufacturers Association and the “Consumer-Centered Sustainability” model was introduced. Our cooperation with Ms. Hatice Gökçe continued and the new collection was launched.

The intense demand after the pandemic in the outdoor fibers we serve with the Acrysole brand continued in the first half of 2022 as well. However, the fact that the Russia-Ukraine war caused a hike in the already high metal prices, raised the purchasing costs of end users, especially in the awning sector, and caused the postponement of household expenditures to the end of summer. With the arrival of summer, the decline in end-user demands, which started especially in the USA due to inflationary fluctuations, caused a decline in sales volumes in all markets in the second half of the year. Furthermore, the process of transforming outdoor products into performance products, which started with the pandemic, continues in the same way and Acrysole products are differentiated in the market, with regards to competing products.

Our filament product, which serves under the Acrylusion brand, continues to be tried in the carpet industry, especially in the chain stores of the American carpet industry. New chain stores are targeted with different designs by using a combination of filament and vortex yarn for the sector. In addition, we have started a new project for the European market, and we planned to start negotiations with carpet manufacturers in 2023.

As with the Armora brand, 2022 ended up below expectations due to raw material supply problems for a certain period. As a result of the efforts to create an alternative supply network, we returned to full capacity in the second half of the year. We accelerated the works for capacity expansion thanks to the demand over the current capacity, the growth trend in the modacrylic fiber market and the potential to create new areas of use thanks to our innovative product range. We plan to put the enhanced production capacity into operation in 2024. At the same time, we carry out development studies for market needs together with the innovative products developed. In this way, we foresee that valueadded products will become widespread. At the same time, we carry out R&D projects for the development of new products that will appeal to the flameproof products market.

The rising trend in synthetic hair products for the last 3 years continued in 2022 as well. Sales rose by 65% in 2022 compared to 2021. We expanded the production capacity in line with the sales strategy in the coming years. At the same time, we continue to work on product development to enhance product diversity in the market. We expect the current sales volume to be maintained in 2023.

The first of the two products under the Acryterna brand are homopolymer acrylic fiber supplied to the filtration industry. The supply problem of our closest competitor in this product due to capacity and cost has doubled our sales amount compared to the previous year. The global supply crisis in the automotive industry, which is the most common area of use for flock fiber, the second product, had a negative impact on sales. However, the high demand in the construction sector in the first half of 2022 had a positive impact on our sales.



“At DowAksa, we are happy to have laid the foundations of our investment that will open the door to new employment and export opportunities for Turkey in 2022, when we celebrate our tenth anniversary.”

Douglas G. Parks
Chief Executive Officer and
General Manager of Turkey



DowAksa İleri Kompozit Malzemeler Sanayi Ltd. Şti.

DowAksa started 2022 with firm steps in line with its targets and steadily increased its share in the global wind energy sector, which has a significant demand in the carbon fiber market. The Company made a new investment to expand its production capacity after its customers made new demands to benefit more from DowAksa’s innovative solutions and expertise in this field. DowAksa will reach an annual carbon fiber production capacity of 13,400 tons until the end of 2025 at its new facility, whose foundations were laid in April 2022, and will create a new employment opportunity for 500 people. This investment was deemed worthy of an award in the “Investment” category at the “IAMChamPion Awards2022” organized by the American Companies Association (AmCham Turkey).

DowAksa, which is the first and only carbon fiber producer in Turkey and one of the few in the world, was established in 2012 as a 50% equal joint venture between Dow, the world leader in materials science, and Akxa Akriik, the leader of the world’s acrylic fiber industry. DowAksa, which has grown rapidly in just 10 years since then, has been serving the composite industry supply chain with its efficient and competitive solutions that make a difference, thanks to its wide product portfolio. Providing carbon fiber and carbon fiber-based composite solutions to industrial sectors, especially wind energy, automotive and defense sectors, DowAksa strengthens Turkey’s economy with its high value-added exports.

90% of the Company’s revenues are derived from exports. As an important supplier in the global arena, especially in the wind energy sector, DowAksa enhances the performance and efficiency of wind turbines with its high-performance and innovative carbon fiber pultruded profile solution developed for the blades of wind turbines. This provides DowAksa with a growth opportunity far above the sector. Continuing its steady growth, DowAksa closed the year 2022 with a 30% rise in sales volume. As of the end of 2022, DowAksa continues to offer innovative solutions to strategic sectors in its 10th year. The company has a constantly growing team of 700 people in Turkey.

DowAksa published its first Sustainability Report in 2022 with the aim of creating sustainable positive values for all its stakeholders in the environmental, social and managerial impact areas and carrying these values to the future. DowAksa has created a Sustainability Department within the Company in order to put the work it has carried out in line with this understanding in a framework that is compatible with the United Nations Sustainable Development Goals, global trends and increasing customer needs and to systematize it. The Company aims to make sustainability a culture and integrate environmental, social and managerial (ESG) best practices into its corporate decision-making process.

Akkim Kimya Sanayi ve Ticaret A.Ş.



“Akkim Kimya closed the year with a turnover of around USD 550 million. We aim to reach a turnover of USD 1 billion by 2027, together with our new investments and company acquisition plans, which have an important place in our strategy. As a concrete step towards this goal, with our Epoxy Resin Production Facility investment that we laid in Yalova last December, we will break new ground for Turkey and neighboring countries, and become the only producer in our country of this raw material, which has strategic value for many sectors.”

Akkim Kimya started its journey in 1977 with an annual production of 1,000 tons of sulfur dioxide, and today it is the largest chemical producer in our country. Our annual production capacity in 5 different locations, mainly in Yalova, stands at 800,000 tons. The sectors we serve vary from textile to construction, from plastic to food, from energy to water treatment and hygiene, from oil to health. We are one of the leading companies in Europe for many of our products.

The chemical industry spent the year 2022, which entered with the expectation of relief after the pandemic, struggling with problems such as high inflation, tightening financial conditions, and the pressure on the economy caused by the Russia-Ukraine War. Our sector, which was the export champion with USD 30 billion in this difficult year, also caused a significant current account deficit with USD 56 billion of imports. Despite this general landscape demanding radical transformation, Akkim has succeeded in carrying its contribution to the country's economy to over USD 200 million with its exports to more than 70 countries in 6 continents.

Akkim Kimya closed the year with a turnover of around USD 550 million. We aim to reach a turnover of USD 1 billion by 2027, together with our new investments and company acquisition plans, which have an important place in our strategy. As a concrete step towards this goal, with our Epoxy Resin Production Facility investment that we laid in Yalova last December, we will break new ground for Turkey and neighboring countries, and become the only producer in our country of this raw material, which has strategic value for many sectors. We will produce 50,000 tons per year of liquid and solid epoxy resin and their formulated derivatives at the facility. In this way, we will provide support of approximately USD 200 million every year to the reduction of the current account deficit by replacing the annual imports of up to 50,000 tons. We plan to commission our facility in the first half of 2024. In addition, we commissioned our Akkim Silikon Kimya investment in May, which was established in the last quarter of 2021 and will produce high-tech silicone polymers. Our state-of-the-art silicone polymers facility will be the solution partner of the textile, paper, construction, paint and adhesives, agriculture and automotive industries. Silicone polymers, which have strategic value for both the export and domestic market, will also provide added value to industrial coating, mold release agents, carbon composite and carbon fiber fields.

As we realize our investments that make strategic contributions to our country, as a requirement of the responsibility we feel to our stakeholders, we know our

responsibilities for the future of our world and apply them without compromise. As a signatory of the United Nations Global Compact, we work with all our strength in economic, social and environmental fields to offer a better world to future generations with the principle of “Sustainability is in our chemistry”. We are based on sustainable development goals: clean water, hygiene and public health, accessible and clean energy, decent work and economic growth, industry, innovation and infrastructure, reduction of inequalities, responsible consumption and production, climate action, life in water and on land. We report and transparently share our concrete practices on this axis in accordance with international standards.

R&D and innovation play a key role in Akkim's sustainability activities. Our primary goal is to touch and add value to human life and improve living conditions with our products. Trying to create a wide range of products to meet well-analyzed needs in its R&D Center, Akkim has transformed into an organization capable of innovating at global standards. Accordingly, our use of resources has been reshaped in an effective and efficient manner, taking into account market and customer demands.

We are rapidly making our technological infrastructure investments so that the digital transformation and digitalization culture can take root in our Company. We taught our work done with repetitive algorithms to intelligent automated robots (RPA). Thus, while we carried our manpower use to optimum levels, we also made quality improvements in employee motivation. With the digitalization steps in waste management, we aim to reduce the amount of waste and to separate and recover the waste generated at the source. We are planning to implement more dynamic and efficient applications by reviewing our technological roadmap in areas such as facility intelligence, automation, and product life cycle. On the purchasing side, we improve our costs through improvements in our ERP processes and e-tender applications, with effective methods that will reduce the margin of error to zero. We make our quality sustainable by supplying the right product.

When we review our 5-year strategic plans, we plan to expand our employment to the level of 1,500 together with our affiliates in the next 1 and a half years with our new investments, to increase our turnover and, more importantly, the ratio of exports in our turnover significantly. We need new generation products for the qualified growth we aim for, and innovative R&D processes for new generation products. With this awareness, we constantly question and strive to improve the production processes we organize.

Onur Kipri

Member of the Board of Directors - General Manager



Akcoat İleri Kimyasal Kaplama Malzemeleri Sanayi ve Ticaret A.Ş.

“Despite the numerous difficulties experienced in the economic world during the post-pandemic period, we, at Akcoat, left behind a very successful year. Based on Akkök Holding’s human and sustainability-oriented basic strategy, we renewed our production processes with dynamic moves, such as R&D and digitalization steps. With these moves, which include intense innovative solutions, we have strengthened our position in the national and international arena. We are proud of the tangible results of the positive and innovative performance of our multicultural team of nearly 500 people from different nationalities around the world.”

Sales figure for 2022 was 20% higher than the previous year, in line with the determined budget. Our 2022 EBITDA rose by 5%, making it possible to spend a total of TL 141 million in investments.

In addition, we took part in the ISO 500 research, in which the largest industrial enterprises of our country are ranked according to the net sales figures by the Istanbul Chamber of Industry, and we in the general list to 446th place.

Akcoat, which has been awarded in the same category at the “Stars of Export” awards organized by the Istanbul Chemicals and Products Exporters’ Association for the last 14 years, continues to consolidate its global success with the exports it realized in 2021.

Based on our mission of making our company a sustainable and global team player capable of working with different cultures, by “continuously improving our employees” with the understanding of “People First”, we aimed to improve our Human Resources processes in 2022 as well. We continued our way without slowing down with our projects such as Performance Management, Leadership Development Programs, HR Digitalization, Future Project Long-Term Internship Program, where young talents are brought to our Company, and the introduction of competitive wage policies. We add new ones to our existing practices to make our Company an ideal workplace for working, and develop an employer brand that can be preferred by everyone.

It is always our priority to fulfill our responsibilities towards our employees and the environment in line with our value of respect for people and sustainable development goals. In terms of occupational health and safety (OHS), we achieved 10% improvement in the number of accidents, 20% in the accident severity rate and reduction of lost days compared to the previous year. With our work focused on occupational safety, which we started in all our units in 2023, our goal is to make the working environment much safer compared to 2022 and to reduce the frequency of occupational accidents by at least 10%.

Making commitments for our future beyond raising awareness, taking action in this context and signing concrete practices, and reporting our results transparently form the basis of our sustainability strategy. In addition to our “Zero Waste Certificate and Business Plastic Initiative” commitments that we were entitled to in 2022, we completed our carbon and water footprint and “Life Cycle” analysis studies in our 5 product groups and published our first sustainability report.

We were happy to receive the first prize in the “Innovation” category with the innovative and sustainable packaging system for the ink-jet ceramic printing inks we have implemented. After Alfa De Oro, the internationally respected Liderpack Awards organization committee also found this project we developed in the field of sustainability worthy of an award. The “LessBox, Sustainable Packaging for Inkjet Ceramic Inks” project, which brought this success to Akcoat, is a first in the world.

We set out in 2022 with the Akcoat “Wild Life Rescue” project to carry today to a better future in cooperation with industry and nature. With this project, we aim to contribute to the development

of wildlife by protecting the breeding areas of flagship species and sea turtles in Turkey and by carrying out scientific studies in these areas. Volunteer researchers provide on-site support to the project with Akcoat R&D infrastructure as well as a mobile station with technical equipment.

R&D activities in 2022 were carried out in our new R&D Campus, which has the infrastructure to bring AKcoat to the forefront of international competition. 73 R&D projects and 1 TÜBİTAK project have been completed in the Campus, which is one of the largest R&D centers in Turkey, built on a total area of 10,000 m2. As a result of the studies, 31 patent applications have been made, 5 international publications and 5 papers have been published.

Within the scope of the Integrated Management System, ISO 9001, ISO 14001, ISO 45001 and ISO 50001 management systems surveillance audits, basic and Automotive Core Tools (APQP, FMEA, PPAP, SPC, MSA) training activities were successfully carried out in 2022 in line with IATF 16949 Automotive Quality Management System studies.

In order to support and expand our exports, we participated in the global supplier quality audit and secured high scores and rose to the status of Class A supplier, surpassing the world average. The WRAS certificate was obtained. This is a certificate of conformity for products and materials in contact with drinking water, which is valid in many European countries, especially in England, and which is of great importance in terms of differentiation in competition.

In the energy monitoring system, we completed the first phase and started to perform instant data flow and analysis. Within the scope of energy efficiency and sustainability, modernization studies continued in 2022 for conversion and energy consumption optimization in the combustion system of furnaces, which is one of our efficiency-focused studies at energy consumption points. In this way, compared to the previous year, we achieved 12.8% savings in all energy sources and 13.5% savings in natural gas consumption. In the next year, innovations in production and solutions at international standards await us. Our efforts to expand automation systems in production, which we started in 2022 in the grinding department for the purpose of efficiency optimization, will continue without slowing down.

As Akcoat, we started a digital transformation movement in all our business activities. We determined our priority projects according to the result obtained with the Digital Maturity Index measurement we completed. Our first project was our new MRP system, which we implemented at the end of 2022 and works integrated with Oracle. Thanks to this system, we are now able to make our raw material planning more accurate and systematic in line with sales forecasts. We will bring our digital maturity level to a much better point in the coming period by taking steps to raise our score with the software and analytics we have developed in order to make a difference in the sectors we are involved in. We know that we will continuously improve our performance with our point of view that always aims for the top, our determination in our principles, and dynamic and innovative attitudes in processes. We aim to sign innovations that will set an example on an international scale.



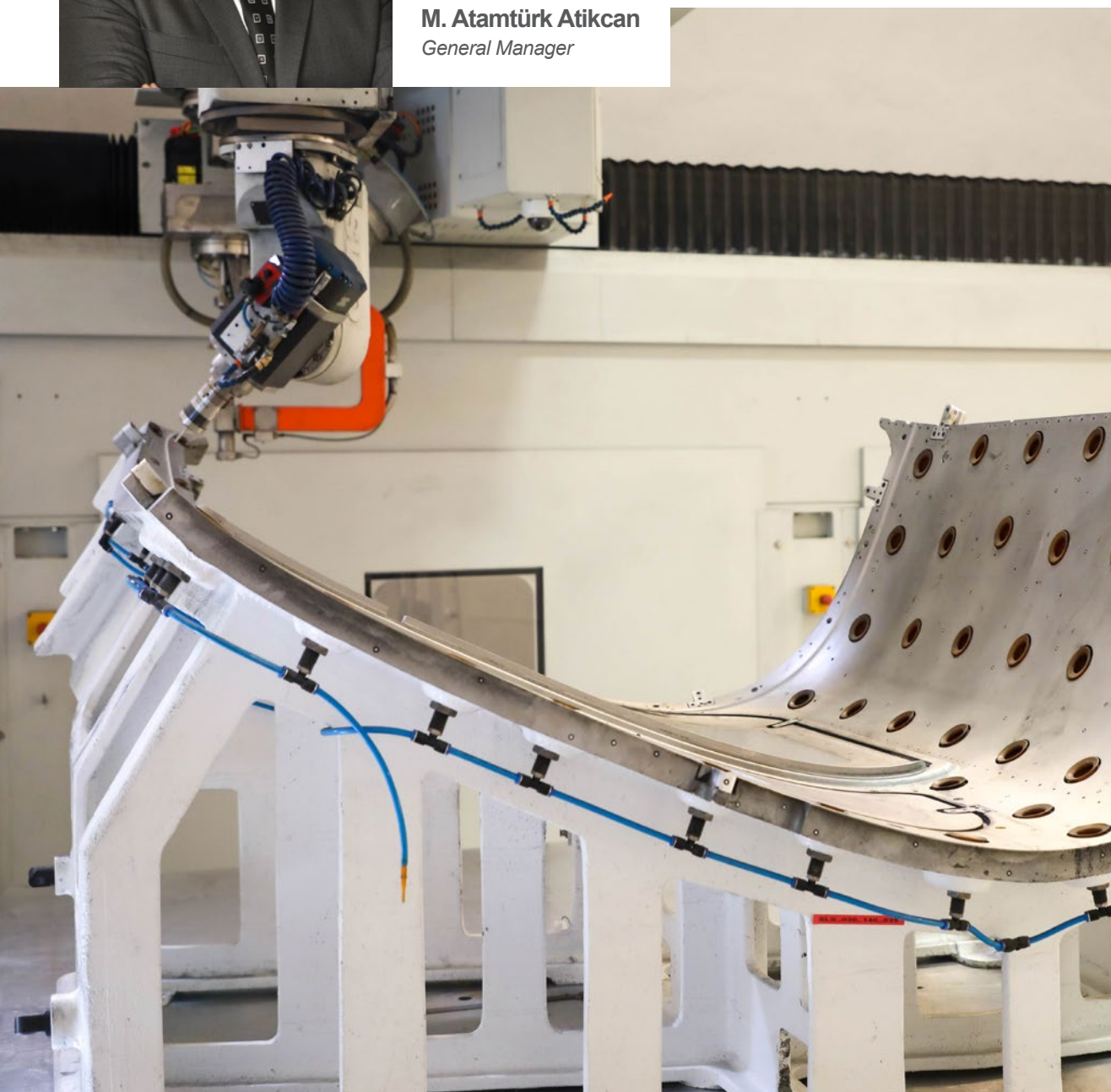
Veysi Küçük
Member of the Board of
Directors - General Manager





“Epsilon has successfully managed the repercussions of the economic crisis in 2022 in a difficult process and met its 2022 targets. All the effort put into this process has created confidence that the Company can also meet its strategic growth plan targets.”

M. Atamtürk Atıkcı
General Manager



Epsilon Kompozit Teknoloji ve Savunma Sanayi A.Ş.

Epsilon Kompozit Teknoloji ve Savunma Sanayi A.Ş. is a leader in the manufacturing and assembly processes of the aviation, aerospace and defense industry composite and metal bond parts in the private sector. Epsilon has planned investments in test, laboratory and non-destructive testing equipment that can be offered to the market independently, as well as turnkey service part manufacturing projects. The company has created the supply chain management, which will include the supply of all materials, in order to control the product management from the beginning to the end. Composite mold design, tool design, CNC processing capabilities, metal bonding, sub-assembly, mounting surface preparation and painting constitute the main capabilities and activities of our company.

The company was established in 1999, under the name of Epsilon Havacılık Uzay ve Savunma Sanayi Ltd. Şti. and initially continued its activities by providing “wet lay-up”, that is, wet lay-up parts manufacturing and assembly services to domestic defense companies. Epsilon, which started to produce prepreg composite parts with its autoclave molding investment in 2011, evaluated the lack of composite part manufacturing in time with the autoclave molding method known as “autoclave molding” in the private sector. In the same year, it was aimed to establish a new company and facility in accordance with international norms with the company KAI-Korea for the realization of KUH helicopter composite and metal bond parts manufacturing, qualification and certification commitments. With advanced technology composite investments, Epsilon Kompozit Teknoloji ve Savunma Sanayi A.Ş. was established and thus our first contract of foreign origin was signed.

Within the scope of the studies initiated with KAI, it has succeeded in being the subcontractor of Airbus and Bell Flight (Bell Helicopter) between 2015-2017, thanks to the fulfillment of criteria such as on-time delivery and continuity of product quality. In this process, Epsilon Kompozit has continued to invest in new equipment instead of outsourcing

each new project, ensuring that customer expectations are met from a single source. Epsilon, which is the first and only private sector composite company that can receive direct business from abroad, apart from the main companies of the defense industry, through its AS9100 and NADCAP accreditations, maintains its relations with the leading companies in this field at the level of strategic partnerships. Our company continues to provide services to the leading domestic defense industry organizations as a solution partner in the production of large-scale radome, pedestal, dish antenna, reflector, satellite dish antennas, parts for UAV systems, as well as production for air, land and sea platforms.

With the support and synergy provided by joining Akkök Holding in 2021, Epsilon has set it as a target to become the second level component supplier of global aviation companies primarily, and then the first level component supplier in the following periods within the next 10 years. For this purpose, our Company has started to provide infrastructure and train qualified personnel in order to add to its core, metal forming, machining, heat treatment, chemical surface preparation and assembly processes, in addition to composite technologies. Investments will be made for changing supply chain policies, technological and different production methods, complex part design and manufacturing. In this direction, in 2022 the company aims to be the subcontractor of domestic companies. After the completion of other qualification and infrastructure processes, it will continue to gradually become a subcontractor of global aircraft manufacturers in 2025. One of the goals of Epsilon Kompozit will be the design and production of a final product using prepreg material produced within Akkök. Continuity will be ensured in the composite field, which is the core business of the Company, by making additions to the existing facility in line with the determined targets. With new investments and process acquisitions, growth will be achieved under a larger roof.

REAL ESTATE

- **AkiŖ Gayrimenkul Yatırım Ortaklıđı A.Ŗ.**
- **Akmerkez Gayrimenkul Yatırım Ortaklıđı A.Ŗ.**





“Akiş REIT became the only REIT listed on the Borsa Istanbul Sustainability Index in 2022.”

İ. Gökşin Durusoy
Member of the Board of
Directors - General Manager

Akiş Gayrimenkul Yatırım Ortaklığı A.Ş.

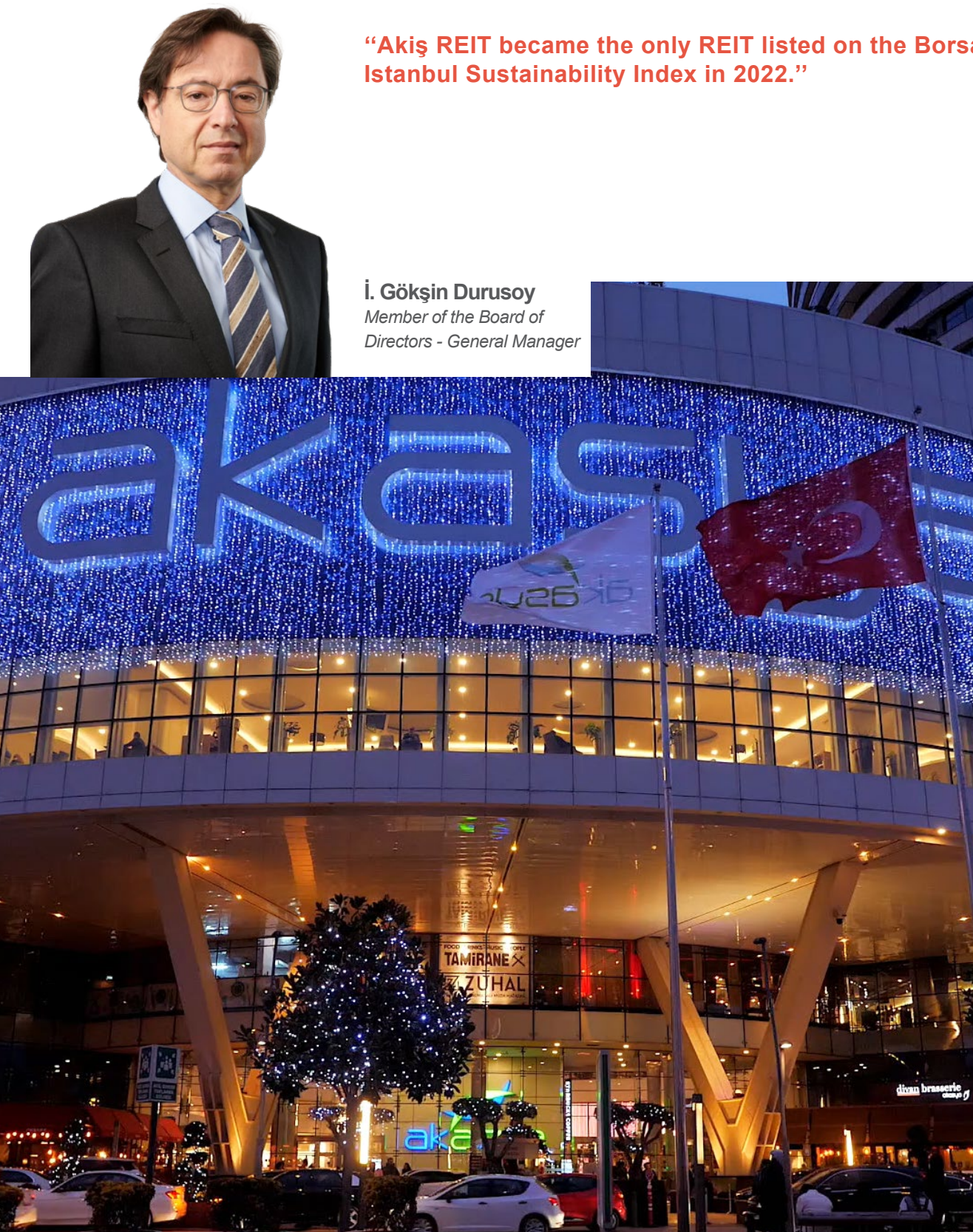
Established within the structure of Akkök Group in 2005, Akiş REIT aims to apply the experience and expertise it has accumulated in the real estate sector, which Akkök Group positioned among their strategic business areas, in various projects. Akiş REIT assumed the title of Real Estate Investment Trust on May 18, 2012 upon application to the Capital Markets Board. Subsequently Akiş REIT was listed on Borsa Istanbul on January 9, 2013. Akiş REIT aims to carry out projects that stand out for their quality in the real estate sector, with the motto “Happiness lies at the heart of everything we do”. Following its significant achievement with Akbatı Shopping Mall opened in 2011, Akiş REIT signed off on another major project upon the completion of Akasya in 2014, in which it holds shares. In 2016, Akiş REIT started the merger process with SAF REIT, and as a result, consolidated its position in the real estate sector. The value that Akbatı and Akasya Shopping Centers add to the real estate sector is also appreciated with the awards they receive every year in the country and abroad. With their outstanding success, Akbatı has received a total of 95 awards in the last ten years, while Akasya has received 98 awards.

Distinguished from its competitors in the real estate sector with its qualified, high rental portfolio structure and sense of corporate identity, Akiş REIT succeeded in taking its position as one of the largest Real Estate Investment Trusts in Turkey in terms of equity size, one step further with its strengthened corporate structure in 2022. The commercial real estate and retail sector, in which Akiş REIT operates, returned to its former dynamism in 2022, with the shopping volume accelerating day by day. In 2022, the Company has centered sustainability as an indispensable part of its corporate culture and as the driver of all its operations. As a result, it became the only Real Estate Investment Trust to be listed on the Borsa Istanbul Sustainability Index in 2022.

Akiş REIT, which stands out with its retail dominated rental income generating portfolio, Akiş REIT adds brand new living spaces with

its innovative and original designs and unique architectural features. Erenköy Apartment, which was opened in a prestigious, lively location on Bağdat Caddesi and was leased to the Boyner brand, is an example. This is a first among real estate investment partnership companies in Turkey, turning to street retailing with an alternative approach to shopping center investments. It is the only operational real estate of Akiş REIT in this area.

2022 was a year in which the occupancy rates of the shopping malls in Akiş REIT’s portfolio came to the stand out in the sector. The high occupancy rates of 99% for Akbatı Shopping Mall and 98% for Akasya Shopping Mall have reached historical peaks. Besides, new concepts that will expand the experience and entertainment factor in both shopping malls continue to be a feature for visitors. Akasya Shopping Mall renewed itself in 2022 in order to move the tenant mix beyond today’s dynamics and enhanced its occupancy rates above historical averages. Akbatı constantly develops itself according to the needs of the region it is in. Despite the pandemic, both of our shopping malls continued to stand out in the sector with their high occupancy and collection rates. In 2022 as well, efforts were made to strengthen the corporate governance structure and to comply with the legal regulations. The Corporate Governance Rating was conducted in November and our Company’s Corporate Governance Rating, which was determined as 94.39 out of 100 in 2016, 94.90 in 2017, 95.36 in 2018, 96.19 in 2019, 96.29 in 2020 and 96.33 in 2021 edged up further to 96.35 in 2022. Akiş REIT has exhibited its difference in good governance and transparency once more with the highest Corporate Governance Rating of companies operating in the real estate sector in Turkey.



Akmerkez Gayrimenkul Yatırım Ortaklığı A.Ő.



“When we look at the 2022 financials, we continued to maintain our strength in the sector by raising our dividend performance this year, even under difficult conditions, on the back of our strong structure. As we prepare to celebrate Akmerkez’s 30th anniversary in 2023 with great pride and enthusiasm, we look forward to announcing the innovations we will develop for sustainability, digitalization and the needs of our guests.”

We left the year 2022 behind, which we started after significant economic and social changes, with new hopes and expectations. 2022 has been a year of many developments, both locally and globally. In today’s conditions, where normalization has begun and social life is re-energized, we have largely healed the wounds of the pandemic period by continuing the measures and actions we have implemented. Together with our employees, stakeholders and all business partners, we succeeded managing this period in a healthy way and with a common mind.

In order for our guests to have privileged experiences and have a pleasant time, we launched many events in 2022 as well. At the “Triangle Terrace”, one of the most beautiful terraces in the city, we offered a completely different experience to our visitors with an open-air cinema, various activities related to sports and art. In addition, we continued to be the address of educational and entertainment activities for children and parents. In addition to the activities at the “Mother Child Meeting Center”, we launched the “School of Akmerkez by Wise Akademi” in cooperation with the psychology-based art and education center, Wise Akademi. We continued to be the center of attraction in Istanbul with events such as “Food for You”, where special tastes are experienced and became traditional, “Floral Fest, Design Market”, “New Year Shopping Festival”, where the best design and souvenirs are featured. Taking the shopping experience one step further, we continued to offer our visitors “Tax Free with Easy Point” service and personalized experience projects such as home delivery for Christmas shopping, gift wrapping and pet strollers. In addition, in 2022, we continued our strong growth by acquiring 13 new brands in different categories from technology to sports, from clothing to food and beverage.

While our world is transforming at a rapid pace, in addition to the pandemic, which has passed into the normalization phase, climate change, which has reached a remarkable level in recent years, mounting pressure on world resources and natural disasters have proved to us once again that we must contribute to the future of our world. Sustainability, which has become one of the concepts that define our world today, has been at the top of our agenda for many years at Akmerkez, and has guided our activities. In 2022, we managed to ensure continuity in growth while keeping sustainability at the center of all our activities.

We continued our “Terrace Agriculture” project, which we started to implement in an area of some 750 square meters in 2017, which is a first in the sector, to show that agriculture can be done in the city without using chemicals and that a sustainable life is possible in the city. In 2021, we started a volunteer program where our guests work in the garden and experience urban agriculture. We held conversations with entrepreneurs, food and agriculture communities, in cooperation with valuable educational institutions, we provided training to our visitors and students to teach sustainable agriculture in the city. We aim to continue the development of urban agriculture and our cooperation without slowing down, which we believe will become the production concept of the future.

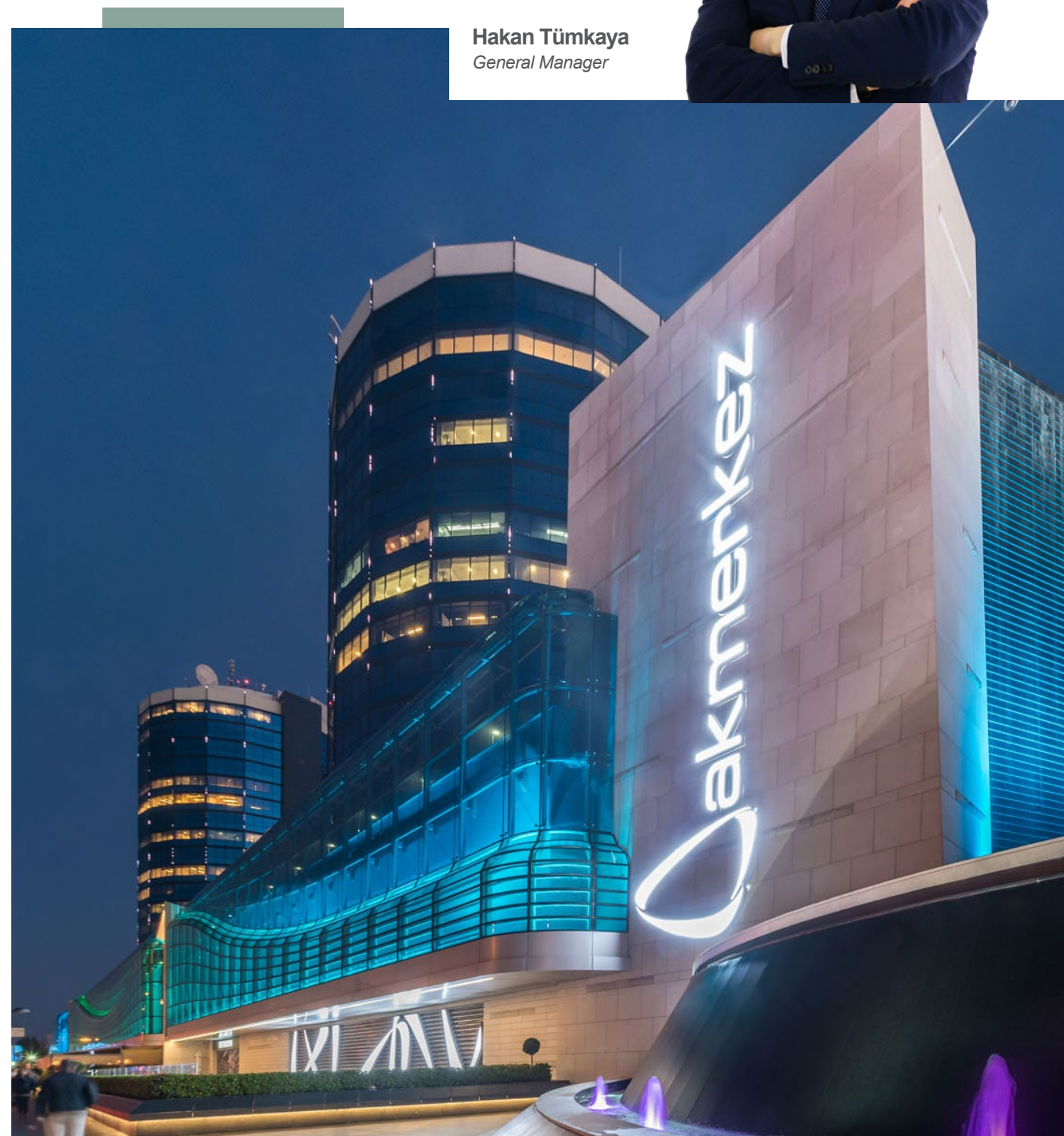
We continued to implement actions to keep indirect CO2 emissions at the lowest level by using energy in the most efficient way and reducing consumption. We were awarded the I-REC International Renewable Energy Certificate. In addition to this, we continued our studies and research that we carried out continuously to use water in the most efficient way. In 2022, we continued to use the rainwater we collected in three cisterns with a total capacity of 125 cubic meters, which have existed since the establishment of Akmerkez, for the water needs of all landscape areas. We continue our plans uninterrupted where we use rainwater in a wider area.

When we look at the 2022 financials, we continued to maintain our strength in the sector by raising our dividend performance this year, even under difficult conditions, on the back of our strong structure. As we prepare to celebrate Akmerkez’s 30th anniversary in 2023 with great pride and enthusiasm, we look forward to announcing the innovations we will develop for sustainability, digitalization and the needs of our guests.

As we leave 2022 behind with the happiness of succeeding together, we enter 2023 with more hope. I would like to take this opportunity to thank our valuable stakeholders and shareholders, especially our employees and management who have contributed to our success, for being with us.



Hakan T mkaya
General Manager



ENERGY

- Akenerji Elektrik retim A.Ŗ.
- SEDAŖ Sakarya Elektrik Dađıtım A.Ŗ.
- SepaŖ Enerji Sakarya Elektrik Perakende SatıŖ A.Ŗ.



“We are working towards aligning all our business processes with the United Nations 2030 Sustainable Development Goals for a sustainable future. In this context, we produce projects aimed at providing permanent welfare in terms of environmental, social and economic aspects. With this vision, we published our Sustainability Policy in 2022. In addition to our membership in the Integrated Reporting Association and the Sustainability Academy, we signed the United Nations Global Compact and became a member of the “UN Global Compact”, the world’s largest sustainability initiative.”

Serhan Gençer
Member of the Board of
Directors - General Manager



Akenerji Elektrik Üretim A.Ş.

Having commenced operations in 1989 as an auto-producer group under the umbrella of the Akkök Group of Companies, Akenerji has been operating as an independent electricity generation company since 2005.

Akenerji, the 50/50 joint venture between Akkök Holding, and Europe’s leading power company, the CEZ Group, has the sole capacity to meet 3% of Turkey’s power need, with its total installed power of 1,224 MW as of 2017 year-end. Focusing on renewable energy resource investments in 2005 to create variety in resources and cost advantages, Akenerji has expanded the number of alternative energy resource power plants through various projects over the years.

In 2022, inflation was high in the world and in our country, and accordingly, global recession expectations rose rapidly. The rise in commodity and energy prices, which started at the end of 2021, reached historical peaks due to the gas crisis in Europe after the start of the Russia- Ukraine war. Despite the subsidies, the natural gas tariffs applied to power plants reached 20,625 TL/km³ in December 2022, a hike of 330% compared to the same month of 2021.

During the first quarter of the year, a 40% cut was made in gas supply for electricity generation by BOTAŞ. As a result of the resource-based ceiling price application introduced as of April 2022 due to high costs and prices in the markets, fixed-price futures electricity transactions in the Turkish OTC market ceased. In addition to this picture, industrial production in Turkey, which started to rise rapidly after the pandemic, slowed down after the first quarter of 2022 and electricity demand fell by 0.9% in 2022 compared to the previous year.

While these developments were taking place in the domestic markets, we, at Akenerji, tended to boost our weight in the international markets. Thanks to our effective risk management strategy, we continued to trade actively on the European Energy Exchange EEX. We have achieved our goals in this area by continuing to export electricity at the Turkey-Greece and Turkey-Bulgaria borders throughout 2022. By starting the financial Brent oil trade, we raised diversity in the products and platforms we trade.

We have reached a high trading volume with the trade of products consisting of electricity, carbon and oil. At Akenerji, throughout 2022, we focused on operating our existing power plants optimally at market prices, as part of our core strategy. After the work we have done at our Erzin Natural Gas Combined Cycle Power Plant in the last three years, we have significantly improved the power plant’s capabilities such as load taking, load shedding and working at low capacity. With our efficient and environmentally friendly portfolio, we produced 3,904,596 MWh of gross electricity in 2022. We continued to maintain our competitive position in 2022 with our 1,224 MW installed capacity and our flexible portfolio structure that adapts quickly to market conditions.

Despite all the negative developments on a global and sectoral basis, with our balanced production portfolio, 34 years of experience, and proactive and innovative approaches. We reached TL 17 billion 47 million in turnover and TL 2 billion 21 million in EBITDA.

We see that the importance of energy transformation and renewable resources has risen, and a carbon neutral future has been shaped by the impact of technological developments. At Akenerji, we follow the opportunities for renewable energy

investments that we can add to our portfolio and carry out the necessary works and investments. In this context, we started work within the scope of our plan to implement an additional capacity expansion of 6.2 MW, which will raise the capacity of Ayyıldız Wind Power Plant to 34.4 MW in 2023.

Our Energy Services have achieved an average of 44% efficiency in electrical energy and 55% in natural gas with the projects carried out since 2015. In addition to the pioneering projects we have realized in the field of “Energy Efficiency Without Investment”, we have started to offer Escosolar, a Solar Power Plant installation project, with the build-operate-transfer model.

We are working towards aligning all our business processes with the United Nations 2030 Sustainable Development Goals for a sustainable future. In this context, we produce projects aimed at providing permanent welfare in terms of environmental, social and economic aspects. With this vision, we published our Sustainability Policy in 2022. In addition to our membership in the Integrated Reporting Association and the Sustainability Academy, we signed the United Nations Global Compact and became a member of the “UN Global Compact”, the world’s largest sustainability initiative. We raised our Borsa İstanbul Sustainability Index score to “B+” and our CDP Climate Change and Water Safety score to “B Management”.

We are in a period where new working models and forms of communication are taking shape all over the world. We believe that ensuring employee loyalty is a journey that requires uninterrupted, two-way communication and is implemented in line with certain strategies and plans. We have come a long way in establishing our corporate culture with our human resources, which is our most important component, with the aim of becoming an employer brand that everyone prefers to be a member of and is taken as an example in the sector with our qualified workforce. As a result of these activities, we received the “Bronze” award in the “Best Use of Blended Learning” category with our “Lead the Future - Leadership Development Program” within the scope of the Stevie Awards. In addition, we are happy and proud to receive the “Great Workplace to Work” certificate by achieving an above-average result in the employee survey conducted by the “Great Place to Work” independent survey agency.

We aim to boost female employment at all levels in our Company and to add new ones to our concrete steps on gender equality. Our female employee rate is at a level that will set an example for the sector. To protect this and support equality of opportunity in business life, we continue our commitment to the “Female Energy on Campus” project and our support to non-governmental organizations that encourage the promotion of women in business life. We attach importance to raising the rate of female employees in our sector. In line with our goal of “We produce energy to light up lives”, in 2022, we worked to create value for society, especially young talents, children, disadvantaged individuals and women, with various NGO collaborations and various projects we were involved in. We became one of the main supporters of the 12th Turkey Energy Summit, which has become traditional as the “Biggest Family Gathering” of the Turkish energy market and ISTRADE.

In 2022, we achieved successful results by showing resilience in the face of all kinds of global and local developments. We will continue these achievements in 2023 as well, and we will continue to produce energy to light up lives with all our strength and experience.



“We aim to create a flexible structure that is financially and operationally sustainable and meets stakeholder expectations.”



Dr. Necmi Odyakmaz
Board of Directors and
Chief Executive Officer



SEDAŞ Sakarya Elektrik Dağıtım A.Ş.

AKCEZ Enerji Yatırımları Sanayi ve Ticaret A.Ş. was established with a consortium of Akkök Holding, one of the leading companies in Turkey, and CEZ a.s., one of the leading energy companies in Europe. Sakarya Elektrik Dağıtım A.Ş., incorporated in AKCEZ, is responsible for the electrical energy distribution activities in the provinces of Sakarya, Kocaeli, Bolu and Düzce in the Eastern Marmara region.

SEDAŞ provides electricity distribution services to a population of 3.8 million and 2 million consumers in its 5 regional directorates in Sakarya, Kocaeli, Bolu, Düzce and Gebze and a total of 21 operation centers affiliated to these regional directorates in its 20,000 km² area of operation. The total installed power of SEDAŞ is 9,101 MVA, and its peak power is 1,712 MW.

At SEDAŞ, we have completed our 14th year since establishment. Under the guidance of our core values, we continue to work with all our strength to carry out the electricity distribution activities of our 20,000 km² area of responsibility with our strong and innovative technology.

Despite all the negative developments in the world, 2022 was completed successfully representing a positive contribution to our industry. In this challenging year, at SEDAŞ, we continued our activities by following and analyzing innovations and applying effective risk management, without compromising on solidarity with all stakeholders. It has been a year in which we achieved many successes with our determined search for innovation and high energy, received awards from different platforms and brought light to the lives of millions of people every day.

Within the framework of the steps taken by the Ministry of Energy and Natural Resources and the Energy Market Regulatory Authority for the development of the electricity distribution sector, we raised our investments by 362% in the fourth implementation period covering the years 2021-2025. In 2022, we made an investment of TL 611 million in return for 425 projects, considering the rising needs and network requirements of our operating region.

With the recovery of economic activity in the global energy sector in 2022, energy demand has grown strongly. This situation brought along price hikes in commodities and energy raw materials. However, the fluctuations in exchange rates caused us to experience supply problems in the investment activities we carry out to provide uninterrupted, sustainable and high-quality energy. At the same time, this has not reduced customer complaints as much as was expected and our targeted investment levels were not achieved.

In 2022, we have reaped the fruits of our strict follow-up on Energy Demand Forecasting processes. With a low error rate and low imbalance cost, we finished the year in 2nd place among electricity distribution companies and contributed TL 38.7 million to the profitability of the Company. During the 6 different audits carried out by the Energy Market Regulatory Authority (EMRA) and Turkish Electricity Distribution Corporation (TEDAŞ), all our related colleagues made great efforts to complete the audit processes in the most successful way, in spite of their busy work schedule. By closely monitoring the reporting and defense processes regarding the audits, we continued our intense contacts with the EMRA to eliminate the effects of extraordinary economic developments on tariffs and their negative reflections on our Company, both at the end of 2021 and throughout 2022.

Despite the negative aspects in the sector, we have carried out the maintenance activities of our network with precision, within the scope of planned maintenance budgets, in addition to the investments we have made to provide uninterrupted and quality energy. While we augmented the share we allocated to the maintenance budget in the fourth tariff period, we realized a total of TL 191 million worth of maintenance activities throughout the year. Thanks to our investment, maintenance and repair efforts, we have recorded reductions in SAIDI (Downtime Outage) and SAIFI (Interruption Frequency) rates in the last three years, although we could not reach the targeted level.

We ensured the distribution of 10,011,131 MWh of energy in our region in 2022. This corresponds to 3% of the total energy demand in our country. We raised our anti-theft-fighting efficiency

and reduced our loss and theft rate to 5.75%. We guide the sector with the positive added value that the operational activities for the performance system, carried out by the legal consultancy within this scope, provide to the country's economy.

With the world industry 4.0 transition, we do not lag in creating smart business structures with full digitalization and new generation technologies. We integrate all innovative advanced technological products and applications developed by the digital age into our business processes with new investments and projects. We are working nonstop to provide uninterrupted energy to a population of 3.8 million, thanks to the pursuit of R&D and innovation in many areas from occupational health and safety to smart grids.

We are committed to being a company equipped with technology and knowledge for success in the digital world. For this reason, we have renewed our website to provide better service to our customers and to provide easy access to information whenever needed.

Our goal of sustainable and eco-friendly development in 2022 has been one of the main determinants of all our work. At the Material Maintenance and Recycling Center, which was put into operation at our company's headquarters in Sakarya, old products that are idle are brought into a reusable condition with mechanical or electronic maintenance. With the reduction of waste generation, we ensured that approximately TL 6 million was brought into the national economy in one year.

We consider it our primary duty to be in effective communication with local governments and to carry out proactive studies in cooperation. In this context, we come together with the heads of the neighborhood administrator associations, who are the most crucial building blocks, and listen to the demands and suggestions of our neighborhood administrators. Our communication meetings, which were organized separately in 4 provinces in our operating region, were extremely productive and stimulating. We will continue to diversify the communication meetings established with local stakeholders, and use the ideas and opinions generated at the meetings as the most important data input while improving our services.

Within the scope of the "Startgate" project, where we offer young people the opportunity to get to know the energy sector, 10 young engineering students who participated in the program this year were entitled to receive certificates after the training programs at our Company. Along with these, we fulfilled our responsibility with great effort and pride in raising social awareness on the environment, gender and many other issues, especially with the activities within the scope of the "Forget the Gender, Transformers Are Our Canvas and We Go Green" projects.

Thanks to our selfless efforts, we achieved new successes during the term. Our Company, which has achieved significant momentum in customer satisfaction and all parameters, crowned this success with the award it received, leaving behind the leading brands of Turkey. We received the "Most Commendable Award" in the "Best Customer Experience" category at the "Turkey Communication Center Awards 2022" organized by IMI Conferences with our customer experience management project "İKİGAL".

In the first year, 105 students participated in our training and field visits in the "Next" program of the "Women's Energy" project carried out by Akkök Holding energy group companies. Within the scope of the project, which helps girls of Holding energy group employees to choose electricity departments in high school and university education, 4 female students started to receive their scholarships as of September. To reach more female students in 2023, we will continue our practices that encourage girls to head towards electricity departments in high school and university education, in cooperation with the Provincial Directorates of National Education in our operating regions.

I sincerely believe we will achieve many successes as a leading company in the sector in 2023, which has a special place in our hearts due to the 100th anniversary of our Republic, where we started with new hopes and new goals together with all my colleagues who worked for SEDAŞ.



“As the energy solution partner of our business partners whose financial burdens are increasing, we have always kept it in our first plan to develop customized solutions to make them feel that we are always by their side. In line with this vision, we will continue to provide support that meets the expectations of our customers, responds to their needs and provides added value.”

H. Çağrı Poyraz
Member of the Board of
Directors - General Manager



Sepsa Enerji Sakarya Elektrik Perakende Satış A.Ş.

Efforts to minimize the possible negative effects of the rises in energy costs in 2022 for the stakeholders continued throughout the year. In line with the energy purchase strategy in 2022, collaborations with different production and wholesale companies operating in the market were enhanced. To ensure resource diversity and supply stability, electricity trading transactions were carried out through the VEP (Forward Electricity Market) implemented within EPIAŞ. While 11,343 GWh of energy was sold during the year, the total number of consumers supplied with electricity reached 1,923,550 by the end of the year.

Also, within the scope of customer experience and digitalization efforts, marketing activities focused on customer relationship management, which enables segment-based communication and analysis of customer behavior, continued throughout the year. Thanks to the personalized communication efforts planned for needs, 2.2 million people were reached through SMS, e-mail, web and mobile push channels.

In 2022, the ratio of digital customers reached 59% with a growth of 14%-points compared to the previous year. One of the most crucial digital channels, “Sepsa in Your Pocket” mobile application was downloaded by more than 180,000 people and used 845,000 times, compared to the end of 2022 figures. While the consumption details page was reviewed more than 287,000 times, nearly 85,000 invoice transactions were realized. The number of visitors to the Sepsa Enerji website rose by 36% and the number of page views jumped by 26% compared to the previous year, reaching 2.8 million page views.

The reachability rate in the call center was measured as 99.97%. During the year, 364,136 calls were received and there was a 5% increase in incoming calls compared to the previous year. With the new application put into use, it was possible to make quality and sentiment analysis of all calls, and thus, it was aimed to improve the call duration.

Within the scope of sending invoices to consumers by e-mail, an e-mail invoice transition SMS was sent to 490,000 people. While nearly 10,000 electricity users switched to e-mail invoices, the number of consumers who preferred to receive e-mail invoices reached 60,052 by the end of 2022. As part of the information update efforts, nearly 5,000 new e-mail addresses have been added to the system.

2,500 customers benefited from the “Online Appointment Service at Customer Service Centers” provided through Sepsa in Your Pocket, the website and the Call Center channels.

As a result of the Customer Satisfaction Survey conducted in 2022, the overall satisfaction score of Sepsa Enerji customers was measured as 79. In 2022, a transaction-based instant satisfaction survey was sent to nearly 390,000 customers after their transactions, and the overall satisfaction score was measured as 79.40.

bültENERJİ, the in-house publication that contains news about the energy sector, was published every month and shared with its readers via digital channels. The opening rate of the newsletter, which is sent by e-mail to 15,000 customers every month, was measured as 33% and reached 1 million impressions on LinkedIn. The second and third seasons of the YouTube program “Sepsa Energy Meetings”, where topics related to the energy sector are discussed in the presence of expert guests, were broadcast. All episodes reached 42 million views on Google, Facebook and LinkedIn and 4 million views on YouTube.

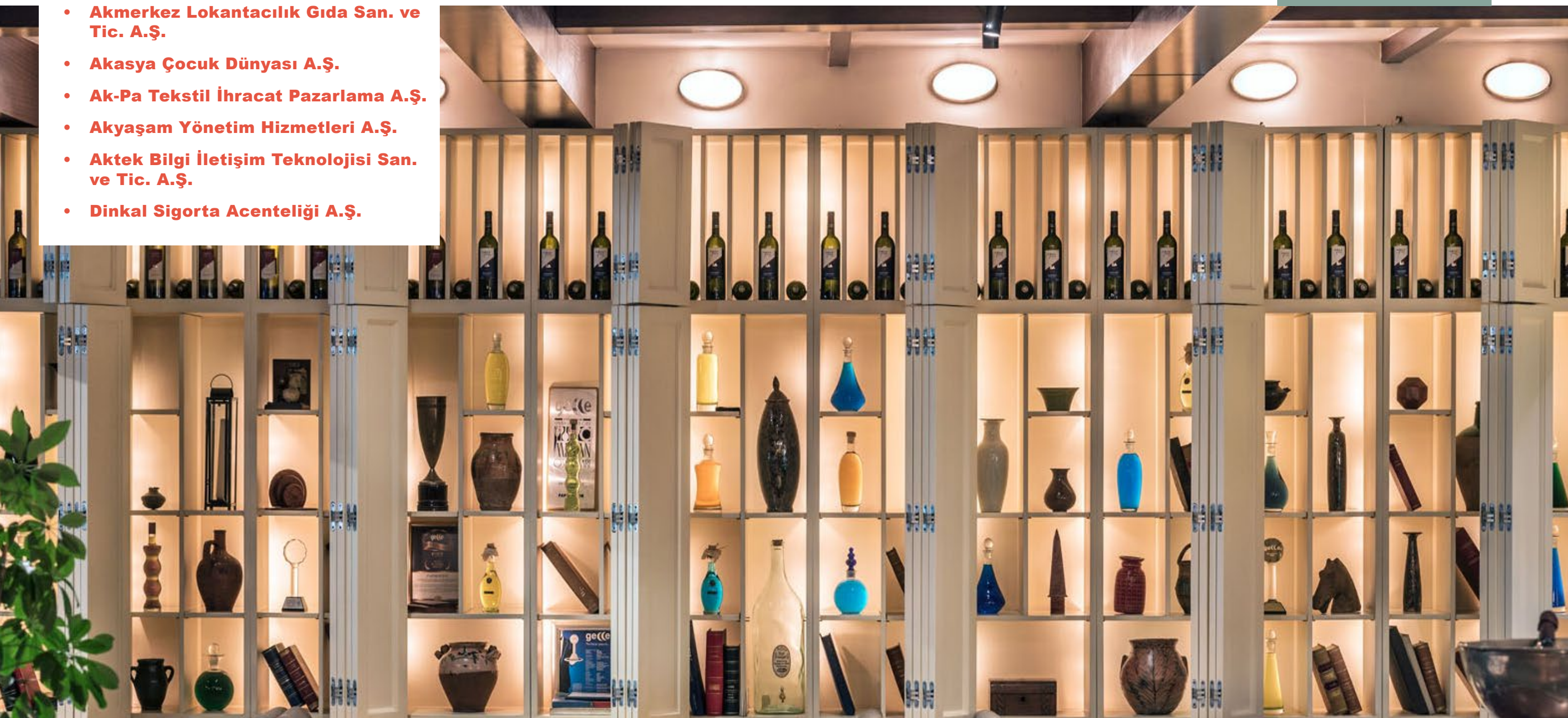
Within the scope of the “Women’s Energy” project carried out by Akkök Energy Group Companies, a social impact platform called “Something Must Happen” was established by Sepsa Enerji. Within the scope of the platform prepared for personal development and learning opportunities to support women in their career journeys, psycho-drama workshops on the glass ceiling, online conversations with inspiring talks under the name of “Talks” and dinner meetings were organized. One-on-one contact was established with 202 women through the “Something Must Happen” meetings and workshops, and “Something Must Happen Talks” events were held 4 times during the year. “Talks” events were followed by approximately 1,200 employees and 72% of the target audience was contacted.

Sepsa Energy ranked 84th in the Fortune 500 list, where Turkey’s largest companies were announced in 2022. It also managed to get its name written on the “Best Employers of Turkey”, “Best Workplaces for Women Turkey” and “Best Workplaces in Innovation by All” research lists announced by the Great Place to Work Institute.

Sponsorship support continued to be given to the national team canoe athletes. In the Sepsa Energy Electricity Center located in Kidania, the Children’s Country, children in the age group of 4-14 were taught about energy saving through experience.

SERVICES

- Akmerkez Lokantacılık Gıda San. ve Tic. A.Ŗ.
- Akasya Çocuk Dünyası A.Ŗ.
- Ak-Pa Tekstil İhracat Pazarlama A.Ŗ.
- AkyaŖam Ynetim Hizmetleri A.Ŗ.
- Aktek Bilgi İletifim Teknolojisi San. ve Tic. A.Ŗ.
- Dinkal Sigorta Acenteliđi A.Ŗ.



paper moon

“Paper Moon Istanbul, the most prestigious Italian restaurant with high service standards in Istanbul, continues to serve as a city classic.”



Pelin Bingül
General Manager



Akmerkez Lokantacılık Gıda Sanayii ve Ticaret A.Ş.

Paper Moon; a city classic that unites Italian flavors with comfort. Following Milano and New York, Paper Moon, a world-renowned Italian restaurant was opened in Istanbul Akmerkez in 1996. Since then it has been owned and managed by Akmerkez Lokantacılık. With its chic interior design, tranquil ambiance, meticulous service and savory cuisine, Paper Moon has become an Istanbul classic in a very short time.

Thanks to the diligent management and service quality of Akmerkez Lokantacılık, Paper Moon is today one of Istanbul's most select and prestigious names for fine dining. The restaurant is run by Italian chef Giuseppe Pressani.

Paper Moon is expanding its menu day by day with its distinguished atmosphere and unique tastes. The interior design and professional lighting, which is a reflection of luxury and simplicity, have been deemed worthy of prestigious awards during the years it serves. The restaurant received the “Interior Design” award by Restaurants and Institutions-New York in 1997 and the “Interior Lighting” award given by Lumens-New York in 1998.

Paper Moon Istanbul which soon became one of the prestigious brands of the Istanbul food and beverage industry and turned into a city classic, was awarded the “Diploma of Good

Cuisine” prize in September 2019 issued by the “Accademia Italiana Della Cucina” established for the development of cultural and trade relations in the areas of gastro-economy and gastro-tourism between Italy and Turkey. In 2022, it continued its success by receiving 4 pearls in the 2022 “Gastronomy Guide with Pearls” prepared with Turkey's first and only unique gastronomy rating system.

Paper Moon has been opening its doors for those who want to have a special dining experience at Akfen Bodrum Loft in Göltürkbükü during the summer season since 2021. While bringing the fine dining service concept that does not compromise on quality with its classic menu to Bodrum, it also highlights the tastes prepared with the Italian tradition with the “Paper Moon Bodrum Loft by the Beach” menu all day. Paper Moon Bodrum Loft, as the most prestigious meeting place with good food and high standard service, takes its place in the calm and peaceful atmosphere of Bodrum.



Akasya Çocuk Dünyası A.Ş.

“In KidZania, the Land of Children, we operate with the aim of creating a special world for children. We are planting the seeds of a beautiful future at KidZania, where we offer a simulation of real life for children with our partner brands. We are passionate about inspiring children visiting our city for a better world, while providing them with extraordinary experiences. In this context, we have added another success to our support of the United Nations Global Compact. KidZania was selected to represent the entertainment industry in the Vision 2045 project, which aims to demonstrate the key role that organizations play in achieving the 2045 UN Sustainable Goals, thereby contributing to the development of a better world. We have hosted over 1.7 million visitors in Istanbul since the day we were founded on this journey we embarked on to empower children, the architects of our future, for a better world. We continue to inspire children to be model citizens when they grow up.”

KidZania was founded in Mexico in 1999 with the aim of providing a world where all children can learn while having fun. Today, KidZania is the world's first country for children, operating in 17 countries and 26 cities. In KidZania, which is the founder of the “edutainment” concept of learning while having fun, children gain new skills and values and have the opportunity to develop their abilities with the role-playing learning method. Akasya Çocuk Dünyası A.Ş. is the licensee of KidZania Istanbul and Turkey, located in Akasya.

KidZania Istanbul was established on an area of 10,000 m² in Akasya in 2014 as the 16th of the world's KidZanias. Aiming to have a world where all children can learn while having fun and being happy, KidZania Istanbul has hosted more than 1.7 million visitors since its establishment. KidZania Istanbul, a special city where children feel free, use their creativity, produce, collaborate and experience real life, where they learn financial literacy, supports children to adopt values such as responsibility, cooperation, harmony, self-confidence, awareness and tolerance.

In KidZania Istanbul, which has been serving children between the ages of 1-14 since the day it was founded, children learn teamwork, being individuals in the society and behaving respectfully while experiencing professions. Turkey's best brands add realism to this city run by children. Children can experience more than 120 professions in KidZania Istanbul, a city with 67 different activity areas with its bank, hospital, supermarket, laboratory, theatre, university, fire department, earthquake simulation center, stadium, streets, factories and square.

Acting as a bridge between the school and the outside world, KidZania enables children to put theory into practice in a realistic and safe environment. Learning content at KidZania is designed by game experts, educators and creative designers to comply with global

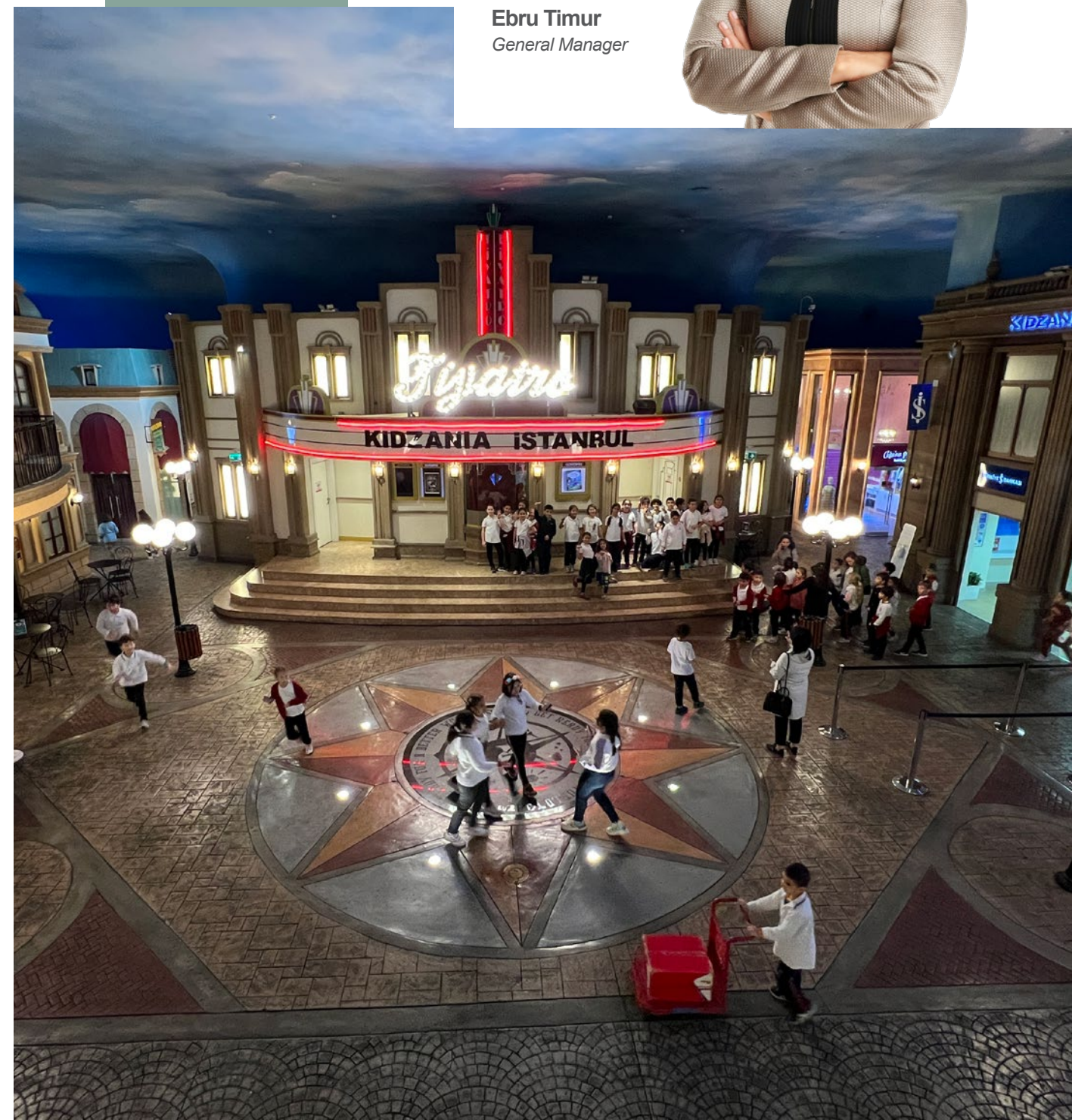
best practices, the OECD “Education 2030 – The Future We Want” framework and other international standards, and in line with the Ministry of Education curriculum. In KidZania Istanbul, where all activities are approved by the Behavioral Sciences Institute, the activity contents are prepared according to the ages, interests and skills of the children, with the guidance of pedagogues, game experts and trainers. Like all KidZania cities in the world, KidZania Istanbul is also disabled-friendly according to the principle of “KidZania, Every Child's Right” introduced by Mexico.

As a Supporter of the UN Global Compact, KidZania Istanbul is committed to its principles in the fields of human rights, labour, the environment and anti-corruption. Within the scope of this contract, with the main aim of spreading sustainability under a common culture, it aims to raise the awareness of children by enabling them to gain a critical perspective on the environment and the future of the world in cities around the world. KidZania has been selected to represent the entertainment industry in Vision 2045, which aims to demonstrate the key role organizations play in achieving the 2045 UN Sustainable Goals, thereby contributing to the development of a better world.

At KidZania, children have plenty of opportunities to have fun and learn while preparing for the future and experience an ideal environment where they expand their dreams while gaining life skills.



Ebru Timur
General Manager





“In 2022, with the changing world conditions after the pandemic and the advantage of Turkey’s logistics location, Ak-Pa realized record exports with USD 629 million group exports. We are proud to be a part of this export volume. In line with our mission of operational excellence, we will continue to add sustainable value to our stakeholders.”

Pelin Irgaç
General Manager



Ak-Pa Tekstil İhracat Pazarlama A.Ş.

Ak-Pa was founded in 1976 to handle international marketing activities and export operations of Akkök Holding of Companies. Exporting to 98 countries on 6 continents, Ak-Pa’s commercial activities started with textile products and expanded to intermediate the foreign trade of all group companies including chemical products.

In 2022, Ak-Pa reached an export figure of USD 629 million FOB by mediating the export operation of the group and continued to be among the leading export companies of Turkey. By sharing the global and national changes regarding export processes instantly with the group companies, it became a pioneer in acting in accordance with the legislation and protected against possible risks.

Interactive approaches were used in all processes to protect customer satisfaction against changes in international trade, and disruptions in operational processes were prevented.

The results of the customer satisfaction survey that we conducted across our Group companies in 2022 revealed an evaluation of 4.5/5 as an indicator of our understanding of operational excellence.

Implementing the Integrated Management System, Ak-Pa updated its ISO 9001: 2015 and ISO 27001: 2013 documents after the interim audit. By keeping up with the changing legislation, in 2018, the Company received the Authorized Economic Operator Certificate from the Ministry of Customs and Trade, which is provided to reliable companies to offer ease and privilege in their customs procedures. The validity of the document was renewed in 2022 by presenting its annual activity report. With the rights provided by this document, the export operations of the Group companies is accelerated by completing the customs procedures through the green line.

In 2022, Ak-Pa integrated the developing technology into its export processes and included the RPA (robot) program and corporate memory into the Oracle system. Thus, it integrated time saving and customer satisfaction. At the same time, it provided guidance for the new facilities that joined the group to meet the Authorized Economic Operator Status (YY5) requirements, and by ensuring that these facilities were included in the scope of the YY5, it became a supporting force in increasing the number of reliable facilities in our country.

Ak-Pa was ranked 136th in the Fortune 500 list, which evaluates the companies with the highest performance in Turkey. In the “Capital 500” research of Capital magazine, which reveals the largest 500 companies in Turkey, it has risen exactly 44 notches compared to the previous year and was ranked 181st. Ak-Pa ranked first in the sector in Textile and Raw Materials Exports in the “Turkey’s Top 1000 Exporters 2021” research by the Turkish Exporters’ Assembly, in which companies are ranked according to the total amount of exports realized in the previous year. Ak-Pa won the star award at the “Adding Value to Exports” award ceremony, organized by the Istanbul Textile and Raw Materials Exporters’ Association to honor and encourage the institutions that shape the Turkish textile industry, in recognition of their successful exports. Ak-Pa won the second prize in the ‘Paint, Varnish, Inks Exports’ category at the 2020 İKMİB Stars of Export Award Ceremony organized by The Istanbul Chemicals and Products Exporters’ Association. It also secured the 4th prize in the category of “Inorganic Chemicals”. Ak-Pa will continue to contribute to foreign trade with its rising performance in 2023.



Akyaşam Yönetim Hizmetleri A.Ş.

“At Akyaşam, our Akasya and Akbatı Shopping Malls have been awarded the “ISO 50001 Energy Management System” certificate through TÜV SÜD. Certification renewal for the integrated “ISO 45001 Occupational Health and Safety” and “ISO 14001 Environmental Management System” in accordance with the DAKKS German Accreditation has been successfully achieved.”

Akyaşam Yönetim Hizmetleri A.Ş. was established on January 06, 2014, and as of October 03, 2017, it took over Ak Yön Yönetim ve Bakım Hizmetleri A.Ş. and undertook the management of Akbatı and Akasya Shopping Centers and Akasya Kent Etabı projects. The main field of activity is to ensure that the real estates, housing, mass housing, modern residential units, shopping centers, trade and business centers, where the management of maintenance and services are undertaken, are used in accordance with their purpose. It is also to take the necessary measures for their establishment, as well as to manage and develop them. Akış REIT is a 100% shareholder of Akyaşam Yönetim Hizmetleri A.Ş. Since its establishment, it has reinforced its sustainable building approach with an environmentalist understanding with national and international awards. It was awarded BREEAM's Sustainable Building Certification and the “Excellent” rating in the Asset Performance category. Akasya and Akbatı shopping malls received the I-REC International Renewable Energy Certificate in order to promote renewable energy investment and use.

Akasya and Akbatı Shopping Centers managed to maintain an average occupancy rate of %98.7 at the end of the year and to make many new rentals. In order to move the tenant mix beyond today's dynamics and continue to renew itself, new concepts that will expand the experience and entertainment factor have been added to our store mix, with the aim of raising the attraction power of our Shopping Centers. Akbatı and Akasya Shopping Centers provide a lot of work within the scope of sustainability activities such as e-charging renewable energy units, e-scooter, organic market, evaluation of women's labor, seed ball shootings with eco drones in cooperation with E-cording, and

contribution to non-governmental organizations. It supports these projects by hosting them. It aims to contribute to the recycling economy by providing sustainable cooperation with the Nivogo brand.

It continues to work with the aim of raising the “Zero Waste Certificate” obtained by the Ministry of Environment and Urbanization within the scope of waste management studies to the next level. At Akyaşam, we were entitled to receive the “ISO 50001 Energy Management System” certificate in our Akasya and Akbatı Shopping Malls through TÜV SÜD. Certification renewal for the integrated “ISO 45001 Occupational Health and Safety” and “ISO 14001 Environmental Management System” in accordance with the DAKKS German Accreditation has been successfully achieved. Our Shopping Centers have ensured the continuity of TSI “Covid-19 Safe Service Certificate”, TÜV SÜD “Hygiene and Protective Measures Inspection” and Royal Cert “SAFE Covid-19 Safe Area Certificate” certificates. It has been awarded the “Green Check Certificate” developed by the Sustainability Academy in cooperation with Bureau Veritas to verify and encourage the green commitments of businesses in sustainable business practices and accelerate green transformation. Akasya and Akbatı Shopping Malls, which successfully completed the audits, became the first shopping malls in the real estate sector to receive the Green Check Certificate at the gold level. Akyaşam will continue to undersign projects that will make a difference in the sector by closely following the constantly changing industry trends.



Levent Çanakçılı
General Manager





Aktek Bilgi İletişim Teknolojisi San. ve Tic. A.Ş.

“In 2022, we reviewed our strategies for the next 5 years and continued to create value for our customers with our innovative, value-added projects. By always keeping customer satisfaction at the forefront, we focused on Cloud ERP systems, cybersecurity, software development products, advanced data analytics, image processing, IoT and providing high performance, low license cost database server service with Exadata CC for the first time in Turkey. With the awareness that the strength and happiness of our employees have an important place in sustainable success, we have implemented our new organizational structure and raised our targets in terms of service and product sales abroad.”



Aydın Fethi Baytan
Member of the Board of
Directors - General Manager



Aktek, which closely follows the developments in the field of Information Technologies and continues its R&D studies, aims at high standards in its services and produces end-to-end integrated services and solutions that will keep the technological infrastructures of Holding companies and non-group customers up to date.

In 2022, on the Oracle ERP side, production planning, multi-currency payment, E-Trust electronic signature, USD Ledger and USD Cost, Cloud Collection and Laboratory management projects were successfully completed for Aksa, Akcoat, DowAksa and Akkim. In addition, Oracle EBS installation at Akkim Silicon Chemical Company was successfully completed.

At the same time, Oracle R12 Upgrade with BEST Transformer, ERP support works with Turkcell, Ege Kimya and Akdeniz Chemson, Oracle EBS consultancy projects for Omsan Lojistik, Ege Kimya, Asmaş Minerals and Batıçim companies were carried out.

In 2022, on the Business Intelligence side, Akkök Holding's reporting platform was renewed with the Power BI product. Apart from the group, IBM Cognos TM1 Budget and Planning projects were carried out for Teknorot and Yemeksepeti subsidiary, Yemekpay. At the same time, successful projects were realized in the corporate business practices of Yemek Sepeti, Yıldızlar Investment Holding and Akdeniz Chemson. Another notable development is that the Directorate of Software Development and Advanced Data Analytics was established and solutions are being produced in new digital technologies such as IoT, Image Processing, and Advanced Data Analytics.

In database management, Aktek was the first company in Turkey to position and install Oracle Exadata Cloud at Customer technology in the data center for 5 years. Akkök Holding A.Ş., Ak-Pa, Akenerji, Akiş, Aksa Standby and Aktek are among our companies that provide very high-speed performance, have a redundant structure, and provide significant advantages in Oracle Enterprise Edition database license cost, together with an infrastructure investment with a high level of security sensitivity. At the same time, Aktek has become one of the leading data centers in Turkey, which is able to restore Oracle database systems with big data from backup with the Fast Recover Solutions (FRS) application and create Clone systems in minutes. Our companies using this technology are Aksa, Dowaksa, Akkim, Akenerji, Akiş, Ak-Pa and Akkök Holding A.Ş. In addition, Oracle database system updates were carried out within the scope of Oracle infrastructure service agreements with the Credit Registration Office (KKB) and Best Transformer companies.

In 2022, on the system infrastructure side, the entire IT infrastructure of Istanbul Health and Technology University was designed and end-to-end systems were installed. New DellEmc branded hardware was purchased for Aktek Data Centers and existing IT infrastructures were strengthened. 24/7 uninterrupted service, business continuity and high performance KPIs are provided. In the COBIT IT audit process, findings were closed and processes were improved.

On the Network and Security side, the Cyber Security Indexes of all our Holding companies that receive service from Aktek were analyzed according to the dynamics and investments of their own companies, and the results were shared with IT managers. To raise the level of cyber security awareness against increasing phishing attacks, the application named "Olta.la" was put into use. To prevent widespread DDOS attacks, we started to receive Anti DDOS service at Layer 7 level in cooperation with Türk Telekom. In addition, the Security Operation Center (SOC) center has been commissioned via Wazuh technology to take instant action against all cyber-attacks and threats 24/7. A business partnership has been made with an independent cyber security company, BGA, and the SOC service is carried out together.

In 2022, on the software development side, the development and testing of the SEDAŞ Chatbot project was completed. The development of the "Ayartes" project with SEDAŞ was completed, and the project for the development of "SalesForce" integrations for Akdeniz Kimya and DowAksa was implemented. The redevelopment of the Dinkal website and the development of the Akkök R&D Portal were completed, and support for old projects in the current inventory continued.

On the Robotic Process Automation (RPA) side, automation of AKPA-AKKOK-AKTEK processes uipath transition project, DowAksa accounting department processes, DowAksa purchasing department processes, Akiş budget department processes, Aksa purchasing department processes, Akkim accounting department processes and Sepaş mail affairs department processes projects were carried out successfully.

Aktek had an active year on the Human Resources side in 2022. The processes were planned and carried out according to the perspective of Human Resources, which is in a strong position that supports company strategies and culture. The Performance Management System, called "Terminal" and built over Education Information Network (EBA) at Aktek, has been designed with the OKR approach, considering the keys to achieving the goal together. Corporate Psychological Counseling service was provided by a third-party company and in-office wellbeing workshops were established by psychologists who are experts in the field, for our colleagues to balance their work and private life, to cope with the difficulties they encounter, and to ensure or maintain their well-being. Equal opportunities are provided to all candidates who have the knowledge, skills and competencies required by the position in accordance with the corporate culture in the recruitment processes. Our main goal is to meet the current and future needs of the company, to recruit qualified candidates who will carry the company forward and will work together for many years. Our training and development processes are guided by the targets set in accordance with the development targets of the employee target forms. We provide support for the training of our colleagues in behavioral skills, foreign languages and technical issues, and we realize our development journey together. In addition to all this, the performance-based bonus system and reward system were also renewed.



Ercan Erbek
Member of the Board of
Directors - General Manager



TÜRKİYE INSURTECH ÖDÜLLERİ 2022

En Insurtech Acente



Dinkal Sigorta Acenteliği A.Ş.

“From the first day we were founded, we have always been by your side in the most difficult days when you needed us. As is the case today, we will continue to be with you in the future with our advantageous services, expert team and all our corporate power.”

Dinkal Sigorta Acenteliği A.Ş., which left behind its 46th year of service in the sector as of the end of 2022, had a difficult year like other sector players due to the hike in exchange rates after the pandemic that affected the world, the costs arising from high inflation and the ensuing increase in damages as a result. Especially in industrial insurance branches such as fire and engineering, the problem of capacity shortage caused by reinsurance arose. However, our Company has succeeded in offering alternative solutions to these and similar problems with its “risk-specific solution approach”.

In addition to this, important developments have been achieved in the field of digitalization, which has become more important in recent years. We continued our work on this subject by aiming to be with our customers whenever and wherever needed, with an effective communication strategy through the right channel, and to offer our customers products that are customary in the industry and with high sales potential over the web by creating supply through digital platform opportunities.

Thus, Dinkal differentiated itself among its competitors with its price comparative B2B proposals, the www.sigortakupu.com platform in B2C and the technological applications it uses in all other service standards and was awarded the “Most Insurtech Agency” within the scope of the “Turkey Insurtech Awards 2022”.

While presenting classical/individual segment insurance policies such as health, motor insurance, traffic, housing and catastrophe insurance (DASK) for individual customers, it also offers comprehensive risk-specific guarantees for corporate customers on engineering, logistics, loss of profit, receivables (credit), manager liability, etc. insurances.

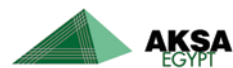
Dinkal specializes in the chemistry, energy and real estate sectors, which are the main business lines of the group. It can create special studies of risks, including the operation process of large power plants, starting from the project stage, with local and foreign alternative offers.

The services provided by Dinkal with the principle of high customer satisfaction are listed as “Consulting”, “Risk Analysis and Management”, “Policy Management” and “Damage Management”.

TEXTILES

- **Aksa Egypt Acrylic Fiber Industry S.A.E.**





Aksa Egypt is Aksa Akrilik's subsidiary that has expanded its field of activity throughout the North African region, primarily Egypt.

Aksa Egypt Acrylic Fiber Industry S.A.E.

Aksa Egypt is Aksa Akrilik's subsidiary that has expanded its field of activity throughout the North African region, primarily Egypt. Considering the stagnation in the Egyptian market, the interruptions in the production lines, the economic/ commercial practices of the country and the efficiency of the production facilities, we decided to sell the shares of Aksa Egypt since the current demand in Egypt can be met by our production facility in Turkey. Sales negotiations are ongoing and we anticipate that the share transfer will be completed in the first half of 2023 after the completion of the necessary transactions. The sale of shares will be made to Wassilatex Spinning Company, a non-related third party established in Egypt, for a consideration of LE 50.000.000.



Consolidated Financial Statements at 31 December 2022 Together With Independent Auditor's Report

(Convenience Translation Into English of Consolidated Financial
Statements Originally Issued in Turkish)

INDEPENDENT AUDITOR'S REPORT

To the General Assembly of Akkök Holding Anonim Şirketi

A. Audit of the consolidated financial statements

1. Our opinion

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

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

2. Basis for opinion

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

3. Key audit matters

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



Key Audit Matters	How the key audit matter was addressed in the audit
<p>Recoverability of trade receivables</p> <p>Trade receivables from third parties amounts to TRY 4,668,412 thousand as of 31 December 2022, constitute a significant portion of the consolidated assets of the Group. Furthermore, the assessment of the recoverability of these assets involves significant level of management estimates. Such estimation includes considering the following for each customer – the amount of guarantees / collateral held, past collection performance, creditworthiness and aging of receivables. The outcome of such estimates is very sensitive to expected future market conditions. Therefore, recoverability of trade receivables is a key matter for our audit.</p> <p>Please refer to notes 3.3, 3.4, 9 and 31 to the consolidated financial statements for the Group's disclosures on trade receivables, including the related accounting policy.</p>	<p>We performed the following procedures in relation to the recoverability of trade receivables:</p> <ul style="list-style-type: none"> • Understanding the business process for collections from customers, • Comparing trade receivable turnover days to the prior period, • Inquiries with management in relation to any disputes with customers and written inquiries with the Group's legal counsels on outstanding litigation in relation to trade receivables, • Testing receivables from third parties by obtaining confirmation letters from customers and distributors and reconciling them to the Group's accounting records, • Testing collections in the subsequent period from selected customers, • Testing, on a sample basis, guarantees/ collaterals and credit insurances held and assessing the Group's ability to convert them to cash, • Assessing the adequacy of disclosures around recoverability of trade receivables in the notes to the consolidated financial statements. <p>We had no material findings related to the recoverability of trade receivables as a result of these procedures.</p>



Key Audit Matters	How the key audit matter was addressed in the audit
<p>Valuation work related to determining the fair value of investment properties</p> <p>As of 31 December 2022, the Group's investment properties, which have a carrying value of TRY 12,274,705 thousand and represent a significant share of its total assets, consisted of shopping mall, land and buildings.</p> <p>The accounting policy Group management applies when recognizing these investment properties is the "fair value method", as described in detail in notes 3.6, 4.a and 12. The fair value of these assets is determined by an independent valuation institution accredited by the Capital Markets Board and used as the basis for the carrying values in the balance sheet after being assessed by Group management. When determining the fair value of investment properties, methods such as benchmark comparison and reduced cash flow are used, and these methods include inputs based on important assumptions such as real discount and inflation, which may lead to changes when determining fair value. Fair value is directly affected by factors such as market conditions and the detailed features of each property.</p> <p>The work carried out to determine the fair value of the investment properties was defined as a key audit matter because the book value of investment properties comprises a significant portion of the Group's aggregate assets and the valuations are subjective in nature and include material assumptions and reasoning.</p>	<p>During our audit, the following audit procedures were used to determine the fair value of investment properties:</p> <ul style="list-style-type: none"> • The procedures used by Group management to determine the fair value of investment properties were evaluated. • As for the expert institution carrying out the valuation work, we performed the following procedures: <ul style="list-style-type: none"> » The expert institution's property valuation accreditation and license were checked. » The expert institution's competence, ability and objectivity were evaluated. • We tested the investment properties' title deed records and ownership rates. • We compared the consistency of the inputs that have significant impact on the property value determined in the valuation reports, such as square meter details of areas that can be rented and unit sales value, against observable market prices, and then tested whether the appraised values fall within an acceptable range. • We have also tested inputs such as rental income, duration of rental contracts, occupancy rates and expenses used in the valuation reports that have a significant impact on property value. • We evaluated with our experts whether the assumptions used by the valuation experts in their valuations, such as inflation and the real discount rate fall within an acceptable range. • We checked whether the fair values in the valuation report complied with the notes and whether the note explanations are sufficient in terms of TFRS. <p>We had not material findings related to the valuation work related to determining the fair value of investment properties.</p>



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

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

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

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

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

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

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

As part of an independent audit conducted in accordance with SIA, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

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



- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion

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

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

B. Other responsibilities arising from regulatory requirements

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

Additional explanation for convenience translation into English

Turkish Financial Reporting Standards differ from International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board with respect to the application of IAS 29 - Financial Reporting in Hyperinflationary Economies by 31 December 2022. Accordingly, the accompanying consolidated financial statements are not intended to present fairly the consolidated financial position and results of operations of the Group in accordance with IFRS.

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

Sertu Talı, SMMM
Partner

Istanbul, 31 March 2023

Akkök Holding A.Ş.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AT 31 DECEMBER 2022 AND 2021

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

		Audited	Audited
	Note references	31 December 2022	31 December 2021
ASSETS			
Cash and cash equivalents	5	4,541,924	3,994,741
Financial investments	6	395,193	645,856
Derivative financial instruments	22	93,281	103,332
Trade receivables		4,965,388	3,242,917
- Trade receivables from related parties	8, 9	380,322	92,612
- Trade receivables from third parties	9	4,585,066	3,150,305
Other receivables		18,527	57,302
- Other receivables from third parties		18,527	57,302
Inventories	10	4,178,927	2,586,036
Prepaid expenses	11	198,340	234,540
Current income tax assets	30	121,328	4,407
Other current assets	19	498,931	402,196
Subtotal		15,011,839	11,271,327
Assets held for sale	20	33,781	2,141
Current assets		15,045,620	11,273,468
Trade receivables		83,346	141,461
- Trade receivables from third parties	9	83,346	141,461
Other receivables		33,805	24,475
- Other receivables from related parties	8	26,398	19,159
- Other receivables from third parties		7,407	5,316
Derivative financial instruments	22	68,000	18,068
Financial investments	6	54,256	162,884
Investments accounted using the equity method	7	2,283,894	1,323,755
Investment properties	12	12,724,705	7,106,765
Property, plant and equipment	13	4,801,221	3,236,887
Right of use asset	15	77,992	72,236
Intangible assets		952,235	929,024
- Goodwill	16	157,491	153,839
- Other intangible assets	14	794,744	775,185
Prepaid expenses	11	314,258	121,238
Deferred tax assets	30	1,038,516	199,661
Other non-current assets	19	4,656	3,487
Non-current assets		22,436,884	13,339,941
TOTAL ASSETS		37,482,504	24,613,409

The consolidated financial statements for period 1 January - 31 December 2022 were approved by the Board Directors on 20 March 2023.

Akkök Holding A.Ş.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AT 31 DECEMBER 2022 AND 2021

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

		Audited	Audited
	Note references	31 December 2022	31 December 2021
LIABILITIES			
Short-term borrowings	21	3,624,731	3,848,380
Short-term portion of long-term	21	1,980,611	1,720,864
Derivative financial instruments	22	18,279	7,143
Trade payables		4,328,937	4,138,182
- Trade payables to related parties	8, 9	344,077	55,373
- Trade payables to third parties	9	3,984,860	4,082,809
Other payables		69,322	80,854
- Other payables to related parties	8	-	30,590
- Other payables to third parties		69,322	50,264
Payable regarding employee benefits		68,227	26,952
Deferred income	11	614,829	743,276
Current income tax liabilities	30	62,309	58,210
Short-term provisions		210,881	120,842
- Short-term provisions for employment benefits	18	187,169	95,628
- Other short-term provisions	17	23,712	25,214
Other short-term liabilities	19	18,094	18,911
Current liabilities		10,996,220	10,763,614
Long-term borrowings	21	5,197,693	4,036,247
Trade payables		6,387	5,409
- Trade payables to third parties	9	6,387	5,409
Deferred income	11	11,462	4,405
Long-term provisions		390,522	110,713
- Long-term provisions for employment benefits	18	390,522	110,713
Deferred income tax liabilities	30	85,829	124,300
Other long-term liabilities	19	39,919	30,210
Non-current liabilities		5,731,812	4,311,284
TOTAL LIABILITIES		16,728,032	15,074,898

Akkök Holding A.Ş.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AT 31 DECEMBER 2022 AND 2021

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

		Audited	Audited
	Note references	31 December 2022	31 December 2021
Equity attributable to equity holders of the parent			
Paid-in share capital	23	1,003,450	1,003,450
Adjustments to share capital		(10,406)	(10,406)
Total paid-in capital		993,044	993,044
Merger offsetting account		154,442	154,442
Repurchased shares		(7,485)	(7,485)
Premiums on shares		7,296	7,296
Other comprehensive income/expense to be reclassified to profit or loss			
- Change in fair value of financial assets		7,371	2,847
- Hedging reserves		(448,754)	(416,529)
- Currency translation differences		497,245	355,708
Other comprehensive income/expense not to be reclassified to profit or loss			
- Actuarial gain/loss arising from defined benefit plans		(149,766)	(28,491)
- Actuarial gain/loss arising from defined benefit plans		2,748	-
Restricted reserves		61,738	43,824
Retained earnings		2,037,326	1,079,182
Net profit for the year		4,041,379	1,216,763
Total equity attributable to equity holders of the parent		7,196,584	3,400,601
Non-controlling interests		13,557,888	6,137,910
TOTAL EQUITY		20,754,472	9,538,511
TOTAL EQUITY AND LIABILITIES		37,482,504	24,613,409

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

Akkök Holding A.Ş.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS FOR THE YEARS ENDED 31 DECEMBER 2022 AND 2021

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

		Audited	Audited
	Note references	1 January - 31 December 2022	1 January - 31 December 2021
Revenue	24	26,701,397	12,154,893
Cost of sales (-)	24	(18,715,335)	(8,636,877)
Gross profit		7,986,062	3,518,016
General administrative expenses (-)	25	(608,595)	(301,305)
Marketing and selling expenses	25	(619,448)	(287,857)
Research and development expenses		(101,981)	(55,977)
Other operating income	26	2,935,619	2,108,834
Other operating expenses (-)	26	(2,571,345)	(2,117,091)
Operating profit		7,020,312	2,864,620
Income from investment activities	27	6,268,259	1,567,219
Expense from investment activities (-)	27	-	(21)
Profit or loss from investments accounted using the equity method	7	743,933	(124)
Operating profit before finance income and expense		14,032,504	4,431,694
Finance income	29	1,690,834	2,339,919
Finance expenses (-)	29	(4,423,288)	(3,826,815)
Profit before tax from continuing operations		11,300,050	2,944,798
Current income tax expense	30	(300,505)	(167,900)
Deferred tax income/(expense)	30	881,504	(60,260)
Net profit for the period		11,881,049	2,716,638
Profit for the period attributable to:			
Equity holders of the parent		4,041,379	1,216,763
Non-controlling interest		7,839,670	1,499,875
Net profit for the period		11,881,049	2,716,638

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

Akkök Holding A.Ş.

CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME FOR THE YEARS ENDED 31 DECEMBER 2022 AND 2021

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

	Audited	Audited
Note references	1 January - 31 December 2022	1 January - 31 December 2021
Net profit for the period	11,881,049	2,716,638
Other comprehensive income:		
Items to be reclassified to profit or loss		
- Currency translation differences	48,162	92,408
- (Gain)/loss on cash flow hedge	3,619	(1,068,753)
- Gain/(loss) on cash flow hedge, tax effect	(2,736)	238,500
- (Gain)/loss on fair value of financial investments measured at fair value through other comprehensive income	4,762	(1,917)
- Gain/(loss) on fair value of financial investments measured at fair value through other comprehensive income, tax effect	(238)	96
- Gain/(loss) on currency translation differences from investments accounted using the equity method	317,386	366,371
Items not to be reclassified to profit or loss		
- Other revaluation and measurement gains	2,893	-
- Other revaluation and measurement gains, tax effect	(145)	-
- Actuarial (gain)/loss arising from defined benefit plans	(174,028)	(24,348)
- Actuarial gain/(loss) arising from defined benefit plans, tax effect	34,030	5,912
- (Gain)/loss not to be classified from other comprehensive income to investments accounted using equity method	(81,851)	(3,970)
- Gain/(loss) not to be classified from other comprehensive income to investments accounted using equity method, tax effect	16,371	794
Total comprehensive income	12,049,274	2,321,731
Total comprehensive income attributable to:		
Equity holders of the parent	4,036,688	1,040,364
Non-controlling interest	8,012,586	1,281,367
Total comprehensive income	12,049,274	2,321,731

Akkök Holding A.Ş.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED 31 DECEMBER 2022 AND 2021

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

	Items to be reclassified to profit or loss		Items to be reclassified to profit or loss		Restricted reserves	Premium on shares	Merger offsetting account	Repurchased shares	Retained earnings	Net profit for the period	Total equity attributable to owners of the parent	Non-controlling interests	Total equity
	Change in fair value of financial assets measured at fair value through other comprehensive income	Currency translation differences	Hedging reserve	Actuarial loss arising from defined benefit plans									
Balance at 1 January 2021	4,688	180,071	(77,356)	(17,449)	34,318	7,296	154,442	(6,650)	764,772	444,960	2,500,116	4,550,606	7,050,722
Transfers	-	-	-	-	9,506	-	-	-	435,454	(444,960)	-	-	-
Dividends paid	-	-	-	-	-	-	-	-	(145,478)	-	(145,478)	(242,479)	(387,957)
Total comprehensive income	(1,821)	175,637	(339,173)	(11,042)	-	-	-	-	1,216,763	-	1,040,364	1,281,367	2,321,731
Capital increase in subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-
Effect of change in effect rate of the subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-
Transactions with non-controlling subsidiaries	-	-	-	-	-	-	-	-	(14)	-	(14)	(16)	(30)
Increase (decrease) due to repurchase of shares	-	-	-	-	-	-	-	1,165	4,448	-	5,613	2,625	8,438
Balance at 31 December 2021	2,847	355,708	(416,529)	(28,491)	43,824	7,296	154,442	(7,485)	1,079,182	1,216,763	3,400,601	6,137,910	9,538,511
Balance at 1 January 2022	2,847	355,708	(416,529)	(28,491)	43,824	7,296	154,442	(7,485)	1,079,182	1,216,763	3,400,601	6,137,910	9,538,511
Transfers	-	-	-	-	17,914	-	-	-	1,198,649	(1,216,763)	-	-	-
Dividends paid	-	-	-	-	-	-	-	-	(240,705)	-	(240,705)	(592,619)	(833,324)
Total comprehensive income	4,524	141,537	(32,225)	(121,275)	-	-	-	-	4,041,379	-	4,036,688	8,012,586	12,049,274
Increase due to subsidiary acquisition	-	-	-	-	-	-	-	-	-	-	-	-	11
Balance at 31 December 2022	7,371	497,245	(448,754)	(149,766)	61,738	7,296	154,442	(7,485)	2,037,326	4,041,379	7,196,584	13,557,888	20,754,472

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

Akkök Holding A.Ş.

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED 31 DECEMBER 2022 AND 2021

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

		Audited	Audited
	Note reference	1 January - 31 December 2022	1 January - 31 December 2022
Net profit (loss) for the period		11,881,049	2,716,638
Adjustments to period net (profit)/loss reconciliation:		(3,958,976)	1,499,313
Adjustments related to depreciation and amortization expenses	18	437,934	288,535
Adjustments related to provisions		239,867	167,232
Adjustments related to financing expenses	29	946,806	375,239
Adjustments related to interest income and expense	29	(273,805)	(96,265)
Profit/losses from investments accounted using the equity	7	(743,933)	124
Adjustments for gain (loss) on sale of property, plant and equipment and intangibles and investment properties		(79,211)	(25,346)
Gain on fair value changes of financial assets and liabilities		(5,667,643)	(2,577,617)
Adjustments to tax expense	30	(580,999)	228,160
Unrealized foreign currency translation differences		1,781,308	3,307,453
Change in blocked deposits		(19,300)	(21,513)
Cash flows from operating activities before changes in assets and liabilities		7,922,073	4,215,951
Adjustments for increase in trade receivables			
- Adjustments for increase in trade receivables from related parties		(287,710)	(15,805)
- Adjustments for increase in trade receivables from third parties		(1,397,716)	(1,471,539)
Adjustments for increase in inventories		(1,538,246)	(1,137,712)
Adjustments for decrease/(increase) in other assets			
- Adjustments for increases in other receivables from related parties		(7,239)	(1,356)
- Adjustments for decreases/(increases) in other receivables from third parties		36,684	(49,396)
Increases in prepaid expenses		(156,820)	(210,494)
- Other increases		(97,904)	(228,244)
Adjustments for increase/(decrease) in trade payables			
- Trade payables to related parties corrections for increases/(decreases)		288,704	(28,377)
- Trade payables to non-related parties			
Adjustments for (decreases)/increases		(96,971)	2,949,989
Adjustments for increase/(decrease) in other payables			
- Adjustments for increases/(decreases) in other payables from related parties		(30,590)	2,740
- Adjustments for increases/(decreases) in other payables from third parties		19,058	27,858
- (Decreases)/increases in deferred income		(121,390)	487,647
- Increase in liabilities under employee benefits		41,275	6,410
- Other increases		8,892	19,942
Tax payments		(413,327)	(140,793)
Other cash inflows/(outflows)			
- Employee termination benefits paid		(78,333)	(47,521)
Cash flows from operating activities		4,090,440	4,379,300

Akkök Holding A.Ş.

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED 31 DECEMBER 2022 AND 2021

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

		Audited	Audited
	Note reference	1 January - 31 December 2022	1 January - 31 December 2022
Cash flows from investing activities			
Cash outflows from purchases to obtain control of subsidiaries	16	-	(482,327)
Cash outflows from purchases of property, plant and equipment	13	(1,886,452)	(924,731)
Cash inflows from sale of property, plant and equipment and intangible assets		22,957	13,196
Cash outflows from purchases of intangible assets	14	(46,004)	(43,661)
Cash inflow from sales of intangible assets		858	1,887
Cash inflows from sale of shares of investments accounted using the equity method		12,689	1,907
Cash outflows capital increases in associates	7	(6,034)	(2,930)
Cash outflows capital decrease in associates			
Cash outflows from purchase of financial investments			
Shares of other businesses or funds or cash outflows for the acquisition of debt instruments		(105,889)	(261,942)
Cash outflows from the purchase of investment property	12	(728)	(10,830)
Cash inflows from the sale of investment property		509,091	58,445
Dividend received	7	13,686	10,282
Cash outflows from the purchase of shares of subsidiaries		-	(30)
Cash inflows from the sale of non-current assets classified as held for sale		-	315,335
Net cash flow from investing activities		(1,485,826)	(1,325,399)
Cash flows from financing activities			
Cash inflows from borrowings obtained	21	10,581,836	4,376,305
Cash inflows from borrowings paid	21	(11,721,164)	(4,896,578)
Cash outflows from payments of lease liabilities		(17,245)	(14,540)
Cash inflows from share issuance or capital increase		11	213,769
Cash outflows from the acquisition of own share and other equity instruments		-	8,438
Dividend paid			
- Payments made to parent company shares		(240,705)	(145,478)
- Payments to non-controlling interests		(592,619)	(242,479)
Dividend payments to non-controlling shares			
Interest paid		(360,650)	(160,468)
Other cash inflows			
Interest received		265,457	97,586
Cash inflows/outflows from financing activities		(2,085,079)	(763,445)
Net increase/(decrease) in cash and cash equivalents		519,535	2,290,456
Cash and cash equivalents at the beginning of the period	5	3,946,318	1,655,862
Cash and cash equivalents at the end of the period	5	4,465,853	3,946,318

Akkök Holding A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira (“TRY”) unless otherwise indicated.)

NOTE 1 - GROUP’S ORGANIZATION AND NATURE OF OPERATIONS

Akkök Holding Anonim Şirketi (“Akkök”) was established in 1979. Akkök, its subsidiaries, joint ventures and associates (all together referred as “the Group”) mainly operate in the chemicals, energy, real estate, composite, coating and textile sectors and engage in manufacturing of all kinds of raw materials, auxiliary materials and intermediate substances, artificial, synthetic and natural fibres, carbon fibres, composite part, filament and polymers, and any equipment, machinery or spare parts used in the production, processing or storage of these, importing and exporting, establishment of domestic, foreign and international branches, marketing and trading, coating of the materials such as metal sheet, stainless steel, aluminium, ceramic tile, sanitary ware, porcelain and glass, establishment and start-up and rental of energy generation plant, electricity generation and sale of generated electricity or capacity to customers and purchase and sale of or investing in real estate properties. The Group, in addition to its main operation also has operations in restaurant management, marketing, information technology, insurance agency, and tourism companies.

The Group’s ultimate parents are A.R.D Holding Anonim Şirketi, NDÇ Holding Anonim Şirketi, and Atlantik Holding Anonim Şirketi, which are being controlled by Dinçkök family members (Note 23).

On 22 April 2014, at the general assembly for 2013, the Company has changed its title to Akkök Holding Anonim Şirketi from Akkök Sanayi Yatırım ve Geliştirme Anonim Şirketi with the amendment of 3rd dArticle of Company’s articles of association and following the decision, change of the title has been registered on trade registry 13 May 2014 followed by the declaration on 20 May 2014,

Akkök Holding Anonim Şirketi is registered in Turkey and the address of the registered office is as follows:

Miralay Şefik Bey Sokak No: 15 Akhan Gümüşsuyu 34437 İstanbul

Subsidiaries

The subsidiaries of Akkök, the countries they are incorporated in, and the nature of their businesses are as follows:

Akkök Holding A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira (“TRY”) unless otherwise indicated.)

Subsidiaries	Country of incorporation	Nature of business
Akiş Gayrimenkul Yatırım Ortaklığı Anonim Şirketi (“Akiş”)	Turkey	Real estate investment
Karlıtepe Gayrimenkul Geliştirme ve Yatırım Anonim Şirketi (“Karlıtepe”)	Turkey	Real estate investment
Akyaşam Yönetim Hizmetleri Anonim Şirketi	Turkey	Real estate investment
Akasya Çocuk Dünyası Anonim Şirketi	Turkey	Real estate investment
Aksu Real Estate E.A.D. (“Aksu Real Estate”)	Bulgaria	Real estate investment
Akkim Kimya Sanayi ve Ticaret Anonim Şirketi (“Akkim”)	Turkey	Chemicals
Akcoat İleri Kimyasal Kaplama Malzemeleri Sanayii ve Ticaret Anonim Şirketi (“Akcoat”)	Turkey	Chemicals
Akkim Silikon Kimya Sanayi ve Ticaret A.Ş.	Turkey	Chemicals
Akcoat USA Inc.	USA	Chemicals
Akcoat Recubrimientos Quimicos Espacializados, S.L.U.” (“Akcoat Spain”)	Spain	Chemicals
Akcoat Recubrimientos Quimicos Espacializados S. de R.L. de C.V (“Akcoat Meksika”)	Mexico	Chemicals
Dinox Handels GmbH (“Dinox”)	Germany	Chemicals
Tasfiye Halinde Akmeltem Poliüretan Sanayi ve Ticaret Anonim Şirketi (“Akmeltem”)	Turkey	Chemicals
Aksa Akrilik Kimya Sanayii Anonim Şirketi (“Aksa”)	Turkey	Chemicals
Aksa Egypt Acrylic Fiber Industry SAE (“Aksa Egypt”) ^(*)	Egypt	Textile
Akmerkez Lokantacılık Gıda Sanayi ve Ticaret Anonim Şirketi (“Akmerkez Lokanta”)	Turkey	Restaurant management
Ak-Pa Tekstil İhracat Pazarlama Anonim Şirketi (“Akpa”)	Turkey	International trade
Aktek Bilgi İletişim Teknolojisi San. ve Tic. Anonim Şirketi (“Aktek”)	Turkey	Information technologies
Dinkal Sigorta Acenteliği Anonim Şirketi (“Dinkal”)	Turkey	Insurance agency
Zeytinliada Turizm ve Ticaret Anonim Şirketi (“Zeytinliada”)	Turkey	Tourism
Epsilon Kompozit Teknoloji ve Savunma Sanayi A.Ş. (“Epsilon”) ^(**)	Turkey	Chemicals
Epsilon Hizmet Satış Danışmanlık ve Pazarlama A.Ş. ^(***)	Turkey	Chemicals

^(*) As of 31 December 2022, due to the negotiations with potential buyers and the signing of the share transfer agreement, its net assets were reclassified to “Assets Held for Sale” (Note 20).

^(**) Based on the Share Transfer Agreement signed on July 2, 2021, Akkök became the controlling shareholder of Epsilon as of September 13, 2021.

^(***) It was established on February 24, 2022 as a 100% subsidiary of Epsilon.

Akkök Holding A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira (“TRY”) unless otherwise indicated.)

Joint ventures

The joint ventures of Akkök, the countries they are incorporated in, and the nature of their businesses and joint venture partners are as follows:

Joint Ventures	Country of incorporation	Nature of business	Joint venture partner
Akcez Enerji Yatırımlar Sanayi ve Ticaret Anonim Şirketi (“Akcez”)	Turkey	Energy	CEZ a.s.
<i>Sakarya Elektrik Dağıtım Anonim Şirketi (“Sedaş”)</i>	Turkey	Energy	CEZ a.s.
<i>Sakarya Elektrik Perakende Satış Anonim Şirket (“Sepaş”)</i>	Turkey	Energy	CEZ a.s.
<i>Sepaş Akıllı Çözümler A.Ş. (“Sepaş”)</i>	Turkey	Energy	CEZ a.s.
Akenerji Elektrik Üretim Anonim Şirketi (“Akenerji”)	Turkey	Energy	CEZ a.s.
<i>Akenerji Doğalgaz İthalat İhracat ve Toptan Ticaret Anonim Şirketi</i>	Turkey	Energy	CEZ a.s.
<i>Akenerji Elektrik Enerjisi İthalat-İhracat ve Toptan Ticaret Anonim Şirketi</i>	Turkey	Energy	CEZ a.s.
<i>Ak-el Kemah Elektrik Üretim Anonim Şirketi (“Kemah”)</i>	Turkey	Energy	CEZ a.s.
<i>Ak-el Sungurlu Elektrik Üretim A.Ş. (“Akel Sungurlu”)</i>	Turkey	Energy	CEZ a.s.
<i>5er Enerji Tarım Hayvancılık A.Ş. (“5er Enerji”)</i>	Turkey	Energy	CEZ a.s.
<i>Akenerji Company For Electric Energy Import And Export And Wholesale Trading/Contribution Branch A.Ş. (“Akenerji Toptan Khabat”)</i>	Iraq	Energy	CEZ a.s.
DowAksa Advanced Composites Holding B.V. (“DowAksa”)	Netherlands	Chemicals	Dow Europe Holdings B.V.
<i>DowAksa İleri Kompozit Malzemeler San, Ltd, Şirketi</i>	Turkey	Chemicals	Dow Europe Holdings B.V.
<i>DowAksa Switzerland GmbH</i>	Switzerland	Chemicals	Dow Europe Holdings B.V.
<i>DowAksa USA LLC</i>	USA	Chemicals	Dow Europe Holdings B.V.
<i>DowAksa Deutschland GmbH</i>	Germany	Chemicals	Dow Europe Holdings B.V.
<i>DowAksa Rus LLC</i>	Russia	Chemicals	Dow Europe Holdings B.V.
Akiş- Mudanya Adi Ortaklığı	Turkey	Real Estate	Mudanya Gayrimenkul Geliştirme ve Yatırım A.Ş.
WMG London Developments L.P.	England	Real Estate	-
<i>OXR Limited</i>	England	Real Estate	-

Associates

The associates of Akkök, the countries they are incorporated in, and the nature of their businesses are as follows:

Associates	Country of incorporation	Nature of business
Akmerkez Gayrimenkul Yatırım Ortaklığı Anonim Şirketi (“Akmerkez”)	Turkey	Real Estate Development

Akkök Holding A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira (“TRY”) unless otherwise indicated.)

Financial investments

The financial investments of Akkök, the countries they are incorporated in, and the nature of their businesses are as follows:

Financial investments	Country of incorporation	Nature of business
Akhan Bakım Yönetim Servis Hizmet Ticaret Anonim Şirketi (“Akhan”)	Turkey	Service
Üçgen Bakım ve Yönetim Hizmetleri Anonim Şirketi (“Üçgen”)	Turkey	Service

Subsidiaries that are not material to the consolidated financial statements and financial investments that do not have quoted fair values or for which fair values cannot be reliably measured through alternative methods, are measured at cost less any impairment.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1 Basis of presentation

The accompanying consolidated financial statements of the Group has been prepared in accordance with the Turkish Financial Reporting Standards (“TFRS”), which have been enacted by the Public Oversight Accounting and Auditing Standards Authority (“POA”). TFRSs; Turkish Accounting Standards includes Turkish Financial Reporting Standards and related annexes and comments.

Akkök, its subsidiaries, joint ventures and affiliates operating in Turkey, prepare their statutory financial statements in accordance with the Turkish Commercial Code (“TCC”) tax legislation, the Uniform Chart of Accounts published by the TR Ministry of Treasury and Finance, and the explanations and circulars. It is prepared in lira. These consolidated financial statements have been prepared by reflecting the adjustments and classifications required for compliance with TFRS to the statutory financial statements prepared on the historical cost basis.

Companies subject to independent audit in Turkey prepare their financial statements in accordance with the Turkish Commercial Code and the Turkish Financial Reporting Standards, which have been enacted by the Public Oversight Accounting and Auditing Standards Authority (“POA”). The TCC has stipulated that companies that will be subject to independent auditing will be determined by the Council of Ministers. With the “Decision of the Council of Ministers on the Determination of the Companies to be Subject to Independent Audit”, which entered into force on 23 January 2013, companies that will be subject to independent audit were determined based on some criteria based on asset size, revenue and number of employees. Since the company has exceeded the criteria mentioned in this decision as of 1 January 2013, it is within the scope of independent auditing.

Consolidated financial statements and footnotes have been presented in accordance with the “2022 TFRS Taxonomy” announced by the POA with its resolution dated 4 October 2022.

Consolidated financial statements prepared in accordance with TFRS require the use of significant accounting estimates and also include management’s assessments in the application of the Group’s accounting policies. Although these estimates are based on management’s best knowledge of events as of the date of preparation of the financial statements, these estimates may differ materially from actual results. Areas that involve significant evaluation and complexity, and areas where estimates and assumptions are material to the financial statements are explained in Note 4.

Akkök Holding A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira (“TRY”) unless otherwise indicated.)

Public Oversight Accounting and Auditing Standards Authority (“POA”) made an announcement on 20 January 2022 about Application of Financial Reporting in Hyperinflationary Economies for Turkish Financial Reporting Standards and Reporting Standards for Large and Medium Sized Entities. In accordance with the announcement, companies that apply TFRS should not adjust financial statements for TAS 29 - Financial Reporting in Hyperinflationary Economies for the year 2021. As of the preparation date of this consolidated financial statements, POA did not make an additional announcement and no adjustment was made to these consolidated financial statements in accordance with TAS 29 as of 31 December 2022.

2.2 Principles of consolidation

The significant accounting policies used during the preparation of these consolidated financial statements are summarised below:

- The consolidated financial statements include the accounts of the parent company, Akkök, its subsidiaries, joint ventures and associates on the basis set out in sections (b) to (e) 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 and are prepared in accordance with TFRS as explained in Note 2.1. The results of operations of subsidiaries, joint ventures and associates are included or excluded in these consolidated financial statements subsequent to the date of acquisition or date of sale respectively.
- Subsidiaries are companies in which Akkök has the power to control their financial and operating policies. Akkök’s control over the investee, only when all of the following indicators are available; (a) has power over the investee, (b) the exposure to variable returns from its involvement with the investee or is entitled to these returns, and (c) has the ability to use its power over the investee to affect the amount of return to be earned.

Such control is established through the joint exercise of; (a) the voting rights of Akkök and its subsidiaries, (b) the voting rights of certain members of Dinçkök family and the related shareholders who declared to exercise their voting rights inline with Akkök’s voting preference, and (c) the voting rights of entities that are controlled by the family members mentioned above and the related shareholders, which declared to exercise their voting rights inline with Akkök’s voting preference. Effective interest rate represents the effective shareholding of the Group through the shares held directly by Akkök and indirectly by its subsidiaries in the consolidated financial statements, interests owned by the Dinçkök family members are presented as non-controlling interests.

The statements of balance sheets and statements of comprehensive income of the subsidiaries are consolidated on a line-by-line basis and the carrying value of the investment held by Akkök and its subsidiaries is eliminated against the related equity. Intercompany transactions and balances between Akkök and its subsidiaries are eliminated on consolidation. The cost of, and the dividends arising from, shares held by Akkök in its subsidiaries are eliminated from equity and income for the period, respectively.

The portion of the profit or loss and net assets of subsidiaries attributable to equity interests that are not owned, directly or indirectly through the subsidiaries, by the parents, is presented as non- controlling interest.

Akkök Holding A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira (“TRY”) unless otherwise indicated.)

The table below sets out the proportion of voting power held by Akkök and its subsidiaries and effective ownership interests on 31 December 2022 and 2021:

Subsidiaries	Voting power held by Akkök and its subsidiaries (%) ⁽¹⁾		Voting power held by certain Dinçkök family members and related shareholders (%) ⁽²⁾		Total voting power held (%)		Effective interest (%) ⁽³⁾	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Akkim Kimya Sanayi ve Ticaret Anonim Şirketi	42.00	42.00	31.30	31.30	73.30	73.30	42.00	42.00
Alcoat İleri Kimyasal Kaplama Malzemeleri Sanayi ve Ticaret Anonim Şirketi	100.00	100.00	-	-	100.00	100.00	42.00	42.00
Alcoat Recubrimientos Quimicos Espacializados, S.L.U.	100.00	100.00	-	-	100.00	100.00	42.00	42.00
Alcoat Recubrimientos Quimicos Espacializados S. de R.L. de C.V	100.00	100.00	-	-	100.00	100.00	42.00	42.00
Akcoat USA Inc	100.00	100.00	-	-	100.00	100.00	42.00	42.00
Akkim Silikon Kimya Sanayi ve Ticaret A.Ş.	65.00	65.00	-	-	65.00	65.00	27.30	27.30
Dinox Handels GmbH	100.00	100.00	-	-	100.00	100.00	42.00	42.00
Tasfiye Halinde Akmeltem Polüretan Sanayi ve Ticaret Anonim Şirketi	50.00	50.00	1.67	1.67	51.67	51.67	50.00	50.00
Akmerkez Lokantacılık Gıda Sanayi ve Ticaret Anonim Şirketi	43.75	43.75	-	-	43.75	43.75	43.75	43.75
Ak-Pa Tekstil İhracat Pazarlama Anonim Şirketi	86.69	86.69	-	-	86.69	86.69	86.69	86.69
Aksa Akriklik Kimya Sanayi Anonim Şirketi	39.59	39.59	19.74	19.74	59.33	59.33	39.59	39.59
Aksa Egypt Acrylic Fiber Industries SAE	100.00	100.00	-	-	100.00	100.00	39.67	39.67
Dinkal Sigorta Acenteliği Anonim Şirketi	96.66	96.66	-	-	96.66	96.66	96.66	96.66
Zeytinlada Turizm ve Ticaret Anonim Şirketi	89.80	89.80	-	-	89.80	89.80	89.80	89.80
Epsilon Kompozit Teknoloji ve Savunma Sanayi A.Ş.	10.20	10.20	40.80	40.80	51.00	51.00	10.20	10.20
Epsilon Hizmet Satış Danışmanlık ve Pazarlama A.Ş.	100.00	100.00	-	-	100.00	100.00	10.20	10.20
Akiş Gayrimenkul Yatırım Ortaklığı Anonim Şirketi	14.66	14.66	37.73	37.73	52.38	52.38	14.66	14.66
Aksu Real Estate E.A.D.	100.00	100.00	-	-	100.00	100.00	14.66	14.66
Akyaşam Yönetim Hizmetleri Anonim Şirketi	100.00	100.00	-	-	100.00	100.00	14.66	14.66
Akasya Çocuk Dünyası Anonim Şirketi	100.00	100.00	-	-	100.00	100.00	14.66	14.66
Karitepe Gayrimenkul Geliştirme ve Yatırım ve Anonim Şirketi	100.00	100.00	-	-	100.00	100.00	14.66	14.66
Aktek Bilgi İletişim Teknolojisi San. ve Tic. Anonim Şirketi	100.00	100.00	-	-	100.00	100.00	14.66	14.66

- Represents total direct ownership interest held by Akkök and its subsidiaries.
- Represents total direct ownership interest held by certain Dinçkök family members and related shareholders who declared to exercise their voting power in-line with the voting preference of Akkök.
- Represents total direct and indirect ownership interest held by Akkök.

Akkök Holding A.Ş.

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c. A joint arrangement of which two or more parties have joint control. Joint control is the contractually agreed sharing of control over an economic activity. A joint venture is an arrangement whereby the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities relating to the arrangement. Akkök exercises such joint control through direct and indirect ownership interest held by itself and/or through voting power Dinçkök family members and the related shareholders who declared to exercise their voting power inline with the voting preferences Akkök. The Group's interest in joint ventures is accounted for by using the equity method. Under the equity method, investments in the joint ventures are carried in the statement of financial position at cost plus post acquisition changes in the Company's share of net assets of the joint venture and the comprehensive income reflects the share of the results of operations of the joint ventures. Where there has been a change recognised directly in the equity of the joint ventures, the Company recognizes its share of any changes and discloses this, when applicable, in the statement of changes in equity. The table below sets out the joint-ventures, the proportion of voting power held by Akkök and its subsidiaries and effective ownership interests on 31 December 2022 and 2021:

	Voting power held by Akkök and its subsidiaries (%) ⁽¹⁾		Voting power held by certain Dinçkök family members and related shareholders (%) ⁽²⁾		Total voting power held (%)		Effective interest (%) ⁽³⁾	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Joint Ventures								
Akenerji Elektrik Üretim Anonim Şirketi	20.43	20.43	16.93	16.93	37.36	37.36	20.43	20.43
Akenerji Elektrik Enerjisi İhtalat-İhracat ve Toptan Ticaret Anonim Şirketi	100.00	100.00	-	-	100.00	100.00	20.43	20.43
Ak-EI Kemah Elektrik Üretim Anonim Şirketi	100.00	100.00	-	-	100.00	100.00	20.43	20.43
Akenerji Doğalgaz İhtalat İhracat ve Toptan Ticaret Anonim Şirketi	100.00	100.00	-	-	100.00	100.00	20.43	20.43
Akel Sungurlu Elektrik Üretim A.Ş. ^(*)	100.00	100	-	-	100.00	100.00	-	-
Şer Enerji Tarım Hayvancılık A.Ş. ^(*)	100.00	-	-	-	100.00	-	-	-
Akenerji Company For Electric Energy Import And Export And Wholesale Trading/Contribution Branch ^(*)	100.00	-	-	-	100.00	-	-	-
Akcez Enerji Yatırımları Sanayi ve Ticaret Anonim Şirketi	50.00	50.00	-	-	50.00	50.00	50.00	50.00
Sakarya Elektrik Dağıtım Anonim Şirketi	100.00	100.00	-	-	100.00	100.00	50.00	50.00
Sakarya Elektrik Perakende Satış Anonim Şirketi	100.00	100.00	-	-	100.00	100.00	50.00	50.00
Sepaş Akıllı Çözümler A.Ş.	100.00	100.00	-	-	100.00	100.00	50.00	50.00
Dowaksa Advanced Composites Holding B.V	50.00	50.00	-	-	50.00	50.00	19.79	19.79
DowAksa İleri Kompozit Malzemeler Sanayi Ltd. Şirketi	100.00	100.00	-	-	100.00	100.00	19.79	19.79
DowAksa USA LLC	100.00	100.00	-	-	100.00	100.00	19.79	19.79
DowAksa Switzerland GmbH.	100.00	100.00	-	-	100.00	100.00	19.79	19.79
DowAksa Rus LLC	100.00	100.00	-	-	100.00	100.00	19.79	19.79
Akiş - Mudanya Adı Ortaklığı	50.00	50.00	-	-	50.00	50.00	7.33	7.33
WMG London Developments L.P.	51.00	51.00	-	-	51.00	51.00	7.48	7.48
OXR Limited	100.00	100.00	-	-	100.00	100.00	7.48	7.48

(1) Represents total direct ownership interest held by Akkök and its subsidiaries.

(2) Represents total direct ownership interest held by certain Dinçkök family members and related shareholders who declared to exercise their voting power in-line with the voting preference of Akkök.

(3) Represents total direct and indirect ownership interest held by Akkök.

^(*) Within the scope of the capacity lease agreement and usufruct rights agreements signed by Akenerji Toptan, Akel Sungurlu and ŞER Enerji shares have been consolidated in the financial statements using the full consolidation method as of 31 December 2022, since the shares of Akel Sungurlu and ŞER Enerji have a free purchase option at any time and the controlling power is in Akenerji Toptan.

^(**) The branch of the subsidiary operating in a different country is also indicated.

d. Investments in associated undertakings are accounted for using the equity method (Note 7). These are undertakings, over which the Group generally has between 20% and 50% of the voting rights; through the voting rights of Akkök and its subsidiaries and/or through the voting rights of certain members of Dinçkök family and related shareholders in those companies who declared to exercise their voting rights inline with Akkök's voting preference or through the Group's exercise of significant influence with, no controlling power. Unrealised gains on transactions between the Group and its associated undertakings are eliminated to the extent of the Group's interest in the associated undertakings; unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Equity accounting is discontinued when the carrying amount of the investment in an associated undertaking reaches zero, unless the Group has incurred obligations or guaranteed obligations in respect of the associated undertaking or significant influence of the Group ceases. The carrying amount of the investment at the date when significant influence ceases is regarded as cost thereafter. The table below sets out the associates accounted for using the equity method of accounting, the proportion of voting power held by Akkök and its subsidiaries and effective ownership interests on 31 December 2022 and 2021:

	Voting power held by Akkök and its subsidiaries (%) ⁽¹⁾		Voting power held by certain Dinçkök family members and related shareholders (%) ⁽²⁾		Total voting power held (%)		Effective interest (%) ⁽³⁾	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Associates								
Akmerkez Gayrimenkul Yatırım Ortaklığı Anonim Şirketi ⁽⁴⁾	11.92	12.54	-	-	11.92	12.54	11.92	12.54

e. Other investments in which the Group and its subsidiaries have an interest below 20%, or Group and its subsidiaries have an interest over 20% but the Group does not exercise a significant influence, or which are immaterial, and which do not have a quoted market price in active markets and whose fair value cannot be measured reliably are carried at cost less any provision for diminution in value (Note 6).

	Voting power held by Akkök and its subsidiaries (%) ⁽¹⁾		Voting power held by certain Dinçkök family members and related shareholders (%) ⁽²⁾		Effective interest (%) ⁽³⁾	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Financial Investments						
Akhan Bakım Yönetim Servis Hizmet Ticaret Anonim Şirketi	99.40	99.40	0.15	0.15	99.40	99.40
Üçgen Bakım ve Yönetim Hizmetleri Anonim Şirket	39.37	39.37	-	-	39.37	39.37

(1) Represents total direct ownership interest held by Akkök and its subsidiaries.

(2) Represents total direct ownership interest held by certain Dinçkök family members and related shareholders who declared to exercise their voting power in-line with the voting preference of Akkök.

(3) Represents total direct and indirect ownership interest held by Akkök.

(4) Akkök has the significant influence over Akmerkez GYO, an associate of the Group, through representation on the board of directors and participation in policy-making processes, including participation in decisions about dividends or other distributions.

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2.3 The new standards, amendments and interpretations

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

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

A number of narrow-scope amendments to TFRS 3, TAS 16, TAS 37 and some annual improvements on 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’ update a reference in TFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.

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

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

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

There are no material effects on consolidated financial statements of these standards, amendments and interpretations mentioned above.

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

Narrow scope amendments to TAS 1, Practice statement 2 and TAS 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 TAS 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.

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

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

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

The Group will consider the possible effect on its financial statements after effective date. Possible effects of such standards on financial position and performance under consideration.

2.4 Comparatives and adjustment to previous periods’ financial statements

The consolidated financial statements of the Group include comparative financial information to enable the determination of the financial position and performance. In order to comply with the presentation of consolidated financial statements the current period when deemed necessary, comparative information is reclassified.

2.5 Changes in accounting policies, accounting estimates and errors

Significant changes in accounting policies or significant errors are corrected, retrospectively; by restating the prior period consolidated financial statements. The effect of changes in accounting estimates affecting the current period is recognised in the current period; the effect of changes in accounting estimates affecting current and future periods is recognised in the current and future periods.

2.6 Going concern

The consolidated financial statements including the accounts of the parent company, its subsidiaries, joint ventures and associates 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 its liabilities in the normal course of business.

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NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Offsetting

Financial assets and liabilities are offset and the net amount is reported in the consolidated balance sheet when there is a legally enforceable right to set-off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

3.2 Related parties

Parties are considered related to the Group if;

- a) directly, or indirectly through one or more intermediaries, the party:
 - i. i)controls, is controlled by, or is under common control with, the Company (this includes parents, subsidiaries and fellow subsidiaries);
 - ii. ii)has an interest in the Group that gives it significant influence over the Group or has joint control over the Group;
- b) the party is an associate;
- c) the party is a joint venture in which the Group is a venture;
- d) the party is member of the key management personnel of the Group or its parent;
- e) the party is a close member of the family of any individual referred to in (a) or (d);
- f) the party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e); or
- g) the party has a post-employment benefit plan for the benefit of employees of the Group, or of an entity that is a related party of the Group.

Related party transactions are transfer of resources, services or obligations between related parties, regardless of whether a price is charged. A number of transactions are entered into with related parties in the ordinary course of business (Note 8).

3.3 Financial assets

Classification

Group classifies its financial assets in three categories of financial assets measured at amortized cost, financial assets measured at fair value through other comprehensive income and financial assets measured at fair value through profit or loss. The classification of financial assets is determined considering the entity’s business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. The appropriate classification of financial assets is determined at the time of the purchase.

Financial assets are not reclassified after initial recognition, except where the business model of the Group is subject to change in the management of financial assets. In the case of business model change; the financial assets are reclassified on the first day of the following the change reporting period.

Recognition and Measurement

“Financial assets measured at amortized cost”, are non-derivative assets that are held within a business model whose objective is to hold assets in order to collect contractual cash flows and the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal

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amount outstanding. Group’s financial assets measured at amortized cost comprise “cash and cash equivalents”, “trade receivables” and “financial investments”. Financial assets carried at amortized cost are measured at their fair value at initial recognition and by effective interest rate method at subsequent measurements. Gains and losses on valuation of non-derivative financial assets measured at amortized cost are accounted for under the consolidated statement of income.

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

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

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

Subsidiaries excluded from the scope of consolidation

For investments as subsidiaries that are excluded from the scope of consolidation on the grounds of materiality where there is no quoted market price and where a reasonable estimate of fair value cannot be determined since other methods are inappropriate and unworkable, they are carried at cost less any impairment (Note 6).

3.4 Trade receivables and payables

Trade receivables are recognised at original invoice amount and carried at amortised cost less an allowance for any uncollectible amounts. An estimate for doubtful debt is made when collection of the full amount is no longer probable. A credit risk provision for trade receivables is established if there is objective evidence that the Group will not be able to collect all amounts due. The allowance is an estimated amount which is difference between existing receivable and collectible amount. Collectible amount is the discounted value of trade receivables, all cash flows including collections from guarantees by using original effective interest rate. Bad debts are written off when identified (Note 9).

Applied the “simplified approach” for the recognition of impairment losses on trade receivables, carried at amortised cost and that do not comprise of any significant finance component (those with maturity less than 12 months). In accordance with the simplified approach, Group measures the loss allowances regarding its trade receivables at an amount equal to “lifetime expected credit losses” except incurred credit losses in which trade receivables are already impaired for a specific reason.

Trade payables consist of the amounts invoiced or not invoiced related with the realised material or service purchases and are carried at amortised cost (Note 9).

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3.5 Inventories

Inventories are valued at the lower of cost or net realisable value less costs to sell. Cost of inventories comprises the purchase cost and the cost of bringing inventories into their present location and condition. Cost is determined by the monthly moving weighted average method. The cost of borrowings is not included in the costs of inventories. Net realisable value less costs to sell is the estimated sales price in the ordinary course of business, less the estimated costs necessary to make the sale (Note 10).

Land planned for used in current or near future development projects are classified as inventories. As of balance sheet date, inventories which are not expected to be sold in one year are classified under non-current assets.

3.6 Investment properties

Land and buildings that are held for rental yields or for capital appreciation or both rather than held in the production or supply of goods or services or for administrative purposes or for the sale in the ordinary course of business are classified as “investment property” (Note 12).

Investment properties are measured at fair value and changes in fair value are recognized under statement of profit or loss. Fair value of an investment property is the price at which the property could be exchanged between or a payment of a debt between knowledgeable and willing parties in a market condition.

3.7 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment loss. When assets are sold or retired, their costs and accumulated depreciation are eliminated from the accounts and any gain or loss resulting from their disposal is included in the income statement.

The initial cost of property, plant and equipment comprises its purchase price, including import duties and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Depreciation is provided for property, plant and equipment on a straight-line basis (Note 13). 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. The depreciation periods for property, plant and equipment, which approximate the economic useful lives of such assets, are as follows:

	Useful life (Year)
Land improvements	2-50
Buildings	5-50
Machinery and equipment	3-40
Motor vehicles	4-8
Furniture and fixtures	2-50
Leasehold improvements	4-5

The Group assesses at each balance sheet date whether there is objective evidence that a property, plant and equipment or a group of property, plant and equipment is impaired. In the event of circumstances indicating that an impairment has occurred in the property, plant and equipment, an inspection is performed for the purpose of determining a possible impairment, and if the registered value of the tangible asset is higher than its recoverable value, the registered value is reduced to its recoverable value by reserving a provision. The recoverable value is considered either the net cash flow to be caused by the current use of the respective property, plant and equipment or the next sales price, whichever is higher.

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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 expense accounts, as appropriate (Note 27).

Repairs and maintenance are charged to consolidated statement of comprehensive income during the financial 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 be retained.

3.8 Intangible assets

Intangible assets acquired separately from a business are capitalised at acquisition cost. Intangible assets created within the business are not capitalised and the related expenditures are charged against profits in the year in which it is incurred. They are initially recognised at acquisition cost and amortised on a straight-line basis over their estimated useful lives. The depreciation period for the intangibles capitalised in relation with the developments will be started after the production of these developments are started. The carrying values of intangible assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable (Note 14).

Fees paid for usage rights of assets in Yalova Kompozit ve Kimya İhtisas Islah Organize Sanayi Bölgesi (“Yalkim OSB”) have been classified under intangible assets and fees paid for usage of land with indefinite useful life is not amortized.

Intangible assets recognized as a part of business combination

In business combinations, the acquirer may recognize identifiable assets, intangible assets and/or contingent liabilities which are not included in the acquiree’s financial statements and which can be separated from goodwill, at their fair values in the consolidated financial statements. The customer relationships of the acquiree is considered as identifiable intangible asset and recognized at fair value at the acquisition date.

Intangible assets useful lives vary between 3 and 20 years.

Research and development expenses

Expenditures for research and development are expensed in the period incurred. Except with the following criteria for project expenditures are recorded as expense in the period incurred as well. The costs related to the development projects are capitalised when the criteria below are met and amortised on a straight-line basis over the useful lives of related projects according to IAS 38 “Intangible Assets” (Note 14):

- » The product or process is clearly defined, and costs are separately identified and measured reliably,
- » The technical feasibility of the product is demonstrated,
- » The product or process will be sold or used in-house,
- » A potential market exists for the product or its usefulness in case of internal use is demonstrated
- » Adequate technical, financial and other resources required for completion of the project are available.

The Group manages research and development projects with project declaration documentation. On the beginning and ending of projects, top management of Group confirms projects declaration forms, reviews projects and controls research and development expenses and capitalization.

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3.9 Revenue recognition

Group recognises revenue based on the following five principles in accordance with the TFRS 15 - “Revenue from Contracts with Customers” standard effective from 1 January 2019:

- Identification of customer contracts
- Identification of performance obligations
- Determination of the transaction price in the contracts
- Allocation of transaction price to the performance obligations
- Recognition of revenue

Group evaluates each contracted obligation separately and respective obligations, which are committed to deliver the goods or perform services, are determined as separate performance obligations. After that determines at whether the performance obligation is satisfied over time or at a point in time. When the Group transfers control of a good or service over time, and therefore ties a performance obligation over time, then the revenue is recognised over time by measuring the progress towards complete satisfaction of that performance obligation.

The goods or services are transferred when the control of the goods or services is delivered to the customers.

Following indicators are considered while evaluating the transfer of control of the goods and services:

- a. presence of Group’s collection right of the consideration for the goods or services,
- b. customer’s ownership of the legal title on goods or services,
- c. physical transfer of the goods or services,
- d. customer’s ownership of significant risks and rewards related to the goods or services,
- e. customer’s acceptance of goods or services.

If Group expects, at contract inception, that the period between when the Group transfers a promised good or service to a customer and when the customer pays for that good or service will be one year or less, the promised amount of consideration for the effects of a significant financing component is not adjusted.

On the other hand, when the contract effectively constitutes a financing component, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The difference of the consideration is recognised on an accrual basis as other operating income. Incomes from consultancy services resulting from the construction of facilities are accounted for when it is probable that the economic return to the Group will be possible and the yield can be reliably measured. Revenue is calculated by deducting the discounts and value added and sales taxes.

Dividend income is recognised when the Group has the right to receive the dividend payment. Commission income is recognised when the intermediary goods have been billed by the seller.

The Group has accrued volume rebates in line with the customers’ purchase targets to be paid at the end of the year. The Group classifies such volume rebates as “sales discounts” account under revenues.

Rent income from investment properties is recognized on the accrual basis. Revenue is measured at the fair value of the consideration received or receivable. Revenue is recognized when the amount of revenue can be measured reliably and when it is probable that future economic benefits associated with the transaction will flow to the Group. The seasonal rent discounts are offsetted from rent revenue as incurred.

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Revenue is shown by after eliminated in-group sales, deducting discounts and sales taxes.

Revenue from real estate sales is recognized in the statement of comprehensive income when the risks and benefits are transferred to the buyer.

Interest income is recognized using the effective interest method, which takes into account the future cash inflows from an asset over its expected life.

3.10 Borrowings

All bank borrowings are initially recognised at cost, being the fair value of the consideration received net of issue cost associated with the borrowing. After initial recognition, bank borrowings are subsequently measured at amortised cost using the effective yield method. Amortised cost is calculated by taking into account any issue cost and any discount or premium on settlement (Note 21).

3.11 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset, one that takes a substantial period of time to get ready for its intended use or sale, are capitalised as part of the cost of that asset in the period in which the asset is prepared for its intended use or sale.

3.12 Provision for employee termination benefits

Under the Turkish Labour Law, the Company is required to pay termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause, or who is called up for military service, dies or retires after completing 25 years of service (20 years for women) and achieves the retirement age (58 for women and 60 for men).

IAS 19, “Employee Benefits” requires actuarial assumptions (net discount rate, turnover rate to estimate the probability of retirement etc.) to estimate the entity’s obligation for employment termination benefits. The effects of differences between the actuarial assumptions and actual outcome together with the effects of changes in actuarial assumptions compose the actuarial gains/losses (Note 18).

The Group has an employee benefit plan called “Seniority Incentive Bonus” (“Bonus”) which is paid to employees with a certain level of seniority. The Group accounts for this Bonus according to IAS 19, “Employee Benefits”, Seniority incentive bonus provision which is disclosed within the employee termination benefit represents the present value of the estimated total reserve of the probable future obligations (Note 18).

Unused vacation rights

Liabilities arising from unused vacations of the employees are accrued in the period when the unused vacations are qualified.

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3.13 Current and deferred tax

Tax expense or income is the aggregate of current income tax and deferred taxes which are based on the gains and losses for the period.

The Group is subject to corporate tax valid in Turkey. Necessary provisions have been made in the accompanying financial statements for the estimated tax liabilities of the Company regarding the current period operating results. The Corporate Tax Law was amended with the law no. 5520 dated 13 June 2006. Many provisions of the said new Corporate Tax Law No. 5520 came into effect as of 1 January 2006.

The corporate tax rate in Turkey is 20% according to Article 32 of the Corporate Tax Law. However, in accordance with the temporary article 13 added to the Corporate Tax Law with the “Law on the Collection Procedure of Public Claims and Amendments to Certain Laws” numbered 7316, which was published in the Official Gazette dated April 22, 2021, the corporate tax rate is % for the year 2022. It was set at 23. (2021: 25%). The corporate tax rate is applied to the tax base to be found as a result of adding the expenses that are not accepted as deductible in accordance with the tax laws to the commercial income of the corporations, and deducting the exceptions (association earnings exception, investment allowance exception, etc.) and deductions (such as R&D deduction) in tax laws. If the profit is not distributed, no further tax is payable (except for the investment incentive withholding tax of 19.8%, which is calculated and paid over the benefited exception amount in case there is an investment incentive exemption that can be used within the scope of the Income Tax Provisional Article 61).

There is no withholding tax on profit shares (dividends) paid to non-resident companies that receive dividends through a workplace or their permanent representative in Turkey and to full-payer companies in Turkey. Dividend payments made to individuals and institutions other than these are subject to 10% withholding (with the exception of the cases specified in the Double Taxation Agreements). Addition of profit to capital is not considered as profit distribution.

Profits from real estate investment trust activities of Akmerkez, a subsidiary of the Group, and Akiş, one of its subsidiaries, are exempt from corporate tax as per paragraph (1)/d-4 of Article 5 of the Corporate Tax Law. This exemption is also applied to the temporary tax bases subject to the relevant temporary tax periods. No further tax is paid if the profit is not distributed. While the earnings of real estate investment trusts are subject to withholding according to paragraph (3) of Article 15 of the Corporate Tax Law, with the Council of Ministers Decision No. It is set to 0”.

Income from real estate investment trust activities of Akmerkez, an associate of the Group and Akiş, a subsidiary of the Group, are not subject to Corporate Tax according to article 5/1, paragraph d-4 of Corporate Tax Law. This exception is also applied to the temporary tax bases subject to the relevant temporary tax periods. Although income from real estate investment trust activities are subject to stoppage according to article 15, paragraph 3 of Corporate Tax Law, the stoppage rate is decided as “0%” according to decision numbered 2009/14594 by Council of Ministers.

Corporate taxpayers calculate temporary tax at the tax rate determined on their quarterly financial profits and declare and pay until the 17th day of the second month following that period. It has been abolished to be implemented as of the tax returns to be submitted for the 2022 taxation period, and within this scope, the 4th Provisional tax return has not been submitted for the January-December 2022 period.

The temporary tax paid during the year belongs to that year and is deducted from the corporate tax to be calculated on the corporate tax return to be submitted in the following year. If the amount of temporary tax paid remains despite the deduction, this amount can be refunded in cash or deducted from tax liabilities. Corporate tax is declared until the evening of the last day of the fourth month following the month in which the accounting period is closed and is paid within the same period.

According to the Turkish tax legislation, financial losses shown on the declaration can be deducted from the corporate income for the period, provided that they do not exceed 5 years. However financial losses can not be offsetted from last year’s profits.

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According to subparagraph (e) of the first paragraph of Article 5 of the Corporate Tax Law, 75% of the profits arising from the sale of participation shares, founder’s shares, usufruct shares and priority right, which are in the assets of the corporations for at least two full years, are exempt from tax. 50% of the income arising from the sale of immovables (real estates) is exempt from corporate tax.

According to the 4th paragraph of article 32/A added to the Corporate Tax Law No. 5520 with Article 9 of the Law No. 5838, if the income obtained can be determined by tracking it in separate accounts within the framework of the enterprise integrity, the discounted rate is applied to this income. If the income cannot be determined separately, the income to which the discounted rate will be applied is determined by dividing the investment amount made by the total fixed asset amount registered in the assets of the institution (including the amounts belonging to the ongoing investments) at the end of the period. During this calculation, the recorded value of the fixed assets in the operating assets are taken into account with their revalued amounts. The reduced rate application starts from the temporary tax period when the investment is partially or fully operational.

The Law on the Amendment of the Tax Procedure Law and the Corporate Tax Law dated 20 January 2022 and numbered 7352 was published in the Official Gazette dated 29 January 2022, including the provisional accounting periods for the 2021 and 2022 accounting periods and the 2023 accounting period provisional tax periods within the scope of the repeated article 298. It is stipulated that financial statements will not be subject to inflation adjustment, regardless of whether the conditions for inflation adjustment have been met.

Deferred tax is calculated using the tax rates valid on the balance sheet date, according to the balance sheet liability method.

Deferred tax is the tax effect of temporary differences between the values of assets and liabilities reflected in the financial statements and tax bases, and is reflected for financial reporting purposes.

Deferred tax asset to the extent that a financial profit can be generated in the future where these timing differences can be used; All deductible temporary differences are recognized for unused incentive amounts and carried tax losses for prior periods. Deferred tax asset is reviewed in each balance sheet period and in cases where it is not possible to generate sufficient financial profit for future use of deferred tax asset, its carrying value in the balance sheet is reduced. Deferred tax amounts related to income and expense items accounted under equity account are followed under equity account.

In the calculation of deferred tax assets and liabilities, the tax rates that will be valid on the dates that the Group considers that these temporary differences can be used (based on the rates that have entered into force or are finalized as of the balance sheet date) are used. In each balance sheet period, the Group reviews its deferred tax assets and accounts for the possibility of future deductibility (Note 30).

In the financial statements dated 31 December 2022, deferred tax assets and liabilities are calculated with a tax rate of 20% for the taxable portion of the temporary differences (31 December 2021: 23% for the part of temporary differences that will have tax effect in 2022, 20% for the part that will create tax in 2023 and the following years.

3.14 Events after the balance sheet date

The Group adjusts the amounts recognised in its financial statements to reflect the adjusting events after the balance sheet date. If non-adjusting events after the balance sheet date have material influence on the economic decisions of users of the financial statements, they are disclosed in the notes to the consolidated financial statements (Note 33).

3.15 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate (Note 17).

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3.16 Contingent assets and liabilities

Contingent liabilities are not recognised in the financial statements but are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognised in the financial statements but disclosed when an inflow of economic benefits is probable.

Possible assets or obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group are not included in financial tables and are treated as contingent assets or liabilities.

Contingent assets usually arise from unplanned or other unexpected events that give rise to the possibility of an inflow of economic benefits to the entity. Contingent assets are not recognised in the financial statements since this may result in the recognition of income that may never be realised. A contingent asset is disclosed where an inflow of economic benefit is probable. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognized in the financial statements of the period in which the change occurs (Note 17).

3.17 Business combinations

Business combinations are accounted in accordance with TFRS 3, “Business Combinations”. Goodwill represents the excess of the cost of an acquisition over the fair value of the Group’s share of the net identifiable assets of the acquired subsidiary or associate at the date of acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. If the purchase amount is less than the fair value of provisions, contingent assets and liabilities, the subjected difference is identified with income statement (Note 16).

Changes in Ownership Interests

The Group applies a policy of treating transactions with non-controlling interests that do not result in loss of control, as transactions with owners of the parent. In a purchase transaction with non-controlling interests, the difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. In a sale transaction with non-controlling interests, the difference between fair value of any proceeds received and the relevant share of non-controlling interests are also recorded in equity. Consequently, gains or losses on disposals to non- controlling interests are not accounted for in the consolidated statement of comprehensive income.

3.18 Foreign currency transactions

Functional currency

Items included in the financial statements of each entity in the Group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to that entity. The consolidated financial statements are presented in Turkish Lira, which is the functional currency of Akkök.

Foreign currency transactions and balances

Income and expenses arising in foreign currencies have been translated into TRY at the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies have been translated into TL at the exchange rates prevailing at the balance sheet dates. Exchange gains or losses arising from the settlement and translation of foreign currency items have been included in the consolidated statement of comprehensive income.

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3.19 Derivative financial instruments

Derivative financial instruments are initially recognized at the acquisition cost reflecting the fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value.

The derivative instruments of the Group mainly consist of interest rate swap and forward foreign exchange purchase and sale transactions. These derivative transactions, even though providing effective economic hedges under the Group risk management position, do not generally qualify for hedge accounting under the specific rules and are therefore treated as derivatives held for trading in the consolidated financial statements and fair value difference of these derivatives are accounted for under consolidated income statements. Derivatives of the Group which qualified for hedge accounting under specific rules are measured using the methods stated as below:

Cash Flow Hedge

Hedges of exposures to variability in cash flows that are attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction and could affect profit and loss are designated as cash flow hedges by the Group. Changes in the fair value of derivatives, designated as cash flow hedges and qualified as effective, are recognized in equity as “hedging reserves”. Where the forecasted transaction or firm commitment results in the recognition of an asset or of a liability, the gains and losses previously recognized under equity are transferred from equity and included in the initial measurement of the cost of the asset or liability. Otherwise, amounts recognized under equity are transferred to the consolidated income statement in the period in which the hedged firm commitment or forecasted transaction affects the consolidated income statement.

If the forecast transaction or firm commitment is no longer expected to occur, the cumulative gains or losses previously recognized in equity are transferred to the income statement. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, any cumulative gain or loss previously recognized in other comprehensive income remains in other comprehensive income until the forecast transaction or firm commitment affects profit or loss.

3.20 Statement of cash flows

Cash flows during the period are classified and reported by operating, investing and financing activities in the cash flow statements.

Cash flows from operating activities represent the cash flows of the Group generated from operations. Cash flows related to investing activities represent the cash flows that are used in or provided from the investing activities of the Group (capital expenditures and financial investments). Cash flows arising from financing activities represent the cash proceeds from the financing activities of the Group and the repayments of these funds.

Cash and cash equivalents include investments in which cash and bank deposits are highly liquid, short- term and readily convertible into cash with a maturity of 3 months or less (Note 5).

3.21 Government grants

Grants from the government are recognised at their fair value when there is a reasonable assurance that the grant will be received, and the group will comply with all attached conditions. Government grants relating to costs are recognised in the statement of comprehensive income by deducting from research and development expenses. Government grants relating to property, plant and equipment are included in non-current liabilities as deferred government grants and are recognized in the statement of comprehensive income on a straight-line basis over the expected lives of the related assets.

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3.22 Paid in share capital

The shareholders are classified as share capital. The share capital through a pro-rata distribution of shares (“bonus shares”) to existing shareholders from retained earnings (Note 23).

3.23 Leases

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes:

- initial direct costs incurred,
- lease payments made at or before the commencement date less any lease incentives received,
- all initial direct costs incurred by the Group.

Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

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 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:

- Fixed payments,
- Variable lease payments that depend on an index or a rate,
- Amounts expected to be paid under residual value guarantees
- The exercise price of a purchase option reasonably certain to be exercised by the Group and
- Payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate.

The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate.

The variable lease payments that do not depend on an index or a rate are 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.

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After the effective date of the lease, the Group measures the lease obligation as follows:

- Increase the carrying amount to reflect the interest on the lease obligation, and
- 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 machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

NOTE 4 - CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of consolidated financial statements according to TFRS, necessitates the use of estimates and assumptions that affect asset and liability amounts reported as of the balance sheet date, explanations of contingent liabilities and assets; and income and expense amounts reported for the accounting period. Although these estimates and assumptions are based on all management information related to the events and transactions, actual results may differ from them. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities for the next reporting period are outlined below:

a) Fair values of investment property

The Group has determined the fair values of investment properties and disclosed them in Note 12.

Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the Group uses alternative valuation methods, such as discounted cash flow projections.

b) Deferred income tax assets

Deferred tax liabilities are recognised for all taxable temporary differences, where deferred tax assets resulting from deductible temporary differences are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary difference can be utilised (Note 30).

c) Useful lives of property, plant and equipment and intangible assets

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment loss. They are initially recognised at acquisition cost and amortised on a straight-line basis over their estimated useful lives. Useful lives of property, plant and equipment, rely on best estimates of management, these estimates are reviewed balance sheet dates and if necessary, adjustments are made (Note 13 and 14).

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d) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and when reliable estimate can be made of the amount of the obligation (Note 17).

Provisions for doubtful receivables reflect the amounts that the Group management believes will cover the future losses of the receivables that exist as of the statement of financial position date but have the risk of being uncollectible within the current economic conditions. The Group management also evaluates the opinions of its legal advisors regarding the receivables that have been the subject of lawsuits. When assessing whether the receivables are impaired or not, the past performance of the debtors other than the related parties and key customers, their credibility in the market, their performance from the date of the statement of financial position until the date of approval of the financial statements and the renegotiated conditions are also considered. In addition to the collaterals held as of the balance sheet date, the collaterals obtained during the period until the approval date of the financial statements are also taken into consideration while determining the provision amount (Note 9).

e) Income taxes

Subsidiaries, joint ventures and associates of the Group are subject to income tax and various tax legislations. The group performs the accounting of liabilities related to the taxes expected based on the assumption of whether additional tax will be paid or not. If the tax amount reached as a result of these is significantly different from the amount first entered to the book, these differences may affect the provision of income tax and deferred taxes related to that period (Note 30).

NOTE 5 - CASH AND CASH EQUIVALENTS

The analysis of cash and cash equivalents at 31 December 2022 and 2021 is presented below:

	31 December 2022	31 December 2021
Cash on hand	1,271	903
Banks	4,537,736	3,992,436
- demand deposits	890,087	138,034
- time deposits	3,647,649	3,854,402
Other	2,917	1,402
Total	4,541,924	3,994,741

The reconciliation between cash and cash equivalents in the consolidated statement of financial position and the consolidated statements of cash flows as of 31 December 2022 and 2021 is as follows:

	31 December 2022	31 December 2021
Cash and cash equivalents	4,541,924	3,994,741
Less: restricted deposits	(67,185)	(47,885)
Less: interest accruals	(8,886)	(538)
Cash and cash equivalents	4,465,853	3,946,318

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Interest rate of time deposits with maturities less than 3 months at 31 December 2022 and 2021 are as follows:

	31 December 2022		31 December 2021	
	Time Deposit	Interest rate %	Time Deposit	Interest rate %
USD	1,539,955	2.18	3,002,983	0.93
EUR	444,396	2.20	318,094	0.40
TRY	1,663,298	21.4	533,325	16.4
Total	3,647,649		3,854,402	

NOTE 6 - FINANCIAL INVESTMENTS

	31 December 2022	31 December 2021
Bank deposits with maturities over three months ^(*)	51,939	9,480
Stocks and bonds with maturities over three months	87,969	556,122
Currency protected deposits ^(**)	252,878	-
Other financial investments measured at fair value through profit or loss	2,407	80,254
Current financial investments	395,193	645,856
Other financial investments measured at fair value through profit or loss	1,442	58,796
Financial investments measured at fair value through other comprehensive income	27,335	5,854
Financial investments not included in the scope of consolidation ^(***)	226	226
Bonds with maturities over one year	25,253	98,008
Non-current financial investments	54,256	162,884
Total	449,449	808,740

^(*) Bank deposits are blocked by banks related to borrowings and rent receivables of subsidiaries of the Group.

^(**) Currency Protected TL Time Deposit Account is a deposit product that offers foreign exchange protection in case the exchange rate in TL increases more than the interest rate at the end of maturity. Currency protected deposit accounts are accounted for as financial assets at fair value through profit or loss.

^(***) Financial investments that are excluded from the scope of consolidation are excluded on the grounds of immateriality. As these shares do not have quoted market price in an active market, they are carried at cost, adjusted for inflation accounting that was applicable until 31 December 2004.

Financial investments measured at fair value through other comprehensive income:

	(%)	31 December 2022	(%)	31 December 2021
Yapı ve Kredi Bankası A.Ş.	<1	11,875	<1	5,854
Ünlü Portföy Yönetimi A.Ş. İda Capital				
İvmelendirme Girişim Sermayesi Yatırım Fonu	<1	6,918	-	-
FBO Angellist Clients	<1	5,609	-	-
Other	<1	2,933	-	-
Total		27,335		5,854

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Movements of financial investments measured at fair value through other comprehensive income for the periods ended 31 December 2022 and 2021 are as follows:

	2022	2021
1 January	5,854	9,466
Additions	18,831	3,085
Change in fair value	5,976	(1,917)
Disposals	(3,326)	(4,780)
31 December	27,335	5,854

Financial investments not included in the scope of consolidation:

	31 December 2022	31 December 2021
Akhan Bakım Yönetim Servis Hizmet Ticaret A.Ş.	119	119
Üçgen Bakım ve Yönetim Hizmetleri A.Ş.	107	107
Total	226	226

NOTE 7 - INVESTMENTS ACCOUNTED USING THE EQUITY METHOD

	31 December 2022	31 December 2021
DowAksa	1,000,349	778,181
Akmerkez	809,838	213,330
Akcez	390,951	269,025
WMG London	82,756	63,219
Akenerji ^(*)	-	-
Total	2,283,894	1,323,755

^(*) The Group has not recognised the Group's share in cumulative loss of Akenerji amounting to TRY 1,682,818 in the financials statements as of 31 December 2022 (31 December 2021: TRY 1,375,965). The Group is in the opinion that that unrecognised period losses will not constitute further liabilities.

Movements of investments accounted using the equity method during the years ended 31 December 2022 and 2021 is as follows:

	2022	2021
1 January	1,323,755	948,331
Share of net profit for the period	743,933	(124)
Dividends received	(13,686)	(10,282)
Share of other comprehensive income	236,547	384,807
Participation to capital increase	6,034	2,930
Effect of change in share rate	(12,689)	(1,907)
31 December	2,283,894	1,323,755

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Financial information for the investments accounted using the equity method on 31 December 2022 and 2021 are as follows:

31 December 2022	Assets	Liabilities	Revenue	Net profit/(loss) for the period
Akenerji ^(*)	6,506,829	14,837,411	17,046,511	(1,501,973)
Akcez	10,001,233	8,494,873	26,951,311	1,341,108
DowAksa	7,640,013	5,639,315	2,627,062	(144,828)
Akmerkez	3,299,210	19,423	222,950	1,247,440
WMG London	407,022	244,948	-	(5,691)

31 December 2021	Assets	Liabilities	Revenue	Net profit/(loss) for the period
Akenerji ^(*)	3,853,769	8,993,778	3,917,844	(2,674,590)
Akcez	5,000,088	4,686,749	8,854,146	(248,658)
DowAksa	4,157,902	2,601,540	981,357	89,726
Akmerkez	2,152,791	7,798	120,662	648,815
WMG London	277,562	153,833	-	(3,985)

^(*) Total assets and liabilities in the consolidated financial statements where the Akenerji's property, plant and equipment are accounted for at fair value are TRY 22,578,703 and TRY 16,851,417 respectively (31 December 2021: TRY 13,111,836 and TRY 11,533,632).

As of 31 December 2022 and 2021, market capitalization of the Group's investments accounted for using the equity method are presented below:

31 December 2022	Total market capitalization	Group's share
Akenerji	3,886,444	794,001
Akmerkez GYO	3,044,469	362,901
Total	6,930,913	1,156,902

31 December 2021	Total market capitalization	Group's share
Akenerji	1,327,078	271,122
Akmerkez GYO	1,612,786	202,276
Total	2,939,864	473,398

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NOTE 8 - RELATED PARTY DISCLOSURES

a) Trade receivables from related parties

The details of trade receivables from related parties as at 31 December 2022 and 2021 is as follows:

	31 December 2022	31 December 2021
DowAksa ^(*)	359,663	37,058
Akcez ^(*)	4,304	20,785
Akenerji ^(*)	3,730	29,202
Other	12,625	5,567
Total	380,322	92,612

b) Non-current other receivables from related parties

	31 December 2022	31 December 2021
Akiş Mudanya Adi Ortaklığı ^(**)	26,398	19,159
Total	26,398	19,159

^(*) Joint ventures.

^(**) Other long-term receivables from Akiş-Mudanya Ordinary Partnership (“Ordinary Partnership”) will arise from the amounts paid by the Company to Ordinary Partnership based on the flat-for-floor agreements made by Ordinary Partnership.

c) Short-term trade payables due to related parties

	31 December 2022	31 December 2021
DowAksa ^(*)	260,841	9,174
Akgirişim	30,057	18,856
Akcez ^(*)	25,372	9,652
Yalkim OSB	22,818	11,025
Diğer	4,989	6,666
Total	344,077	55,373

d) Short-term other payables due to related parties

	31 December 2022	31 December 2021
Bariş Nalçacı	-	20,993
Bülent Aksu	-	9,597
Total	-	30,590

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a) Sales to related parties

	1 January - 31 December 2022	1 January - 31 December 2021
DowAksa ^(*)	612,327	147,732
Akenerji ^(*)	35,812	12,580
Akcez ^(*)	20,421	53,965
Akgirişim	12,956	7,363
Other	25,291	10,912
Total	706,807	232,552

^(*) Joint ventures.

f) Service and product purchases from related parties

	1 January - 31 December 2022	1 January - 31 December 2021
Akcez ^(*)	272,333	61,089
Yalkim OSB ⁽¹⁾	185,777	77,741
Akgirişim ⁽²⁾	160,420	165,273
Akenerji ^(*)	37,771	6,760
Akhan ⁽³⁾	17,228	7,373
Other	7,467	2,798
Total	680,996	321,034

Purchases from related parties consist of energy, chemical products, services, consultancy and rent expenses.

g) Interest income from related parties

	1 January - 31 December 2022	1 January - 31 December 2021
Akiş Mudanya Adi Ortaklığı ^(**)	5,970	3,617
Total	5,970	3,617

^(*) Joint ventures.

^(**) Other long-term receivables from Akiş-Mudanya Ordinary Partnership (“Ordinary Partnership”) will arise from the amounts paid by the Company to Ordinary Partnership based on the flat-for-floor agreements made by Ordinary Partnership.

(1) It consists of the right usage fee reflected to the Group of the common treatment plant within the body of Yalkim OSB.

(2) It generally consists of investments made in Aksa production facilities.

(3) Financial investments excluded from consolidation.

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(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

h) Key management compensation

The Group has determined the key management personnel as the members of the board of directors and executive committee members,

	1 January - 31 December 2022	1 January - 31 December 2021
Key management compensation	40,850	25,259
Total	40,850	25,259

i) Commitments given to related parties

The long-term loan amounting to USD325,000 granted to Akcez and its subsidiaries, Sedaş and Sepaş as borrowers, by the International Finance Corporation ("IFC"), European Bank for Reconstruction and Development ("EBRD") and Unicredit Bank AG ("UCB") was refinanced on the basis of the negotiations with the same Bank Group as of 20 May 2016. As of the date of the refinancing of the loan, the balance is USD220,675 and Akcez's shareholders Akkök Holding Anonim Şirketi And Cez Anonim Şirketi have become guarantors of the loans (each responsible individually and with a maximum balance equal to half of the loan). Loan repayments are made by Akcez and the balance of the loan is USD103,258 as of 31 December 2022 (31 December 2021: USD126,942).

Akcez's shareholders Akkök Holding Anonim Şirketi and Cez Anonim Şirketi have become guarantors solely (each responsible individually and with a maximum amount equal to half of the loan) with respect to long term loans amounting to USD52,163 and TRY149,628 obtained by Akcez's subsidiary, Sedaş as borrower, from the International Finance Corporation ("IFC"), European Bank for Reconstruction and Development ("EBRD") and Unicredit Bank AG ("UCB") as part of the refinancing agreement dated 20 May 2016. Loan repayments are made by Sedaş. As of 31 December 2022, the remaining balance of the loan is USD31,176 and TRY89,428 (31 December 2021: USD38,327 and TRY109,940).

NOTE 9 - TRADE RECEIVABLES AND PAYABLES

a) Trade receivables from third parties

	31 December 2022	31 December 2021
Trade receivables	3,770,168	2,496,607
Cheques and notes receivable	917,210	756,057
Less: provision for doubtful receivables	(93,808)	(100,427)
Less: unearned credit finance income	(8,504)	(1,932)
Subtotal	4,585,066	3,150,305
Trade receivables from related parties (Note 8)	380,322	92,612
Total	4,965,388	3,242,917

Maturity of trade receivables of the Group is generally less than three months (2021: less than three months). The past experience of the Group in collecting receivables has been taken into consideration when determining the provision amount for doubtful receivables. Therefore, the Group believes that, there is no additional collection risk for trade receivables is necessary other than the provision provided.

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b) Long-term trade receivables

	31 December 2022	31 December 2021
Customers	72,668	166,225
Notes receivables and cheques	137,526	57,952
Less: provision for doubtful receivables	(110,076)	(82,387)
Less: unearned financial income	(16,772)	(329)
Total	83,346	141,461

Movements of provision for doubtful trade receivables for the years ended 31 December 2022 and 2021 are as follows:

	2022	2021
1 January	182,814	150,141
Collections and reversal of provisions	(6,464)	(8,844)
Allowance for the period	26,603	41,324
Translation differences	931	193
31 December	203,884	182,814

c) Short-term trade payables

	31 December 2022	31 December 2021
Suppliers	3,995,098	4,085,285
Less: unincurred financial expenses (-)	(10,238)	(2,476)
Subtotal	3,984,860	4,082,809
Trade payables to related parties (Note 8)	344,077	55,373
Total	4,328,937	4,138,182

d) Long-term trade payables

	31 December 2022	31 December 2021
Suppliers	6,387	5,409
Total	6,387	5,409

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NOTE 10 - INVENTORIES

	31 December 2022	31 December 2021
Complete and incomplete residence	185,227	159,861
Raw materials	1,402,314	1,320,764
Finished goods	1,319,063	670,234
Semi-finished goods	896,209	134,810
Other inventories and spare parts	195,106	107,215
Goods in transit	187,424	159,247
Trade goods	52,641	38,317
Less: provision for impairment in inventories ^(*)	(59,057)	(4,412)
Total	4,178,927	2,586,036

^(*) The provision for inventory impairment consists of the first item, materials and products.

The movements of the provision for inventories within the accounting periods ending on 31 December 2022 and 2021 are as follows.

	2022	2021
1 January	4,412	49,163
Allowances utilized	-	(54,029)
Charge for the period	54,645	9,278
31 December	59,057	4,412

NOTE 11 - PREPAID EXPENSES AND DEFERRED INCOME

	31 December 2022	31 December 2021
Current prepaid expenses:		
Advances given	100,857	36,886
Prepaid expenses	97,483	197,654
Total	198,340	234,540
Non-current prepaid expenses:		
Advances given	278,204	101,900
Prepaid expenses	36,054	19,338
Total	314,258	121,238

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(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

	31 December 2022	31 December 2021
Short-term deferred income:		
Advances received	522,078	544,039
Deferred income	92,751	199,237
Total	614,829	743,276
Long-term deferred income:		
Advances received	11,188	3,052
Deferred income for the year	274	1,353
Total	11,462	4,405

NOTE 12 - INVESTMENT PROPERTIES

	1 January 2022	Additions	Disposals ^(*)	Transfers ^(**)	Currency translation differences	Increase/Decrease in fair value	31 December 2022
Land and building	7,106,765	728	(447,928)	(48,300)	981	6,112,459	12,724,705
Net book value	7,106,765	728	(447,928)	(48,300)	981	6,112,459	12,724,705

^(*) Akasya AVM 315 Independent Section was sold on 17 June 2022 with a total price of TRY43,175 + VAT. Akasya AVM Independent Section 316 was sold on 8 August 2022 with a total price of TRY71,847 + VAT. The Uşaklıgil project was sold on 5 July 2022 with a price of TRY394,068 + VAT.

^(**) Due to the use of some unused real estates, the TRY48,300 real estate has been classified into tangible assets.

	1 January 2021	Additions	Disposals ^(*)	Transfers ^(**)	Currency translation differences	Increase/Decrease in fair value	31 December 2021
Land and building	5,444,391	10,830	(41,014)	300,877	1,229	1,390,452	7,106,765
Net book value	5,444,391	10,830	(41,014)	300,877	1,229	1,390,452	7,106,765

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(Amounts expressed in thousands of Turkish Lira (“TRY”) unless otherwise indicated.)

As of 31 December 2022, the method and fair value level used in the valuation of investment properties are as follows:

	Used Method	Level	31 December 2022	31 December 2021
Akasya Shopping Mall	Discounted cash flow method	2	8,277,940	4,435,382
Akbatı Shopping Mall	Discounted cash flow method	2	3,325,101	1,665,536
Erenköy	Discounted cash flow method	2	835,600	457,430
Uşaklıgil Project	Discounted cash flow method	2	-	363,674
Yalova-Çiftlikköy land and buildings	Pretend comparison method	2	9,555	53,195
Akhan	Pretend comparison method	2	119,080	47,675
Social facility	Pretend comparison method	2	65,000	37,000
Other	Pretend comparison method	2	92,429	46,873
Total			12,724,705	7,106,765

Fair values of investment properties;

The important evaluations, estimates and assumptions used in determining the fair value of the real estate classified as investment property in the consolidated financial statements are explained below.

Akbatı AVM

As of 31 December 2022, Reel Gayrimenkul Değerleme A.Ş. (“Reel”) appraisal report has been taken into account and the fair value of Akbatı AVM has been determined as TRY 3,325,101 using the income reduction approach in the related report (31 December 2021: TRY 1,665,536).

	Discount rate	Capitalization rate
31 December 2022	28%	7.5%

The rent increase rate estimates made by the independent valuation company for the year-end valuation of Akbatı AVM vary for each year.

Akasya AVM

As of 31 December 2022, Reel Gayrimenkul Değerleme A.Ş. (“Reel”) appraisal report has been taken into account and the fair value of Akasya AVM has been determined as TRY 8,277,940 using the income reduction approach in the related report (31 December 2021: TRY 4,435,382).

	Discount rate	Capitalization rate
31 December 2022	28%	7.5%

The rent increase rate estimates made by the independent valuation company for the year-end valuation of Akasya AVM vary for each year.

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Erenköy

As of 31 December 2022, Lotus Gayrimenkul Değerleme ve Danışmanlık A.Ş. (“Lotus”), the appraisal report was taken into account and the fair value of the Erenköy project was determined as TRY 835,600 using the income reduction approach in the report.

As of 31 December 2021, Epos Gayrimenkul Danışmanlık ve Değerleme A.Ş. (“Epos”), dated 21 October 2021 and numbered AKGYO-2021-00002, the appraisal report of the Erenköy project was taken into account and the fair value of the Erenköy project was determined as TRY 456,000 using the income approach method.

If there is a 0.5% increase/decrease in the discount rates of investment properties, whose fair value is calculated using the income discount approach, and all other variables remain constant, the profit would be lower by TRY 332,205 and higher by TRY 344,722, respectively (31 December 2021: TRY 200,922 less, TRY 209,000 would be more). As of 31 December 2022, the sensitivity analysis of investment properties calculated using the income discount approach is as follows:

31 December 2022	Discount ratio	Sensitivity analysis	Gain effect on fair value	Loss effect on fair value
Akasya	28%	0.5%	226,961	(218,765)
Akbatı	28%	0.5%	90,711	(87,440)
Erenköy	Floating ^(*)	0.5%	27,050	(26,000)

^(*) For the year-end valuation of the Erenköy project, a discount rate was used by the independent valuation company, which changed in parallel with the inflation over the years and was predicted by adding a certain risk premium on inflation.

The sensitivity analysis of investment properties calculated using the income discounting approach as of 31 December 2021 is as follows:

31 December 2021	Discount ratio	Sensitivity analysis	Gain effect on fair value	Loss effect on fair value
Akasya	21.5%	0.5%	134,019	(128,843)
Akbatı	20.0%	0.5%	50,083	(48,138)
Erenköy	21.6%	0.5%	14,070	(13,527)

The fair value of the investment properties as of 31 December 2022 has been determined by an independent real estate appraisal expert as TRY12,724,705 (2021: TRY7,106,765). The total fair value determined was determined as level 2.

As of 31 December 2022, there are guarantees, pledges and mortgages amounting to USD242,570 thousand and TRY900,000 on the Group’s debts on investment properties (31 December 2021: TRY4,631,518).

As of 31 December 2022, there is TRY12,986,649 insurance guarantee on investment properties (2021: TRY10,015,821).

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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NOT 13 - PROPERTY, PLANT AND EQUIPMENT

The movements of property, plant and equipment and related accumulated depreciation for the period ended 31 December 2022 are as follows:

	1 January 2022	Additions	Disposals	Transfers ^(*)	Business acquisitions ^(**)	Currency translation differences	31 December 2022
Cost							
Land and land improvements	383,721	85,538	-	20,330	(3,371)	(406)	485,812
Buildings	714,334	16,061	(2,947)	169,438	(11,779)	12,809	897,916
Machinery and equipment	3,485,706	18,947	(2,932)	908,305	(22,277)	5,652	4,393,401
Motor vehicles	31,669	16,425	(68)	620	(1,434)	(48)	47,164
Furniture and fixtures	212,161	43,378	(653)	27,229	(854)	503	281,764
Leasehold improvements	19,333	5,450	(529)	1,652	-	-	25,906
Construction in progress ^(**)	264,007	1,700,653	(1,692)	(1,103,410)	-	808	860,366
Total	5,110,931	1,886,452	(8,821)	24,164	(39,715)	19,318	6,992,329
Accumulated depreciation							
Land and land improvements	86,095	8,588	-	-	-	-	94,683
Buildings	127,100	39,083	(318)	-	(7,316)	1,453	160,002
Machinery and equipment	1,506,478	268,867	(2,852)	-	(18,550)	2,183	1,756,126
Motor vehicles	23,219	3,091	(68)	-	(1,209)	(16)	25,017
Furniture and fixtures	121,500	23,770	(324)	-	(803)	174	144,317
Leasehold improvements	9,652	1,661	(350)	-	-	-	10,963
Total	1,874,044	345,060	(3,912)	-	(27,878)	3,794	2,191,108
Net book value	3,236,887						4,801,221

^(*) The transfer of TRY48,300 was made from investment properties to tangible assets. Transfers of TRY24,136 respectively, were made from tangible assets to intangible assets and assets classified as held for sale.

^(**) Construction in progress is mainly comprised of modernization of production facilities and construction of reverse osmosis facility of Akso, and R&D building construction expenditures, palladium catalyst, Nazilli facility improvement works and maintenance investments of Akkim.

^(***) As of 31 December 2022, it consists of exits of Akso Egypt, which is in the sales process.

The breakdown of depreciation expense for the years ended 31 December 2022 and 2021 is disclosed in Note 28.

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The movements of property, plant and equipment and related accumulated depreciation for the period ended 31 December 2022 are as follows:

	1 January 2021	Additions	Disposals	Transfers ^(*)	Business acquisitions ^(**)	Currency translation differences	31 December 2021
Cost							
Land and land improvements	319,285	12,772	(1,361)	6,895	44,430	1,700	383,721
Buildings	374,447	6,360	(241)	244,589	70,575	18,604	714,334
Machinery and equipment	2,549,151	17,686	(29,781)	787,899	137,466	23,285	3,485,706
Motor vehicles	22,093	5,453	(1,051)	770	3,394	1,010	31,669
Furniture and fixtures	152,687	26,518	(2,869)	24,707	9,163	1,955	212,161
Leasehold improvements	13,673	3,185	-	-	2,475	-	19,333
Construction in progress ^(**)	395,931	852,757	(19)	(990,058)	3,903	1,493	264,007
Total	3,827,267	924,731	(35,322)	74,802	271,406	48,047	5,110,931
Accumulated depreciation							
Land and land improvements	78,149	7,832	-	-	114	-	86,095
Buildings	103,202	10,259	(120)	-	7,899	5,860	127,100
Machinery and equipment	1,312,631	177,267	(26,628)	(2,266)	27,294	18,180	1,506,478
Motor vehicles	21,251	1,053	(602)	-	830	687	23,219
Furniture and fixtures	104,236	14,339	(2,683)	-	3,962	1,646	121,500
Leasehold improvements	7,983	1,573	(8)	-	36	68	9,652
Total	1,627,452	212,323	(30,041)	(2,266)	40,135	26,441	1,874,044
Net book value	2,199,815						3,236,887

^(*) The transfer of TRY107,336 was made from investment properties to tangible assets. Transfers of TRY30,268 and TRY2,141, respectively, were made from tangible assets to intangible assets and assets classified as held for sale.

^(**) Construction in progress is mainly comprised of modernization of production facilities and construction of reverse osmosis facility of Akso, and R&D building construction expenditures, palladium catalyst, Nazilli facility improvement works and maintenance investments of Akkim.

^(***) Please refer to Note 16.

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NOTE 14 - INTANGIBLE ASSETS

The movements of intangible assets and related accumulated depreciation for the period ended 31 December 2022 and 2021 are as follows:

	1 January 2022	Additions	Disposals	Transfers ^(*)	Disposal of subsidiary ^(**)	Currency translation differences	31 December 2022
Cost							
Rights	178,381	9,752	(319)	-	(4,141)	7,541	191,214
Development costs	136,162	35,908	-	16,999	-	-	189,069
Other	89,391	344	-	7,137	-	-	96,872
Customer list	614,541	-	-	-	-	23,341	637,882
Total	1,018,475	46,004	(319)	24,136	(4,141)	30,882	1,115,037
Accumulated amortisation							
Rights	60,296	13,475	(240)	-	(3,859)	4,164	73,836
Development costs	37,106	14,469	-	-	-	-	51,575
Other	18,286	327	-	-	-	6	18,619
Customer list	127,602	33,022	-	-	-	15,639	176,263
Total	243,290	61,293	(240)	-	(3,859)	19,809	320,293
Net Book Value	775,185						794,744
	1 January 2021	Additions	Disposals	Transfers ^(*)	Disposal of subsidiary ^(**)	Currency translation differences	31 December 2021
Cost							
Rights	145,558	12,646	(62)	5,251	3,666	11,322	178,381
Development costs	82,777	30,929	-	22,456	-	-	136,162
Other	19,251	86	(2,217)	2,561	69,710	-	89,391
Customer list	151,138	-	-	-	436,696	26,707	614,541
Total	398,724	43,661	(2,279)	30,268	510,072	38,029	1,018,475
Accumulated amortisation							
Rights	43,321	11,646	(61)	-	65	5,325	60,296
Development costs	28,490	8,616	-	-	-	-	37,106
Other	14,639	5,282	(1,635)	-	-	-	18,286
Customer list	85,966	26,008	-	-	-	15,628	127,602
Total	172,416	51,552	(1,696)	-	65	20,953	243,290
Net Book Value	226,308						775,185

^(*) Transfers are due to reclassifications from property, plant and equipment.

^(**) As of 31 December 2022, it consists of exits of Akxa Egypt, which is in the sales process.

^(***) Please refer to Note 16.

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NOTE 15 – RIGHT OF USE ASSETS

	1 January 2022	Additions	Disposals	Rental condition changes	31 December 2022
Cost					
Vehicles	77,842	23,133	(5,097)	181	96,059
Site rent	15,368	3,733	-	2,483	21,584
Buildings	25,607	8,579	(1,753)	6	32,439
	118,817	35,445	(6,850)	2,670	150,082
Accumulated depreciation					
Vehicles	29,977	19,920	(4,969)	-	44,928
Site rent	2,223	5,524	-	-	7,747
Buildings	14,381	6,137	(1,103)	-	19,415
	46,581	31,581	(6,072)	-	72,090
Net book value	72,236				77,992
	1 January 2021	Additions	Disposals	Rental condition changes	31 December 2021
Cost					
Vehicles	62,743	23,178	(8,079)	-	77,842
Site rent	12,928	1,099	-	1,341	15,368
Buildings	22,683	3,175	(408)	157	25,607
	98,354	27,452	(8,487)	1,498	118,817
Accumulated depreciation					
Vehicles	19,322	17,652	(6,997)	-	29,977
Site rent	1,312	911	-	-	2,223
Buildings	8,471	6,097	(187)	-	14,381
	29,105	24,660	(7,184)	-	46,581
Net book value	69,249				72,236

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NOTE 16 - GOODWILL

The movement table of goodwill for the accounting periods 1 January - 31 December 2022 and 2021 is as follows:

31 December 2022	Akcoat	Dinox	USK Kimya	Epsilon	Other	Total
Purchase consideration settled in cash	212,458	13,992	509,338	38,576	48,968	823,332
Contingent consideration ^(*)	9,436	-	-	-	5,516	14,952
Net liabilities/(assets) acquired	(171,185)	(11,150)	(419,162)	(37,692)	(53,807)	(692,996)
Currency translation differences	-	11,775	-	-	428	12,203
Goodwill	50,709	14,617	90,176	884	1,105	157,491

31 December 2021	Akcoat	Dinox	USK Kimya	Epsilon	Diğer	Total
Purchase consideration settled in cash	212,458	13,992	509,338	38,576	48,968	823,332
Contingent consideration ^(*)	9,436	-	-	-	5,516	14,952
Net liabilities/(assets) acquired	(171,185)	(11,150)	(419,162)	(37,692)	(53,807)	(692,996)
Currency translation differences	-	8,220	-	-	331	8,551
Goodwill	50,709	11,062	90,176	884	1,008	153,839

^(*) Contingent consideration has been remeasured as of balance sheet date of these consolidated financial statements.

The movements of goodwill for the periods ended 31 December 2022 and 2021 are as follows:

	Akcoat	Dinox	USK Kimya	Epsilon	Other	Total
1 January 2022	50,709	11,062	90,176	884	1,008	153,839
Currency translation differences	-	3,555	-	-	97	3,652
31 December 2022	50,709	14,617	90,176	884	1,105	157,491

	Akcoat	Dinox	USK Kimya	Epsilon	Other	Total
1 January 2021	50,709	6,604	-	-	887	58,200
Net liabilities/(assets) acquired	-	-	90,176	884	-	91,060
Currency translation differences	-	4,458	-	-	121	4,579
31 December 2021	50,709	11,062	90,176	884	1,008	153,839

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Impairment test for goodwill:

On 5 January 2015, the Akkim, a subsidiary of the Group, acquired 100% shares of Akcoat. On 22 May 2015, the Akiş, a subsidiary of the Group, acquired 100% shares of Karlitepe. Akkim, a subsidiary of the Group, acquired a 100% share of Dinox on 15 February 2017 for a consideration of EUR3,750. On 3 November 2018 the remaining 50% shares of Akferal was acquired by Akkim from the FERALCO AB by for a consideration of TRY9,000. Akcoat, a subsidiary of the Group, acquired 100% shares of Akcoat Spain on 22 November 2017 for a consideration of EUR7,002. Akkim completed its legal merger as of 31 May 2021 by acquiring all of the shares of USK Kimya Anonim Şirketi (“USK Kimya”) for USD 63,000 thousand on March 1, 2022. On September 30, 2021, Akkök purchased 10.2% of the shares of Epsilon Kompozit Teknoloji ve Savunma Sanayi A.Ş. (“Epsilon”) for TRY 38,576 thousand. The difference between the total purchase price, fair value of acquired net assets and resulting goodwill in the consolidated financial statements.

The Group tests whether goodwill has suffered any impairment on an annual basis. The Group, considers the carrying value of its investment in USK Kimya, Akcoat, Dinox, and Akcoat Spain for possible impairment in every reporting period. The impairment analysis cannot be performed by considering market data since related financial asset has not active market and the Company management has to make significant estimations.

Akcoat:

On 5 January 2015, the Group acquired 100% shares of Akcoat. Akcoat is a producer of performance coatings and pigments. The products are being used for the decorative and protective purpose in coating of the materials such as metal sheet, stainless steel, aluminium, cast iron, ceramic tile, sanitary ware, porcelain, medical porcelain and glass. Additionally, these materials are being colored by inorganic pigments which are also manufactured by Akcoat. The acquisition transaction is accounted in the consolidated financial statements of Akkim by the acquisition method in accordance with TFRS 3 “Business Combinations”. As a result of the related accounting, a goodwill amounting to TRY50,709 is accounted in the consolidated financial statements.

The impairment test is based on a 5-year projection between 1 January 2023 and 31 December 2027 which is approved by Akcoat management. In order to predict the future cash flows, a constant growth rate of 2.00%, not exceeding the estimated average growth rate of the country’s economy, has been used. Weighted cost of capital rate of 13.8% is used as after-tax discount rate in order to calculate the recoverable amount of the unit. No impairment has been determined as a result of the analyses carried out by the Group as of 31 December 2022.

USK Kimya purchase

On 1 March 2021, Akkim purchased 100% of the shares of USK Kimya for USD 63,000 thousand. With this acquisition, Akkim aimed to strengthen its position in the market by adding carboxymethyl cellulose (“CMC”) production to its product portfolio, which is used in drilling, detergent, food, textile, cleaning and other industries. Akkim completed its legal merger with USK Kimya on 31 May 2021.

As a result of the study carried out by Akkim Management using valuation experts, the customer relations assets and clean chemical production expertise (“know-how”) that are not included in the financial statement of USK Kimya are reflected in the financial statements with their fair values at the acquisition date. Within the framework of the study, USK Kimya’s forward-looking 5-year cash flow projections have been taken into account, using important estimates and assumptions such as return on equity, multiplier value, weighted average cost of capital ratio and growth rates. As a result of the relevant accounting, as of 31 May 2021, all assets and liabilities of USK Kimya were combined with Akkim, and TRY419,163 thousand of net assets were accounted for in equity accounts, and TRY90,176 thousand in goodwill accounts.

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The impairment test is based on a 5-year projection between 1 January 2023 and 31 December 2027 which is approved by Akkim management. In order to predict the future cash flows, a constant growth rate of 3.20%, not exceeding the estimated average growth rate of the country’s economy, has been used. Weighted cost of capital rate of 12.7% is used as after-tax discount rate in order to calculate the recoverable amount of the unit. No impairment has been determined as a result of the analyses carried out by the Group as of 31 December 2022.

Epsilon;

Akkök was established on September 30, 2021 by Epsilon Kompozit Teknoloji ve Savunma Sanayi A.Ş. (“Epsilon”) purchased 10.2% of its shares for TRY38,576 thousand. With this acquisition, the Group; manufactures high-tech composite parts for the aerospace, aerospace and defense industries. The difference between the total purchase price and the fair value of the net assets purchased is accounted for as goodwill in the consolidated financial statements.

As of 31 December 2021, the calculation made on the temporary amounts was completed within twelve months following the purchase date and the correction records were made as of the purchase date. After the relevant adjustments, classification differences have emerged in the financial statements prepared as of 31 December 2021.

	31 December 2021	Adjustment effects	Restated 31 December 2021
Property, plant and equipment	3,209,068	27,819	3,236,887
Intangible assets	597,863	331,161	929,024
- Goodwill	185,911	(32,072)	153,839
- Other intangible assets	411,952	363,233	775,185
TOTAL ASSET		358,980	
Deferred income tax liabilities	(47,680)	(76,620)	(124,300)
Non-controlling interests	(5,855,550)	(282,360)	(6,137,910)
TOTAL LIABILITIES		(358,980)	

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	30 September 2021 Temporary Balances	Adjustment effects	30 September 2021 Final Balances
Cash and cash equivalents	19,468	-	19,468
Trade receivables	24,081	-	24,081
Inventories	18,012	-	18,012
Other current assets	1,813	-	1,813
Property, plant and equipment	14,793	27,819	42,612
Intangible assets	601	363,233	363,834
Deferred tax assets/(liabilities)	603	(76,620)	(76,017)
Trade payables	(5,496)	-	(5,496)
Payable regarding employee benefits	(2,850)	-	(2,850)
Deferred revenue	(10,113)	-	(10,113)
Other liabilities	(5,815)	-	(5,815)
Fair value of net assets (100%)	55,097	314,432	369,529

	30 September 2021 Temporary Balances		30 September 2021 Final Balances
Identifiable net assets pertaining to the Group’s share fair value (10.2%)	5,620	32,072	37,692
Paid amount	38,576	-	38,576
Goodwill	32,956	(32,072)	884

	30 September 2021 Temporary Balances	30 September 2021 Final Balances
Total amount - cash	19,288	19,288
Cash and cash equivalents - purchased	(19,468)	(19,468)
Cash outflow due to purchase (net)	(180)	(180)

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NOTE 17 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

Short term provisions:

	31 December 2022	31 December 2021
Provisions for debts and expenses	16,505	17,434
Provision for lawsuit	7,207	7,780
Total	23,712	25,214

Contingent assets and liabilities:

a) Guarantees received

Mortgages, guarantee notes and cheques, letters of guarantee and other commitments received for short-term trade receivables are as follows:

	31 December 2022	31 December 2021
Insurances on receivable	5,560,871	2,460,993
Received letters of guarantee	390,255	167,650
Received mortgages	280,663	210,243
Received notes, quarantine and cheques	207,474	197,596
Limits from direct debit systems	134,439	39,765
Share pledges	113,622	80,995
Confirmed/nonconfirmed letter of credit	49,561	42,833
Total	6,736,885	3,200,075

b) Guarantees given

Letters of guarantee, mortgages and letters of credit given by the Group are below:

	31 December 2022	31 December 2021
Mortgages given	5,635,903	4,661,220
Letters of credit given	3,199,481	2,032,137
Letters of guarantee given	2,446,550	2,499,817
Total	11,281,934	9,193,174

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c) Lawsuits from shareholders:

Following Akkök extraordinary general assembly meeting dated 31 October 2013 and ordinary general assembly meeting related to the year ended 2013 dated 22 April 2014 (delayed to and completed on 23 May 2014) certain shareholders began to file numerous lawsuits against the Group.

The lawsuit filed for the annulment of Akkök's Extraordinary General Assembly Meeting dated 31 October 2013, was accepted by the Court of First Instance on 21 October 2015 and as the parties did not appeal to the higher court, became final on 21 November 2015.

Concerning the lawsuits filed for the annulment of Akkök's extraordinary general assembly meetings dated 23 December 2015 and 14 January 2016 and for annulment of Akkök's Board of Directors decision no 4 dated 24 February 2016 regarding the exercise of the shareholder's rights to pay 50% of their share capital commitment, the Court, with an interim decision dated 28 March 2016 rejected the claimants' application for a temporary injunction. In the last hearing on 24 May 2018, the Court, by decisions subject to appeal, dismissed the cases. The applicant has appealed against the aforementioned decisions by the claimant and in the consolidated financial statements no provisions were recognized related to this claim as of 31 December 2022.

NOTE 18 - EMPLOYEE BENEFITS

Provisions for employment benefits

	31 December 2022	31 December 2021
Short term:		
Provision for bonuses	154,402	82,024
Unused vacation provision	29,404	13,604
Provision for other termination benefits	3,363	-
Total	187,169	95,628

Long term:

Provision for seniority incentive plan	387,527	108,868
Provision for employment termination benefits	2,995	1,845
Total	390,522	110,713

Movements in the short-term provisions for employment termination benefits for the years ended 31 December 2022 and 2021 are as follows:

Provision for bonuses	2022	2021
1 January	82,024	56,347
Current period charges	135,066	64,283
Bonus premiums paid	(62,688)	(38,606)
31 December	154,402	82,024

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Provision for unused vacation	2022	2021
1 January	13,604	8,834
Charge for the year	15,800	4,588
Acquisition effect	-	182
31 December	29,404	13,604

Under Turkish labor law, the Company is officially required to pay the severance pay to each employee whose employment contract has expired. Also, the Company is required to pay the severance payment to employees who has the right to leave the Company by receiving severance pays according to the 2422 numbered, 6 March 1981 dated and 4447 numbered, 25 August 1999 dated Law no.506 on Social Insurance Law's 60th clause which is still effective.

The liability is not funded as there is no funding requirement. The provision has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of employees.

TAS 19 “Employee Benefits” require actuarial valuation methods to be developed to estimate the enterprise’s obligation under defined benefit plans. Accordingly, the following actuarial assumptions have been used in the calculation of the total liability:

	2022	2021
Discount rate (%)	0.5	4.45
Probability of retirement (%)	93.58 – 98.22	88.35 – 97.22

The principal assumption is that the maximum liability for each year of service will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. As the maximum liability is revised once every six months, the maximum amount of full TRY 19,982.83 effective from 1 January 2022 (1 January 2021: full TRY 10,848.59) has been taken into consideration in calculating the reserve for employment termination benefit of the Group.

Movements in the provisions for employment termination benefits and seniority incentive bonus for the years ended 31 December 2022 and 2021 are as follows:

	2022	2021
1 January	110,713	70,590
Acquisition effect	-	915
Compensation paid	(15,645)	(8,915)
Service cost	97,798	10,381
Interest cost	23,848	6,974
Actuarial gain	173,808	30,768
31 December	390,522	110,713

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NOTE 19 - OTHER ASSETS AND LIABILITIES

Other current assets:	31 December 2022	31 December 2021
VAT receivable	484,987	395,947
Income accruals	9,513	3,234
Other	4,431	3,015
Total	498,931	402,196

Other non-current assets:	31 December 2022	31 December 2021
VAT receivable	4,654	3,328
Other	2	159
Total	4,656	3,487

Other current liabilities:	31 December 2022	31 December 2021
Expense accruals	12,120	14,681
Taxes and fund payables	5,974	4,230
Total	18,094	18,911

Other non-current liabilities:	31 December 2022	31 December 2021
Deposits and guarantees received	39,919	30,210
Total	39,919	30,210

NOTE 20 – ASSETS HELD FOR SALE

	31 December 2022	31 December 2021
Aksa Egypt ⁽¹⁾	33,781	-
Land and plots	-	2,141
Total	33,781	2,141

⁽¹⁾ Evaluating the long-term stagnation in the Egyptian market, the stances in the production lines, the economic/commercial developments in the country and the efficiency of the production facilities, the Company decided to sell the facility it had established in Egypt for the purpose of rapid service, as a result of the fact that the said production capacity could be met in the production lines in Turkey. The foreign subsidiary of the Company, which is in the sales process, is classified as non-current assets held for sale as of the end of the year.

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NOTE 21 – BORROWINGS

	31 December 2022	31 December 2021
Short-term bank borrowings	3,451,040	3,848,316
Issued bonds and bills	173,500	-
Other financial liabilities	191	64
Subtotal	3,624,731	3,848,380
Short term portion of long-term bank borrowings	1,947,095	1,693,373
Lease liabilities	33,516	27,491
Total short term financial liabilities	5,605,342	5,569,244
Long-term bank borrowings	5,118,313	3,967,528
Lease liabilities	79,380	68,719
Total long term financial liabilities	5,197,693	4,036,247

The annual weighted average effective interest rates of bank loans obtained by the Group in various currencies are as follows:

	31 December 2022		31 December 2021	
	Annual weighted average interest rate %	TRY equivalent	Annual weighted average interest rate %	TRY equivalent
Short-term bank borrowings:				
USD loans	8.30	618,387	2.69	3,113,385
EUR loans	7.14	445,129	1.83	155,263
TRY loans	21.00	2,387,524	20.94	579,670
Issued bonds, bills and notes	29.00	173,500	-	-
Other financial liabilities	-	191	-	62
Total		3,624,731		3,848,380

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	31 December 2022		31 December 2021	
	Annual weighted average interest rate %	TRY equivalent	Annual weighted average interest rate %	TRY equivalent
Short term portion of long-term bank borrowings:				
USD loans	6.41	1,182,605	4.88	857,418
EUR loans	5.20	496,637	3.00	625,916
TRY loans	22.54	267,853	13.55	210,039
Lease liabilities	-	33,516	-	27,491
Total		1,980,611		1,720,864
Long-term bank borrowings:				
USD loans	5.89	2,746,949	4.30	3,009,466
EUR loans	5.62	1,819,787	3.15	549,962
TRY loans	20.18	551,577	15.67	408,100
Lease liabilities	-	79,380	-	68,719
Total		5,197,693		4,036,247

The movement table of financial borrowings for the years ended 31 December 2022 and 2021 are as follows:

	2022	2021
1 January	9,605,491	6,214,486
Cash inflow from new borrowings obtained	10,581,836	4,376,305
Cash outflows from redemption of borrowings	(11,721,164)	(4,896,578)
Change in interest accrual	586,156	214,771
Exchange rates differences	2,105,178	3,900,414
Interest paid	(375,333)	(218,318)
Lease liabilities	20,871	14,411
31 December	10,803,035	9,605,491

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The book value and fair value of the borrowings as of 31 December 2022 and 2021 is as follows:

	31 December 2022		31 December 2021	
	Fair Value	Book Value ^(*)	Fair Value	Book Value ^(*)
USD loans	4,550,272	4,547,941	7,118,036	6,980,270
EUR loans	2,778,809	2,761,553	1,359,328	1,331,138
TRY loans	2,979,890	3,207,145	1,173,385	1,197,873
Total	10,308,971	10,516,639	9,650,749	9,509,281

^(*)The balance does not include the amounts of financial lease liabilities arising under TFRS 16.

The fair values of the borrowings are based on discounted cash flows using a current borrowing rate. They are classified as level 2 fair values in the fair value hierarchy.

The repayment schedule of borrowings is as follows:

	31 December 2022	31 December 2021
To be paid within 1 year	5,605,342	5,569,244
To be paid between 1-2 year	3,372,986	676,657
To be paid between 2-3 year	982,279	2,813,201
To be paid between 3-4 year	367,943	292,207
To be paid after 4 years	474,485	254,182
Total	10,803,035	9,605,491

At 31 December 2022, bank borrowings with floating interest rates amounts to TRY3,376,123 (2021: TRY3,268,645).

NOTE 22 - DERIVATIVE FINANCIAL INSTRUMENTS

	31 December 2022		31 December 2021	
	Asset	Liabilities	Asset	Liabilities
Hedging instruments	146,732	-	82,773	-
Held for trading	14,549	18,279	38,627	7,143
Total	161,281	18,279	121,400	7,143

Derivatives as hedging instruments:

	31 December 2022		31 December 2021	
	Contract amount	Fair value liabilities	Contract amount	Fair value liabilities
Interest rate swaps	117,897	146,732	33,447	5,827
Cross currency swaps	-	-	115,562	76,946
Total	117,897	146,732	149,009	82,773

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Derivative financial instruments are initially recognized at the acquisition cost reflecting the fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value.

The derivative instruments of the Group mainly consist of interest rate swap and forward foreign exchange purchase and sale transactions.

Hedges of exposures to variability in cash flows that are attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction and could affect profit and loss are designated as cash flow hedges by the Group. These derivative transactions, even though providing effective economic hedges under the Group risk management position, do not generally qualify for hedge accounting under the specific rules and are therefore treated as derivatives hedging derivative financial instruments in the consolidated financial statements. Changes in the fair value of derivatives, designated as cash flow hedges and qualified as effective, are recognized in equity as "hedging reserves" after tax effect.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, or when a committed or forecasted, transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the consolidated income statement. The realisation of promised or probable future transactions are recorded in the income statement, if not realised, accumulated gains or losses are recognised as income or loss in the consolidated financial statements.

On December 31 December 2022, the fixed interest rates vary from 0.325% to 6.95% for USD (2021: USD 0.86% to 4.00%) and the main floating rates are EURIBOR and LIBOR. Gains and losses recognised in the hedging reserve in equity on interest rate swap contracts as of 31 December 2022 will be continuously released to the income statement within finance cost until the repayment of the bank borrowings.

NOTE 23 - CAPITAL, RESERVES AND OTHER EQUITY ITEMS

Capital

At 31 December 2022 and 2021 the Group's share capital and shareholding structure exceeding 1% were as follows:

	Share (%)	31 December 2022	Share (%)	31 December 2021
A.R.D Holding Anonim Şirketi	33	334,483	33	334,483
Atlantik Holding Anonim Şirketi	33	334,483	33	334,483
NDÇ Holding Anonim Şirketi	33	334,483	33	334,483
Other	1	2	1	2
Nominal capital	100	1,003,450	100	1,003,450
Adjustment to share capital	-	(10,406)	-	(10,406)
Total	100	993,044	100	993,044

The Group's authorised share capital consists of 100,345,000,000 shares each with TRY0.01 value (2021: 100,345,000,000). There are no privileges given to shares of different groups and shareholders. As of balance sheet date, the paid-in capital is TRY1,003,450.

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The share capital, which was increased from TRY13,098 to TRY863,378 with the decision taken at the extraordinary general meeting dated 23 December 2015, through the addition of the Company’s whole internal resources to the capital (only from internal resources) pursuant to Article 462 of the Turkish Commercial Code (TCC) was increased to TRY1,003,450 taken at the extraordinary general assembly meeting held on 23 December 2015, increased to TL 1,003,450 with the decision of capital increase taken at the extraordinary general meeting held on 14 January 2016. All of the guaranteed was paid in cash.

Retained Earnings and Legal Reserves

Legal reserves consist of first and second legal reserves, calculated in accordance with the Turkish Commercial Code. The first legal reserve is calculated as 5% of the financial statutory profits per annum until the total reserve reaches 20% of the historical paid-in share capital. In accordance with Turkish Commercial Code, restricted reserves not exceeding 50% of share capital can be offset against accumulated losses but cannot be distributed.

As of 31 December 2022, and 2021, retained earnings of Akkök its stand-alone with statutory financial statements are as follows:

	31 December 2022	31 December 2021
Legal reserves	61,738	43,824
Net profit for the period	654,577	358,377
Retained earnings	326,762	258,230
Total	1,043,077	660,431

Informations on subsidiaries with significant non-controlling interest

Group subsidiaries with significant non-controlling interest are Akiş, Akkim, Aksa and Epsilon. Summary of the financial information of these subsidiaries are stated below:

31 December 2022	Ownership of non-controlling interest (%)	Assets	Liabilities	Revenue	Net profit/loss for the year
Akiş	%85,34	13,862,877	4,048,238	879,809	5,563,514
Akkim	%58,00	8,553,526	6,292,956	8,686,821	1,560,744
Aksa	%59,61	11,559,030	5,676,796	17,454,244	3,436,730
Epsilon	%89,80	241,292	45,818	273,789	107,147
Total		34,216,725	16,063,808	27,294,663	10,668,135

31 December 2021	Ownership of non-controlling interest (%)	Assets	Liabilities	Revenue	Net profit/loss for the year
Akiş	%85,34	7,729,416	3,591,288	415,949	237,917
Akkim	%58,00	4,806,162	3,784,820	3,613,805	946,163
Aksa	%59,61	9,570,254	6,608,771	8,348,157	1,218,212
Epsilon	%89,80	122,729	34,273	41,159	33,329
Total		22,228,561	14,019,152	12,419,070	2,435,621

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NOTE 24 - REVENUE AND COST OF SALES

a) Revenue

	1 January - 31 December 2022	1 January - 31 December 2021
Local sales	17,128,557	8,410,346
Export sales	10,601,795	4,207,114
Less: sales returns (-)	(81,450)	(46,599)
Less: sales discounts (-)	(947,505)	(415,968)
Revenue, net	26,701,397	12,154,893

b) Cost of sales

	1 January - 31 December 2022	1 January - 31 December 2021
Raw materials	14,854,676	6,918,564
Energy expenses	1,945,520	605,750
Personnel expenses	769,766	338,608
Depreciation and amortisation expenses	315,369	231,822
Shopping mall costs	143,536	59,353
Maintenance and repair expenses	137,746	88,122
Other	548,722	394,658
Total	18,715,335	8,636,877

NOTE 25 - GENERAL AND ADMINISTRATIVE EXPENSES

a) General administrative expenses

	1 January - 31 December 2022	1 January - 31 December 2021
Personnel expenses	362,619	154,335
Consultancy expenses	114,007	57,661
IT and communication expenses	31,512	14,703
Depreciation and amortization expenses	31,142	29,252
Other tax expenses	30,375	25,150
Office expenses	14,494	5,143
Travelling expenses	13,200	5,182
Rent expenses	5,935	1,382
Other	5,311	8,497
Total	608,595	301,305

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b) Marketing expenses

	1 January - 31 December 2022	1 January - 31 December 2021
Commission expenses	133,100	52,635
Transportation expenses	123,700	52,400
Personnel expenses	111,000	57,566
Export expenses	110,864	59,641
Depreciation and amortization expenses	15,835	11,837
Travel expenses	15,722	6,451
Insurance expenses	15,331	5,135
Advertisement expenses	8,070	5,815
Rent expenses	3,869	2,387
Other	81,957	33,990
Total	619,448	287,857

NOTE 26 - OTHER OPERATING INCOME AND EXPENSE

a) Other operating income

	1 January - 31 December 2022	1 January - 31 December 2021
Foreign exchange gain on commercial activities	2,754,841	1,931,268
Interest income from credit sales	90,365	29,523
Gain on sale of scraps	29,521	21,969
Inventory impairment reversal (Note 10)	-	54,029
Other	60,892	72,045
Total	2,935,619	2,108,834

b) Other operating expenses

	1 January - 31 December 2022	1 January - 31 December 2021
Foreign exchange loss on commercial activities	2,433,029	2,021,890
Interest expense from credit purchases	66,138	17,259
Provision expenses	30,571	45,822
Provision for impairment expenses	-	8,780
Other	41,607	23,340
Total	2,571,345	2,117,091

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NOTE 27 - INCOME AND EXPENSE FROM INVESTING ACTIVITIES

a) Income from investing activities

	1 January - 31 December 2022	1 January - 31 December 2021
Increase in fair value of investment properties	6,112,459	1,390,452
Gain on sales of fixed assets	61,163	17,431
Income from currency-protected deposits	48,949	-
Gain on sale of investment property	27,640	4,753
Gain on sales of fixed assets classified as held for sale	18,048	7,894
Income from sale of share from financial investments and associates	-	146,689
Total	6,268,259	1,567,219

b) Expense from investing activities

	1 January - 31 December 2022	1 January - 31 December 2021
Loss on sales of fixed assets	-	21
Total	-	21

NOTE 28 - EXPENSES BY NATURE

Expenses classified by nature for the period of 31 December 2022 and 2021 are as follows:

	1 January - 31 December 2022	1 January - 31 December 2021
Raw materials and supplies	14,854,676	6,918,564
Energy expenses	1,945,520	605,750
Personnel expenses	1,308,521	563,568
Depreciation and amortization ⁽¹⁾	437,934	288,535
Maintenance, repair and cleaning expenses	137,746	88,122
Shopping mall costs	143,536	59,353
Other	1,217,426	758,124
Total	20,045,359	9,282,016

⁽¹⁾As of the year ended 31 December 2022, TRY345,060 of depreciation and amortization is from depreciation expenses of tangible fixed assets (31 December 2021: TRY212,323), TRY61,293 from depreciation expenses of intangible assets (31 December 2021: TRY51,552), TRY31,581 consists of depreciation expenses of right-of-use assets (31 December 2021: TRY24,660), TRY2,477 of depreciation expense of inventories (31 December 2021: TRY1,304). There are no depreciation expenses of the investments in progress as the project development costs of the incomplete project expenses (31 December 2021: none).

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	1 January - 31 December 2022	1 January - 31 December 2021
Personnel expenses		
Cost of sales	769,766	338,608
General administrative expenses	362,619	154,335
Marketing expenses	111,000	57,566
Research and development expenses	65,136	13,059
Total	1,308,521	563,568

NOTE 29 - FINANCIAL INCOME AND EXPENSES

Financial income:	1 January - 31 December 2022	1 January - 31 December 2021
Foreign exchange gain	1,296,343	2,040,508
Interest income	273,805	96,265
Gain from derivative financial instruments	120,686	203,146
Total	1,690,834	2,339,919

Financial expenses	1 January - 31 December 2022	1 January - 31 December 2021
Foreign exchange loss	2,887,036	3,356,566
Interest expense	946,806	375,239
Loss from derivative financial instruments	561,883	84,734
Other	27,563	10,276
Total	4,423,288	3,826,815
Financial expenses, net	2,732,454	1,486,896

NOTE 30 - TAXES ON INCOME

	31 December 2022	31 December 2021
Corporate and income taxes payable	300,505	179,325
Less: prepaid corporate income tax	(359,524)	(125,522)
Current income tax (assets)/liabilities, net	(59,019)	53,803

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The details of taxation on income in the statements of comprehensive income for the years ended 31 December 2022 and 2021 are as below:

	1 January - 31 December 2022	1 January - 31 December 2021
Current income tax expense	(300,505)	(167,900)
Deferred tax expense	881,504	(60,260)
Total tax expense, net	580,999	(228,160)

Deferred tax assets and liabilities

The composition of cumulative temporary differences and the related deferred income tax assets and liabilities in respect of items for which deferred tax has been provided on 31 December 2022 and 2021 using the enacted tax rates is as follows:

	Temporary taxable differences		Deferred tax assets /(liabilities)	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Property, plant and equipment, intangible assets and right of use assets ⁽¹⁾	6,095,629	55,155	746,123	(11,031)
Investment properties	(201,616)	215,293	(19,672)	(21,684)
Deferred income	216,816	(288,481)	43,363	63,490
Investment incentives	30,557	(212,090)	30,557	23,532
Derivative financial instruments	(26,478)	42,369	(6,000)	(9,146)
Employee benefits	112,939	(109,162)	74,970	21,832
Trade receivables and provisions for doubtful receivables	(39,648)	37,830	8,559	(8,081)
Financial lease liabilities	27,152	(23,579)	6,778	4,716
Other	(66,011)	(152,692)	68,009	11,733
Deferred tax liabilities, net			952,687	75,361

Since each subsidiary are separate taxpayers, net deferred income tax assets or liabilities for each of these taxpayers have been calculated however these have not been offset in the consolidated balance sheets. The temporary differences and deferred tax assets and liabilities presented above are based on the gross values and represent the net deferred tax position.

⁽¹⁾It consists of the paragraphs in the Temporary Article 32 and reiterated 298/Ç of the Tax Procedure Law and the amount calculated over the revaluation increases made within the scope of "Procedures and Principles for the Revaluation of Immovables and Other Depreciable Economic Assets" (31 December 2021: dated 9 June 2021) Provisional Article 31 of the Tax Procedure Law No. 213 with the regulation published in the Official Gazette). Companies have been given the opportunity to revalue registered immovables and other economic assets subject to depreciation, provided that they comply with the determined terms and conditions. The Group has evaluated its fixed assets in accordance with this article in the books prepared in accordance with the tax procedure law. Within the scope of the aforementioned law, deferred tax asset has been created in the financial position statement based on the revaluation records in the legal book and the deferred tax income of TRY1,117,504 has been recorded in the consolidated income statement (2021: TRY225,566).

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Movements of deferred tax assets/(liabilities) as of 31 December 2022 and 2021 as below:

	2022	2021
1 January	75,361	11,126
Deferred tax expense recognised in profit or loss, net	881,504	(60,260)
Deferred tax income recognised in other comprehensive income	47,282	245,302
Acquisition effect	(76,620)	(126,081)
Currency translation differences	25,160	5,274
31 December	952,687	75,361

The reconciliation of tax expenses stated on the consolidated statement of comprehensive income for the years ended 31 December 2022 and 2021 is as follows:

	1 January - 31 December 2022	1 January - 31 December 2021
Profit/(loss) before taxes	11,300,050	2,944,799
Expected tax expense of the Group (23%, 25%)	(2,599,012)	(736,200)
Revaluation effect	1,117,504	225,566
Previous year losses utilized in the current year for which no deferred tax assets recognised in previous years	(3,540)	-
Investment incentives	145,220	223,125
Expenses not deductible for tax purposes	(63,798)	(45,309)
Effect of consolidation adjustments	321,141	21,622
Other income/expense exempt from tax	1,433,701	120,052
Tax rate change effect and other	229,783	(37,016)
Current tax expense of the Group	580,999	(228,160)

As of balance sheet date, the Group did not recognize deferred income tax assets on carry forward tax losses' of certain subsidiaries, for which amounts, and expiration dates are as follows:

Dates of expiry	31 December 2022	31 December 2021
2022	-	66
2023	68	68
2024	47	47
2025	98	98
2026	184	184
2027	105	-
Total	502	463

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NOTE 31 - NATURE AND EXTENT OF RISK ARISING FROM FINANCIAL INSTRUMENTS

Financial risk factors

The Groups principal financial instruments are cash and cash equivalents, trade receivables, trade payables and financial liabilities. The main purpose of these financial instruments is to raise finance for the Group's operations. The main risks arising from the Group's financial instruments are liquidity risk, foreign currency risk, interest rate risk and credit risk. The Group management reviews and agrees policies for managing each of the risks as summarised below.

31.1 Foreign currency risk

Foreign currency risk is identified by the changes in cash flows and revenues due to changes in foreign currency rates. The Group is exposed to foreign currency risk with the foreign currency transactions of sales, purchases, and financial liabilities. In these transactions, USD and EUR are the main currencies. In selected subsidiaries, Akkök, implemented written policies for managing these risks. Written policies are determined considering, a) risk appetite b) strategies and plan to reduce risk to an acceptable level c) risk monitoring methods (reporting, etc.). These policies are revised when necessary and reviewed at least once a year.

Net foreign currency positions of selected subsidiaries are periodically analysed by Akkök. In order to manage the foreign currency risk, natural hedging is achieved, as practically possible, through balance sheet management. In addition, the Group enters derivative contracts to manage shorter - term foreign currency risk, where necessary. For longer term management of the risk, the Group considers market conditions and enters derivative contracts.

As of 31 December 2022, the foreign currency position of the Group is prepared using the following foreign exchange rates: USD/TRY 18.6983, EUR/TRY 19.9349 (2021: USD/TRY 13.3290, EUR/TRY 15.0867).

Foreign currency position table denominated in Turkish Lira as of 31 December 2022 and 2021 is as follows:

	31 December 2022	31 December 2021
Assets	6,292,204	6,197,981
Liabilities (-)	(10,720,768)	(11,881,056)
Net balance sheet position	(4,428,564)	(5,683,075)

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31 December 2022				
	USD	EUR	Other Currencies	Total
Assets:				
Cash and cash equivalents	1,469,095	731,284	489	2,200,868
Financial investments	123,914	-	-	123,914
Trade receivables	1,852,100	2,099,565	2,687	3,954,352
Other assets	9,961	57	3,052	13,070
Total assets	3,455,070	2,830,906	6,228	6,292,204
Liabilities:				
Short-term borrowings	1,800,992	941,766	-	2,742,758
Long-term borrowings	2,746,949	1,819,787	-	4,566,736
Trade payables	3,080,388	283,612	2,779	3,366,779
Other liabilities	4,320	40,175	-	44,495
Total liabilities	7,632,649	3,085,340	2,779	10,720,768
Net foreign currency position	(4,177,579)	(254,434)	3,449	(4,428,564)

31 December 2021				
	USD	EUR	Other Currencies	Total
Assets:				
Cash and cash equivalents	2,627,904	823,293	10,096	3,461,293
Financial investments	789,576	-	-	789,576
Trade receivables	1,395,232	438,574	101,103	1,934,909
Other assets	9,123	28	3,052	12,203
Total assets	4,821,835	1,261,895	114,251	6,197,981
Liabilities:				
Short-term borrowings	3,956,988	759,491	18	4,716,497
Long-term borrowings	2,937,105	420,275	-	3,357,380
Trade payables	3,011,205	347,904	2,994	3,362,103
Other liabilities	48,740	395,954	382	445,076
Total liabilities	9,954,038	1,923,624	3,394	11,881,056
Net foreign currency position	(5,132,203)	(661,729)	110,857	(5,683,075)

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The table below shows the sensitivity of the net foreign currency position of the Group to the changes in foreign exchange rates as of 31 December 2022 and 2021:

31 December 2022	Foreign currency appreciation	Foreign currency appreciation
Change of USD against TRY by 10%		
USD net assets/liabilities	(417,758)	417,758
Hedging amount of USD	127,899	(127,899)
USD net effect - income/expense	(289,859)	289,859
Change of EUR against TRY by 10%		
EUR net assets/liabilities	(25,443)	25,443
Hedging amount of EUR	91,899	(91,899)
Euro net effect - income/expense	66,456	(66,456)
31 December 2021		
Change of USD against TRY by 10%		
USD net assets/liabilities	(513,220)	513,220
Hedging amount of USD	95,333	(95,333)
USD net effect - income/expense	(417,887)	417,887
Change of EUR against TRY by 10%		
EUR net assets/liabilities	(66,173)	66,173
Hedging amount of EUR	34,562	(34,562)
Euro net effect - income/expense	(31,611)	31,611

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31.2 Interest rate risk

Interest rate risk arises from changes in interest rates of interest-bearing liabilities and assets. As the medium and long-term borrowings are only available with floating rates in the market the Group is exposed to interest rate risk from time to time. Akkök Holding Anonim Şirketi, implemented written policies for managing these risks. Written policies are determined considering, a) risk appetite b) strategies and plans to reduce risk to an acceptable level c) risk monitoring methods (reporting, etc.). These policies are revised when necessary and reviewed at once a year. The Group watches markets closely, analyses sensitivity to interest rate changes and the weighted average maturity of liabilities to identify possible changes in costs. As a result of analysis, if necessary, interest rate swaps are used to fix some portion of the floating rate debt liabilities during the term of the loan.

Borrowings issued at floating rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rate expose the Group to fair value interest rate risk. As of 31 December 2022, and 2021, the Group's borrowings at floating rates are mainly denominated in USD and EUR.

On 31 December 2022, if interest rates on USD denominated borrowings had been higher/lower by 100 base point with all other variables held constant, profit before income taxes would have been TRY967/810 (2021: TRY961/912) lower/higher, mainly because of high interest expense on floating rate borrowings.

31.3 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Group attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counterparties, and continually assessing the creditworthiness of the counterparties. It is the Group policy that all customers who wish to trade on credit terms are subject to credit screening procedures and the Group also obtains collaterals from customers when appropriate. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. Trade receivables are evaluated by the management based on their past experiences and current economic condition, and are presented in financial statements net of provision for doubtful receivables

The Fitch rating scores of the banks in which the company has short term time and demand deposits, are within the range of F3-B.

As of December 31 December 2022, trade receivables amounting to TRY1,174,783 (2021: TRY463,341) were past due but not impaired. The Group does not foresee any collection risk for receivables overdue up to one month due to industry dynamics and circumstances. The Group applies a portion of trade receivables overdue more than one month by interest charge. Aging of past due but not impaired trade receivables 31 December 2022 and 2021 is as follows:

	31 December 2022	31 December 2021
Up to 3 months overdue	816,213	254,526
More than 3 months overdue	358,570	208,815
Total	1,174,783	463,341

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Credit risk of financial instruments on 31 December 2022 and 2021 are as follows:

31 December 2022	Trade and other receivables		Bank deposits	Currency protected deposit, Stock, fund and bond	Derivative financial assets
	Related party	Other			
Maximum credit risk exposure as of the reporting date (A+B+C+D)	406,720	4,694,346	4,537,736	369,949	161,281
Secured portion	114,928	1,330,822	-	-	-
A. Net book value of financial assets that are neither past due nor impaired	169,240	3,757,043	4,537,736	369,949	161,281
- Secured portion	-	1,055,877	-	-	-
B. Net book value of financial assets that are past due but not impaired	237,480	937,303	-	-	-
- Secured portion	90,823	274,946	-	-	-
C. Net book value of financial assets that are past due and impaired	-	-	-	-	-
- Overdue (gross book value)	-	203,884	-	-	-
- Impairment (-)	-	(203,884)	-	-	-
- Secured portion	-	-	-	-	-
- Not overdue (gross book value)	-	-	-	-	-
- Impairment (-)	-	-	-	-	-
- Secured portion	-	-	-	-	-
D. Off-balance sheet items with credit risk	-	-	-	-	-

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31 December 2021	Trade and other receivables				
	Related party	Other	Bank deposits	Stock, fund and bond	Derivative financial assets
Maximum credit risk exposure as of the reporting date (A+B+C+D)	111,771	3,354,384	3,992,436	793,180	121,400
Secured portion	-	1,582,284	-	-	-
A. Net book value of financial assets that are neither past due nor impaired	73,599	2,928,517	3,992,436	793,180	121,400
- Secured portion	-	1,288,804	-	-	-
B. Net book value of financial assets that are past due but not impaired	38,172	425,169	-	-	-
- Secured portion	-	292,782	-	-	-
C. Net book value of financial assets that are past due and impaired	-	698	-	-	-
- Overdue (gross book value)	-	183,512	-	-	-
- Impairment (-)	-	(182,814)	-	-	-
- Secured portion	-	698	-	-	-
- Not overdue (gross book value)	-	-	-	-	-
- Impairment (-)	-	-	-	-	-
- Secured portion	-	-	-	-	-
D. Off-balance sheet items with credit risk	-	-	-	-	-

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31.4 Liquidity risk

Liquidity risk comprises the risks arising from the inability to fund the increase in the assets, the inability to cover the liabilities due and the operations performed. The liquidity is minimised by balancing the cash inflows and outflows and also securing funds from reliable financial institutions. The breakdown of financial assets and liabilities according to their maturities is disclosed considering the due date periods. Financial assets and liabilities that have no certain due dates are classified in over one-year column.

31 December 2022

Contractual maturities	Carrying value	Contractual cash flows (=I+II+III+ IV)	Up to 3 months (I)	3 to 12 months (II)	1 to 5 years (III)	More than 5 years (IV)
Non-derivate financial liabilities						
Borrowings	10,803,035	12,070,452	2,270,934	3,691,785	5,601,914	505,819
Trade payables	3,991,247	3,967,520	3,657,894	303,239	6,387	-
Due to related parties	344,077	346,002	346,002	-	-	-
Total	15,138,359	16,383,974	6,274,830	3,995,024	5,608,301	505,819

31 December 2021

Contractual maturities	Carrying value	Contractual cash flows (=I+II+III+ IV)	Up to 3 months (I)	3 to 12 months (II)	1 to 5 years (III)	More than 5 years (IV)
Non-derivate financial liabilities						
Borrowings	9,605,491	11,013,076	1,336,912	4,494,911	4,482,414	698,839
Trade payables	4,088,218	4,217,013	3,745,615	465,989	5,409	-
Due to related parties	55,373	59,277	56,448	2,829	-	-
Total	13,749,082	15,289,366	5,138,975	4,963,729	4,487,823	698,839

31.5 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern to provide returns for shareholders and benefits for other stakeholders and maintain an optimal structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group controls its capital using the net debt/total capital ratio. This ratio is calculated by dividing net debt by the total capital amount. Net debt is calculated as total liability amount (comprises of borrowings, trade payables and payables to related parties as presented in the balance sheet) less cash and cash equivalents. Total capital is calculated as equity plus the net debt amount as presented in the balance sheet.

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The ratio of net debt/equity on 31 December 2022 and 2021 is as follows:

	31 December 2022	31 December 2021
Total liabilities	15,138,359	13,749,082
Less: cash and cash equivalents (Note 5)	(4,541,924)	(3,994,741)
Less: short term financial investments	(395,193)	(645,856)
Net debt	10,201,242	9,108,485
Total shareholders' equity	20,754,472	9,538,511
Total equity	30,955,714	18,646,996
Gearing ratio (%)	33	49

31.6 Fair value of financial instruments

Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation, and is best evidenced by a quoted market price, if one exists.

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

The following methods and assumptions are used to estimate the fair value of the financial instruments:

Monetary assets

Monetary assets and liabilities denominated in foreign currencies have been translated at the exchange rates prevailing at the balance sheet dates. These balances are anticipated to approximate their book value.

The carrying values of significant portion of cash and cash equivalents are assumed to approximate to their fair value due to their short-term nature.

The carrying values of trade receivables are assumed to approximate to their fair value with their provisions for doubtful receivables.

Monetary liabilities

Bank loans and other liabilities are anticipated to approximate their book value due to their short-term nature.

The long-term loans are assumed to approximate to their carrying value due to their variable interest rates. The determined fair value of long-term loans to explained on notes, is the discounted amount of cash flows according to agreements with current market interest rate (Note 21).

Fair Value Estimation:

Effective from 1 January 2011 the group adopted the amendment to TFRS 7 for financial instruments that are measured in the balance sheet at fair value, this requires disclosure of fair value measurements by level of the following hierarchy:

Level 1: Quoted prices in active markets for identical assets or liabilities;

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly;

Level 3: Inputs for the asset or liability that is not based on observable market data.

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31 December 2022	Level 1	Level 2	Level 3
Financial investments measured at fair value through profit or loss	-	252,878	-
Financial investments measured at fair value through other comprehensive income	27,335	-	226
Derivative financial assets	-	143,002	-
Total assets	27,335	395,880	226

31 December 2021	Level 1	Level 2	Level 3
Financial investments measured at fair value through profit or loss	-	80,254	-
Financial investments measured at fair value through other comprehensive income	5,854	-	226
Derivative financial assets	-	114,257	-
Total assets	5,854	194,511	226

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

NOTE 32 - FEES FOR SERVICES RECEIVED FROM INDEPENDENT AUDITOR / INDEPENDENT AUDIT FIRMS

The Group's explanation regarding the fees for the services received from the independent audit firms, which is based on the letter of POA dated August 19, 2021, the preparation principles of which are based on the Board Decision published in the Official Gazette on March 30, 2021, are as follows:

	2022	2021
Independent audit fee for the reporting period ^(*)	8,140	4,030
Fees for tax advisory services	253	118
Fee for other assurance services	474	126
Other service fee apart from audit	43	20
	8,910	4,295

^(*) The fees above have been determined by including the legal audit and other related service fees of all subsidiaries and joint ventures, and the foreign currency fees of foreign subsidiaries and affiliates have been converted into TRY using the annual average rates of the relevant years.

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NOTE 33 - EVENTS AFTER THE BALANCE SHEET DATE

Earthquake effect;

Due to the negativities caused by the earthquakes centered in Kahramanmaraş, affecting many provinces and shaking the whole country, in accordance with the Official Gazette numbered 32098, dated Wednesday, February 8, 2023, an extraordinary period of three months in Adana, Adiyaman, Diyarbakır, Gaziantep, Hatay, Kahramanmaraş, Kilis, Malatya, Osmaniye and Şanlıurfa. It was decided to declare the situation. The activities of the Group were not affected by the earthquakes that took place on 6 February 2023. There is no material uncertainty regarding events or conditions that may seriously doubt the Group’s ability to continue its operations. The Group management has evaluated this situation within the scope of post-balance sheet events that do not require adjustment in its consolidated financial statements.

Age at retirement (EYT) law;

The Law No. 7438 Amending the Social Insurance and General Health Insurance Law and the Decree Law No. 375 came into force after being published in the Official Gazette dated 3 March 2023 and numbered 32121. Studies to measure the effects of this issue on the Group’s operations, cash flows and financial position in 2023 are still ongoing as of this report date. The Group management has evaluated this situation within the scope of post-balance sheet events that do not require adjustment in its consolidated financial statements.

Additional tax imposed on corporate taxpayers;

The Law No. 7440 on the Restructuring of Certain Claims and the Amendment of Certain Laws was discussed and accepted at the General Assembly of the Grand National Assembly of Turkey on 9 March 2023 and entered into force after being published in the Official Gazette on 12 March 2023. In addition to other tax regulations, the law also includes regulations regarding the new and one-time “additional tax” introduced due to the earthquake. The following arrangements have been made in accordance with the said Law:

- A one-time “additional tax” of 10% on some discounts and exceptions and 5% on some discounts and exemptions included in the 2022 corporate tax return and paid in two installments in 2023,
- Earthquake that those who have taxpayers in the region are exempted from this tax,
- The tax payable cannot be taken into account as an expense and deduction in the determination of the corporate tax base and cannot be deducted from any tax,
- An increase in the corporate tax base for 2022 will not prevent the examination and assessment of the additional tax to be paid for this period. There are related regulations.

The Group has evaluated the relevant tax regulations within the scope of post-balance sheet events that do not require adjustments in the financial statements. Pursuant to the aforementioned Law, the procedures and principles regarding the application of the said additional tax will be determined by a Communiqué to be published by the Ministry of Treasury and Finance. The estimated financial impact has been calculated as approximately TRY330 million.

Technical yarn plant incentive effect;

As of 28 March 2023, the investment incentive certificate in the status of a new investment to accommodate some of Akşa’s technical yarn investment was published in the official gazette. Within the scope of the said document, tax reduction 60%, investment contribution rate 25%, customs duty exemption, VAT exemption and insurance premium employer’s share support were determined for the investment amount of 311 million TRY.

Akgirişim share purchase;

Akkök Holding AŞ, with the decision of the Board of Directors dated 21 February 2023, Akgirişim Müteahhitlik Müşavirlik ve Çevre Teknolojileri San. ve Tic. A.Ş. in exchange for a share transfer fee of USD17,800,000; For this purpose, the parties signed a Share Purchase and Sale Agreement dated 6 March 2023 and applied to the Competition Authority for permission regarding the transaction. It is planned to complete the share transfer process upon the conclusion of the Competition Authority’s permit process.



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